



**loudspring**

## 1Q 2019 Summary Loudspring Plc

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Company release

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Please note that this report is not a fully comprehensive report of all events, nor is it in any way a financial performance report. It is only a summary of the main events that have affected us and our portfolio during the quarter.

In the quarterly report we will not comment on every portfolio company but focus on our subsidiaries and core holdings. To get a comprehensive overview of individual portfolio companies' businesses one should review additional documents such as the company description and the supplement to the company description that were published in 2016, as well as the latest annual and H1 reports. These documents are available at [loudspring.earth](http://loudspring.earth). An updated description of risks and uncertainties is stated at the end of this report.

### Significant events

During Q1 2019 the following events have taken place:

**Eagle Filters** proceeded well, signing orders with current and new customers in Q1. At the end of Q1 Eagle's order backlog (expected revenue for 2019) was appx. EUR 1,25 million. At the time of this report, Eagle's order backlog (expected revenue for 2019) was appx. EUR 1,6 million. Loudspring extended an 800 000 EUR loan Eagle Filters. The loan provides Eagle Filters with the resources to accelerate its growth strategy. Eagle Filters entered into strategic alliance with Australian Baltec IES, for combining marketing and technology efforts to accelerate both companies' growth. Baltec IES has customers on every continent with an established presence in over 40 countries, by focusing on delivering tailored design and equipment for optimising large-scale gas turbine power projects.

**Nuuka Solutions** continued to implement large projects with the City of Helsinki (Finland) and ICA Real Estate (Sweden), as well as several smaller projects. Nuuka has also started a demand response pilot project with the City of Helsinki to balance electricity consumption within the city. In addition, in Q1 Nuuka signed a new contract with a European corporate office of a Fortune 500 company.

During Q1 the signed monthly recurring revenue (MRR) has increased slightly. Nuuka's MRR order intake number was at the end of Q1 88 300 EUR / month. This is the anticipated billing from current signed contracts after the projects have been fully installed. The recurring revenue grows gradually as buildings are connected to Nuuka over a period of several months or years in some cases. The growth of MRR is currently highly dependent on a small number of potential customers the company is negotiating with.

**ResQ Club** sales over platform (GMV) grew to 460 000 EUR per month in March. Q1 revenue grew 20% from Q4 2018. 20 new K-markets (Finland) started using ResQ during Q1-2019, the total number being over 90 at the end of March. After the reporting period ResQ started cooperation with Cafe Picnic, a large coffee shop chain in Finland.

**Sofi Filtration** sales developed positively during Q1. Order backlog (expected revenue for 2019) was EUR 1,2 million at the end of Q1 (and at the time of this report). During Q1 Sofi received a significant order for microplastics filtration at a plastics production plant.

**Swap.com** does not release quarterly sales data. The company continued to focus on improving its business model as per previously released plans. Item-adding increased by +25% in Q1. Additionally the company is moving into a new warehouse that significantly reduces rental expenses with no effect on operations. During the period Swap.com raised an additional EUR 1.2M from its current investors.

**Enersize** reports independently, as a Nasdaq First North Stockholm listed company. Loudspring extended a 250 000 EUR loan to Enersize (Nasdaq First North ticker: ENERS) to accelerate its internationalization.

### Risks and uncertainties

Loudspring Oyj (the "Company") and its portfolio companies (the "Portfolio Companies") are associated with a number of risks and uncertainties including but not limited to the following:

The Portfolio Companies of the Company are start-up and growth companies and Company's value depends heavily on the future development of these companies and the Company's ability to realize the value of its investments. The Company and the Portfolio Companies are associated with significant risks and uncertainties including but not limited to: 1) risks related to financial position and availability of additional financing that they dependent on, 2) risk related to Portfolio Companies' acquisitions, expansions and ability to sustain growth, 3) risks related to competition and technological development, 4) risks related to protection of intellectual property rights, 5) dependence on a limited number of Risks and Uncertainties Financial statement bulletin 2018 26 key employees, 6) various business related risks, such as dependence on a limited number of clients, technical and warranty risks, credit loss risk and currency fluctuation risk, 7) insurance risks and 8) economic, political and regulatory risks in various markets.

There can be no assurance that the Company or its Portfolio Companies will become profitable, which could impair the Company's and the Portfolio Companies' ability to sustain their operations or obtain any required additional financing. Even if the Company or its Portfolio Companies would become profitable in the future, they may not necessarily be able to deduct the previous losses in taxation and sustain profit in subsequent periods.

Amendments to the laws and regulations and interpretations of laws and regulations relating to the Company's or Portfolio Company's business may involve negative effects to the Company or to the Portfolio Company in question. In the event of any litigation, authoritative or administrative proceedings, risks related to financial sanctions and/or limitation of business opportunities may occur. Any acts or alleged acts in conflict with the positive societal values, reliability and good quality of the Company or its Portfolio Companies, may damage the Company's or its Portfolio Companies' reputation, long-term profitability and value.

In addition, the Company is associated with inter alia the following risks that relate to its business operations as a development and investment company:

The Company's ability to make profit fully depends on the potential exit proceeds and cash flows it may receive from its Portfolio Companies and all acquisitions and disposals of assets are subject to uncertainty. There is a risk that the Company will not succeed in selling its holdings in the Portfolio Companies at the price the shares are being traded at on the market at the time of the disposal or valued at in the balance sheet. Furthermore, the Company may be affected by liquidity risk if liquidity will not be available to meet payment commitments due to the fact that the Company cannot divest its holdings quickly or without considerable extra costs.

The Company does not independently control its Portfolio Companies, other than its daughter company Eagle Filters Oy, and there may occur potential interest conflicts with the other shareholders and stakeholders exercising influence over each respective Portfolio Companies' operations or the information provided by a Portfolio Company to the Company may not be accurate or adequate. Furthermore, an investment in a Portfolio Company may be affected by the existence of shareholders agreements or articles of associations containing provisions restricting transferability of the Portfolio Companies' shares or otherwise having an impact on the value of said shares.

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#### **Loudspring in brief**

*Loudspring is an industrial group focused on saving natural resources. We own and operate Nordic growth businesses that are making a big environmental impact. We have a diversified business portfolio with technologies that save energy, water and materials in industry, real estate and in everyday life.*

*The company group is listed on First North Finland under the ticker LOUD and on First North Stockholm under the ticker LOUDS.*

[www.loudspring.earth](http://www.loudspring.earth)

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