



HOYLU AB
Interim Report
Q1 2019



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



Connected Workspaces™
keeps critical
planning schedules,
updated build specs, and
key delivery milestones
together in one simple to
use location.

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HOYLU



Interim Report Q1 2019 Overview

FIRST QUARTER 2019

- Revenues for the first quarter were MSEK 6.5 (5.3)
- Gross margin was 70 percent (72)
- EBITDA for the first quarter was MSEK -6.2 (-6.7)
- Operating loss was MSEK 7.6 (-8.1)
- Profit after tax amounted to MSEK -8.5 (-8.3)
- Earnings per share amounted to SEK -0.57 (-0.56)

REMARKS ON THE BALANCE SHEET

- The total assets at the end of the period was MSEK 60.9 (50.4)
- Total cash at the end of the period was MSEK 1.1 (0.7)
- The total accounts receivable at the end of the period was MSEK 12.9 (8.4)
- The total accounts payable at the end of the period was MSEK 9.1 (8.2)
- Total liabilities at the end of the period was MSEK 58.2 (22.2) *
- The Equity at the end of the period amounted to MSEK 7.4 (27.2)

* The Q1 2019 balance includes various note payables, including the convertible notes of MSEK 31.3

IMPORTANT EVENTS IN THE FIRST QUARTER

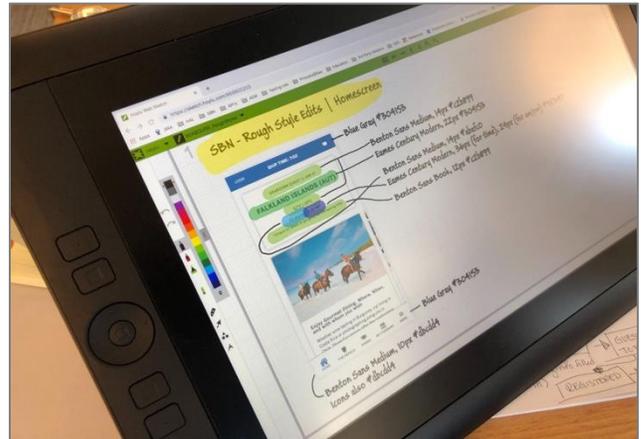
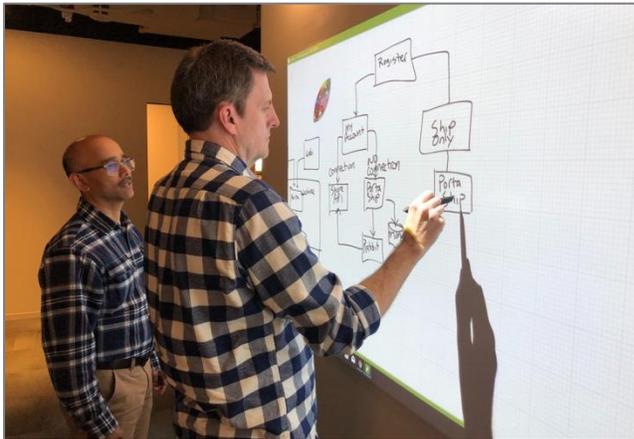
- Received a new order from our partner Ventura Global for SEK 270,000 to be installed within one of the largest departments in the government of Dubai with the potential to deploy many more systems.
- Received orders from partners Bene and Polymedia for a total value of SEK 450,000.
- Received a new order from Suffolk, the US based construction firm and existing customer of Hoylu. The order will be delivered in Q1 2019 and represents a deal value of SEK 740,000 in product and software revenue and presents ongoing opportunities to expand within the organization.
- Completed a directed issue of convertible loan notes of MSEK 5.
- Entered into a Reseller Agreement with Dobil Laboratories (www.dobil.com). Based in Western Pennsylvania, Dobil has delivered leading edge A/V solutions and integration services to customers in Education, Industry and Government for more than 50 years.
- Entered into a Reseller Agreement with InDesign Technologies (<https://idt.com.au>). With offices in Sydney, Melbourne, Brisbane and Perth, InDesign are a new breed of consultants that design advanced technology systems that facilitate and support the evolution of the modern workplace.

INTERIM REPORT Q1 2019 OVERVIEW

Holland America Line Navigator mobile application



Holland America engineers using HoyluWall and Connected Workspaces™ to complete architecture documentation & reviews, milestone planning, UX design and more.



INTERIM REPORT Q1 2019 OVERVIEW



Suffolk Smart Lab showcases Hoylu Connected Workspaces™ in order to demonstrate innovative construction practices.



Training and support continue to bring success with Air Force Training Academy



Progress continues to leverage and expand partnership with NEC, LG, and others



Comments from the CEO

The activity level in Q1 was high although we did not close as many deals as we had planned for. The focus was on transitioning to a Software as a Service business model, working with our largest customers, finalizing documentation and going through risk assessments and security reviews. Enterprises can now utilize Azure Active Directory services to authenticate users within their domain and users will be automatically logged in to Hoylu Connected Workspaces™, creating a seamless experience that company IT organizations can easily implement and manage. Our ability to meet strict security requirements is a prerequisite for larger scale enterprise deployments and also a competitive advantage.

Holland America Line released the Navigator app in February. This project has leveraged our software within the organization for planning, engineering documentation and marketing and has proved to be a valuable use case for enterprise and consumer level deployments of our collaboration software. The release of the mobile application is designed to provide value to an estimated 1.5m users over the next twelve months, as well as provide management capabilities and ROI to thousands of crew members.

We received repeat orders from customers Walbridge and Suffolk within construction, a market vertical where visual and spatial collaboration is gaining momentum and where we see a large potential to replace paper Post-it notes and existing tools for planning and project management.

Our reseller community continued to grow and we signed with new partners in France, Germany, Australia and the US.

Hoylu's Connected Workspaces™ is fundamentally different from other software solutions in the market in that all the team's information is brought together in one place. Since information is spread out across many different tools people spend too much time searching through each tool's silo of information. Hoylu's Connected Workspaces™ allows for real-time synchronization, alignment and connectivity to all the other tools and specialist applications that the team uses. The workspace is accessible from any browser or device and does not require any special hardware or proprietary platform to work. Our product portfolio is continuously improving, and customers use our products daily for planning, process flows, mind maps, document reviews, brainstorming, scheduling, and more. We have expanded our reach with connection from nearly every web-enabled device: from large scale projection walls to laptops to smartphones, all combined to activate anytime collaboration on a large selection of languages for a personalized experience.

FUTURE OUTLOOK

We continue to build a stronger relationship to our large enterprise customers to understand their challenges and adapt our products to their business needs and workflow. We have large opportunities in market verticals such as construction, government, automotive, manufacturing, pharmaceutical, and education. We continue to

COMMENTS FROM THE CEO

expand our network and market reach as we transition to a Software as a Service business model and partner with more hardware providers, system integrators and resellers. We are very pleased to see continuous repeat orders from our customers and how they expand the use of Hoylu products in their daily work.

EVENTS AFTER THE END OF THE PERIOD

- Received order from Walbridge, a global, full-service construction firm headquartered in Detroit, MI. The order represented an expansion of Hoylu's business within the construction industry with high-end architectural design and delivery for a client in the US Automotive industry. The order had a deal value of SEK 700,000 in product and software revenue.
- Expanded its reseller network with the signing of 4 new partners: (i) SHI International Corp, headquarter in New Jersey, US, is ranked as the 8th largest IT solution providers in the US with more than 4000 employees and 30 offices worldwide; (ii) LINX Multimedia, is a technology integrator specializing in the design, installation and support of network cabling, multimedia, security and wireless systems; (iii) Exaprobe SAS, headquarter in France is a subsidiary and system integrator of Econocom Group who develops, integrates and operates digital services and infrastructure for all network, security, unified and audiovisual communication needs; and (iv) Kadsoft Computer GmbH is a medium sized IT solutions provider with headquarter in Freital, Germany.
- Received an order from a new customer in the pharma sector, Foundation Medicine. The deal value is SEK 400,000 in software and product revenue.
- Received order from Shorelight Education. The order is for expansion into China, India and Middle East and represents a deal value of SEK 330,000 in software and product revenue.
- Raised SEK 5M in a directed issue of convertible loan notes and warrants.



STEIN REVELSBY
CHIEF EXECUTIVE OFFICER
MAY 2019

Financial Information

REVENUES & PROFITABILITY

Revenues for the first three months of 2019 amounted to MSEK 6.5 (5.3) and consisted of revenue from the sale of the Hoylu Suite via resellers and the sale of the HoyluWall, software product, and professional services.

Cost of goods and services sold was MSEK 1.9 (1.5) and EBITDA amounted to MSEK -6.2 (-6.7).

The operating result was MSEK -7,6 (-8.1).

The net result for the first three months of 2019 amounted to MSEK -8.5 (-8.3).

FINANCIAL POSITION

Cash flow from operating activities in the first three months of 2019 amounted to MSEK -2.7 (-5.0).

Cash flow from investment activities amounted to MSEK -3.1 (-2.9) and the cash flow from financing activities was MSEK 2.5 (4.0).

Cash-flow for the first three months of 2019 was MSEK -3.4 (-3.8) and the liquid assets at the end of the quarter was MSEK 1.1 (0.7).

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 first three months of 2019 Hoylu capitalized product development costs in the amount of SEK 2.2 million, which represents 17% of the Company's total operating costs.

EMPLOYEES & ORGANIZATION

Hoylu Group had a total 29 employees as of March 31, 2019. 20 in the US and 8 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.

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

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

RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

FINANCIAL CALENDAR

Interim Report – Q2 2019	16 Aug. 2019
Interim Report – Q3 2019	15 Nov. 2019

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 in Stockholm.

The total number of shares at the end of the period amounted to 14,865,711.

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 Suite 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, Pharmaceutical, Construction, Manufacturing, Graphic Design and many more.

For more information visit: www.hoylu.com or www.introduce.se/foretag/hoylu

Financial Reports First Three Months 2019

CONSOLIDATED INCOME STATEMENT IN SUMMARY

KSEK	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	6,491	5,344	33,473
Cost of goods and services sold	-1,948	-1,461	-10,301
Gross profit	4,543	3,883	23,172
Development, Sales, and Administrative Costs	-10,722	-10,615	-42,785
Depreciation/Amortization	-1,456	-1,381	-7,073
Operating profit/loss	-7,635	-8,113	-26,686
Other financial items	-885	-138	-1,635
Profit before taxes	-8,520	-8,251	-28,321
Taxes	-8	-8	-81
Profit/loss for the period	-8,528	-8,259	-28,402
Key ratios:			
Gross margin	70.0%	72.7%	69.2%
Operating margin	Neg	Neg	Neg
Earnings per share before and after dilution	-0.57	-0.56	-1.93
Average number of shares before and after dilution	14,865,711	14,683,835	14,683,835

FINANCIAL REPORTS FIRST THREE MONTHS 2019

CONSOLIDATED BALANCE SHEET IN SUMMARY

KSEK	3/31/2019	3/31/2018	12/31/2018
Intangible fixed assets	34,708	29,187	32,842
Tangible assets	1,496	1,775	1,759
Financial fixed assets	7,424	6,558	7,146
Total fixed assets	43,628	37,520	41,747
Inventories	1,452	1,537	1,427
Accounts receivable	12,928	8,425	13,298
Other current assets	1,768	2,225	1,225
Liquid assets, including current investments	1,139	680	475
Total current assets	17,287	12,867	16,425
Total assets	60,915	50,387	58,172
Total equity	2,591	26,052	7,444
Other long term liabilities	82	0	0
Total long-term liabilities	82	0	0
Accounts payable	9,115	8,181	9,039
Other current liabilities	17,782	14,066	12,806
Convertible Notes	31,344	2,088	28,883
Total current liabilities	58,242	22,247	50,728
Total liabilities and shareholders equity	60,915	50,387	58,172

FINANCIAL REPORTS FIRST THREE MONTHS 2019

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

KSEK	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
Operating Profit (Loss)	-7,635	-8,113	-26,686
Depreciation, amortisation	1,456	1,381	5,723
Impairment			1,696
Interest Received	0	0	0
Interest Paid	-849	-133	-1,680
Taxes	-8	-7	-81
Foreign exchange Gain or Loss	-36	-5	45
Incentive Programs	0	0	68
Translation differences	3,558	4	-257
Cash flow from operating activities before changes in working capital	-3,514	-6,834	-21,172
Change in operating receivables	-173	2,501	-1,372
Change in inventory	-25	289	399
Change in operating liabilities	5,053	-929	-5,081
Cash flow from operating activities	1,341	-4,973	-27,227
Intangible assets	-3,098	-2,895	-10,952
Fixed assets	-40	-24	-550
Cash flow from net capital expenditures	-3,138	-2,919	-11,502
Total cash flow before financing activities	-1,797	-7,892	-38,729
New share issue	0	18,276	7,015
Change in financial liabilities	2,461	-14,233	27,659
Cash flow from financing activities	2,461	4,043	34,674
Cash flow for the period	664	-3,849	-4,054
Liquid assets at the beginning of the period	475	4,529	4,529
Liquid assets at the end of the period	1,139	680	475

FINANCIAL REPORTS FIRST THREE MONTHS 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK	Share Capital	Ongoing Share Issue	Other Capital Contributed	Translation Reserves	Profit/(Loss) Brought Forward	Shareholders Equity
osing 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	0	2,853			2,913
Employee options	0	0	45			45
osing balance December 31, 2018	1,226	0	57,135	-70	-50,847	7,444
Profit/loss from Jan 1, 2019 to Mar. 31, 2019					-8,528	-8,528
Translation Differences				3,675		3,675
osing balance March 31, 2019	1,226	0	57,135	3,605	-59,375	2,591

KEY RATIOS

TSEK	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Cash flow for the period	-3,380	-3,839	-4,054
Cashflow / share before and after dilution (SEK) ¹	-0.23	-0.32	-0.28
	12/31/2018	12/31/2018	
Equity/assets ratio	4.3%	12.8%	
Number of shares	14,865,711	14,865,711	
Shareholders equity per share (kr)	0.17	0.50	

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

FINANCIAL REPORTS FIRST THREE MONTHS 2019

PARENT COMPANY – INCOME STATEMENT IN SUMMARY

TSEK	2019	2018	2018
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	1,385	3,532	10,978
Cost of goods and services sold	-279	-931	-3,757
Gross profit	1,106	2,601	7,221
Development, Sales, and Administrative Costs	-2,056	-3,477	-16,632
Depreciation/Amortization/Impairment	-293	-384	-2,886
Operating profit/loss	-1,243	-1,259	-12,297
Other financial items	-598	38	-778
Profit before taxes	-1,841	-1,221	-13,075
Taxes	0	0	0
Profit/loss for the period	-1,841	-1,221	-13,075

FINANCIAL REPORTS FIRST THREE MONTHS 2019

PARENT COMPANY –BALANCE SHEET IN SUMMARY

KSEK	3/31/2019	3/31/2018	12/31/2018
Intangible fixed assets	6,147	8,147	6,147
Cumulative Amortization	-1,329	-981	-1,148
Intangible fixed assets	4,818	7,166	4,999
Tangible assets	1,339	1,339	1,339
Cumulative Depreciation	-838	-391	-727
Tangible assets	502	948	612
Financial fixed assets	12,459	12,459	12,459
Total fixed assets	17,779	20,573	18,071
Inventories	1,047	1,254	1,046
Accounts receivable	4,608	6,541	4,821
Other current assets	59,880	39,033	55,179
Liquid assets, including current investments	244	459	291
Total current assets	65,779	47,287	61,336
Total assets	83,558	67,860	79,407
Total equity	34,392	48,159	36,233
Other long term liabilities	0	0	0
Total long-term liabilities	0	0	0
Accounts payable	5,228	6,433	6,025
Convertible Notes	31,344	2,088	26,796
Other current liabilities	12,595	11,180	10,353
Total current liabilities	49,166	19,701	43,174
Total liabilities and shareholders equity	83,558	67,860	79,407

CONTACT DETAILS

Contact Details

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BOARD OF DIRECTORS

Mats Andersson, Chairman of the Board
Stein Revelsby, Member of the Board, CEO
Jon Ullmark, Member of the Board
Ian Sandmael, Member of the Board

EXECUTIVE OFFICERS

Stein Revelsby, Member of the Board, CEO
Jon Ullmark, GM EMEA
Karl Wiersholm, CFO
Travis Beaven, CPO
Neil Fishman, Chief Engineer
Christi McCorkle, CMO
Satoshi Nakajima, CTO

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MARKETPLACE

Nasdaq First North 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.