



loudspring

Loudspring: Half-year review 1 January – 30 June 2019 (unaudited)

Loudspring Oyj

Company release

30 August 2019 at 8:30 (EEST)

[Read the full 2019 half-year report in PDF here.](#)

LOUDSPRING IN BRIEF

We manage a portfolio of Nordic growth companies that are making a big environmental impact globally. We believe that as our entrepreneurial teams are contributing to solving some of the biggest challenges our planet faces, this translates into a unique opportunity for growing profitable businesses.

Loudspring is an investment group focused on saving natural resources.

INVESTMENTS

Eagle Filters - power plant efficiency technologies - 67,6% ownership

Enersize - energy efficiency cloud analytics for heavy industry - 28,7% ownership

Nuuka Solutions - smart building SaaS company - 47,7% ownership

ResQ Club - consumer app for rescuing restaurant meals - 17,9% ownership

Sofi Filtration - efficient water filtration technology - 24,7% ownership

Other holdings

Aurelia Turbines - 0,9%

Metgen - 2,4%

Sansox - 9,6%

Swap.com - 6,7%

Watty - 3,2%

IMPACT

- Climate Change
- Water
- Natural resources

[Please see our latest Loudspring Impact Report for our achievements so far.](#)

SUMMARY OF MAIN EVENTS

- The combined non-audited revenue estimate of the core holdings (excluding Enersize) was EUR 2,75 million in H1 2019
- Jarkko Joki-Tokola appointed as new CEO and Matti Vuoria as new Chairman of the board
- Net loss for the review period was EUR 629 thousand.

- Loudspring makes an impairment in the revaluation reserve totalling EUR 553 thousand due to Enersize's share price development
- Loudspring made drawdowns totalling EUR 2 million from the NEFCO convertible loan facility
- Loudspring has reduced its monthly net burn rate (excluding interest) by appx 34% to 60 000 EUR/month
- Loudspring decides to establish a fully owned subsidiary in Sweden.
- Loudspring enters into an agreement with a Swedish equity research company that will initiate coverage of Loudspring during autumn 2019.
- Loudspring description of risks and uncertainties is included at the end of the report.

SUMMARY OF OUTLOOK FOR 2019:

- For all core portfolio companies the outlook continues to be positive
- Most core portfolio companies expected to continue growth while competition is expected to increase in all business sectors
- A need for securing additional funding continues for Loudspring and most of the portfolio companies
- Loudspring may raise new funding in the near future in order to support growth of core holdings.

KEY FIGURES

(In thousands of euros)	1-6 / 2019	1-6 / 2018	1-12 2018
Turnover	134	22	71
Operational result	-557	-825	-1 750
Result for the financial period	-629	-1 029	-3 448
Cash at the end of the review period	32	1 151	76
Shareholders equity at the end of the review period	9 661	22 042	10 844
Equity ratio	74,4%	89,1%	86,2%

Loudspring does not report consolidated accounts as Loudspring and its subsidiaries is regarded as minor group in accordance with Finnish Accounting Act chapter 1 § 6 a.

At the end of the review period Loudspring had the following financing arrangements and balance sheet items:

- Cash EUR 787 thousand taking into account EUR 950 thousand (current) credit limit from Nordea
- EUR 500 thousand Undrawn amount of the NEFCO convertible loan facility
- The company owned listed shares (Enersize Oyj) with a fair value 30.6.2019 of EUR 1,19 million. *
- The company has short term receivables from portfolio companies totalling EUR 610 000
- In addition, the company has capital loan receivables from portfolio companies totalling EUR 1,3 million

*The shares have been given as collateral for the loan of EUR 1 million in Loudspring's balance sheet and for the EUR 950 thousand credit line. The consent of the collateral holder is required for the selling of these shares.

HOLDINGS

Loudspring's effective fully diluted ownerships 30.6.2019.

Company	Ownership (effective fully diluted)	Options
Aurelia	0,9 %	
Eagle Filters	67,6 %	Option to go up to 80% through a share purchase
Enersize	28,7 %	
Metgen	2,4 %	
Nuuka Solutions	47,7 %	
Resq Club	17,9 %	
Sansox	9,6 %	
Sofi Filtration	24,7 %	
Swap.com	6,7 %	
Watty*	3,2 %	

*Loudspring currently only holds indirect ownership in the company through a holding company.

Eagle Filters was Loudspring's only subsidiary at the end of the review period. Ownership is reported as effective fully diluted except for Enersize, where effective ownership is reported due to Enersize being a listed company. Effective ownership takes into account both direct and

indirect ownership in the portfolio firms. Loudspring has indirect ownership through the Clean Future Fund (CFF), a Finnish limited partnership and several Cleantech Invest SPVs, all of them Swedish holding companies founded by Loudspring. Exit and dividend proceeds from portfolio companies may differ from ownership percentages, both in positive or negative direction, due to different share classes and provisions in shareholder agreements.

CEO'S REVIEW

I am humbled to be writing this review for the first time as the CEO of Loudspring Oyj. My 20 year career as an entrepreneur and 10 year career as a technology company investor has provided me with the experience and accumulated knowledge that I am using to take Loudspring forward. I am highly confident on the potential I am seeing in Loudspring and its portfolio companies.

As an early stage investor Loudspring invests in very young companies where we see the right potential and fit. Early stage investing comes with a high risk, and typically only one out of ten investments succeeds in bringing return on investment. We believe our ratio is higher than this due to careful screening and long-term commitment to developing our portfolio companies. This does not mean that we will always succeed, but as said, we believe that our ratio will be higher than typical market average.

Loudspring is currently invested in 10 companies of which 5 form the investment core. These core companies are Eagle Filters, Enersize, Nuuka Solutions, ResQ Club and Sofi Filtration. We expect majority of Loudspring's value development to take place in these companies. We have removed Swap.com from our core portfolio as our ownership percentage and expected dilution gives us limited visibility and even more limited control of the company operations and destiny.

Our goal is to further increase the transparency of our business, and, going forward Loudspring will start publicizing revenue target ranges for the core portfolio companies. At this time, we are publishing target ranges for the years 2019 and 2020. These revenue target ranges are risk reduced ranges prepared in co-operation with the CEO's of the core portfolio companies. We have also entered into an agreement with another equity research company based in Stockholm and they will start providing analysis on Loudspring in the near future.

In order for Loudspring to optimally continue the value development of its portfolio, it will need to have sufficient financial resources to do three things: i.) defend selected current ownership during funding rounds, ii.) increase selected share of ownership when opportunities arise and deemed proper, and iii.) invest into new companies in our deal flow pipeline. This means that Loudspring may decide to raise more capital during the autumn or later. We may also exit companies partially or in full via trade sale.

As our core portfolio companies continue to mature from early start-ups to late start-ups, and further to early and late growth companies, there is an expectation of profitable business operations. This means that at some point in time, some of these companies will be able to pay dividends to Loudspring. Loudspring will then further be able to pay dividends to its shareholders.

All our core portfolio companies are growing and during the period Loudspring has reduced its own monthly net burn rate (excluding interests) by appx 34% compared to the end of 2018. We are now setting a goal to be able to pay the first dividend to our shareholders during H1 of 2021.

For industrial companies that form the majority of Loudspring's investments, the journey from start-up to a growth company can easily take 10 years. To better illustrate the stage of development on this journey, for each of our portfolio companies, we have developed an index that we have named "The Loudspring Index". Going forward we will be publishing staged ranking of our portfolio companies measured by this index. The index is construed with a proprietary questionnaire developed by Loudspring, and, while we trust that it gives us highly relevant information, a company's score on this metric does not in any way guarantee the success or failure of the company. The Loudspring Index measures the internal maturity of a company's processes that is needed for the company to be able to grow but actual growth is also influenced by a number of external factors e.g. market conditions that are beyond the portfolio company's control.

Loudspring is an internationally recognized pioneer in clean technology and its mission remains unchanged despite the changes in the management or in the portfolio. We develop companies that are solving the greatest environmental challenges of our time. This means that saving of natural resources via business means remain at the core of Loudspring. We believe this is an unparalleled long term business opportunity and we have now also set a relatively short term goal of becoming a profitable company.

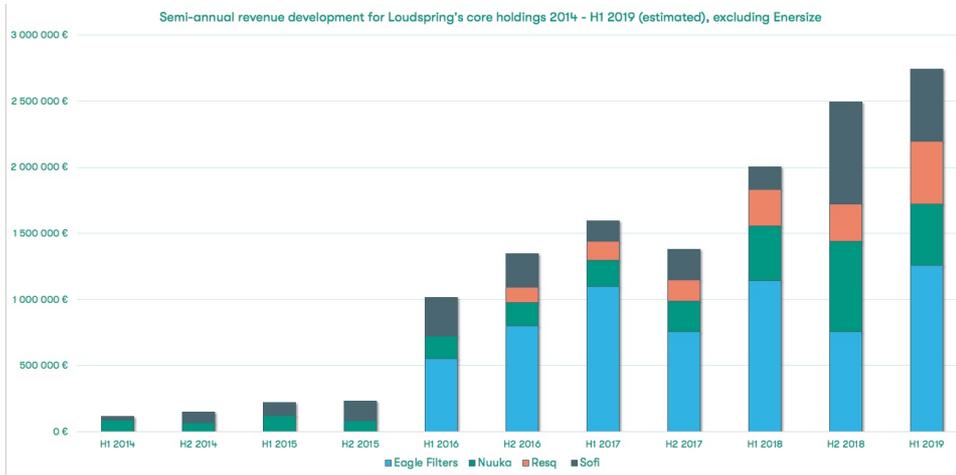
OVERALL DEVELOPMENT

The combined revenue (non audited estimate) of unlisted core holdings grew to 2,75 million EUR, with 10% growth from H2 2018 and 37% growth from H1 2018. Core holdings include Eagle Filters, Enersize, Nuuka Solutions, ResQ Club and Sofi Filtration. As Swap.com is no longer included in the core portfolio, Swap.com's revenue is not included in these figures. Including Swap.com, the combined H1 2019 revenues would have declined to EUR 5,67 million during H1 (non audited estimate), decreasing 15% compared to H2 2018 and 32% compared to H1 2018. Follow-on investments were made into Eagle Filters and Nuuka Solutions and Loudspring decided to establish a fully owned subsidiary in Sweden.

Loudspring has reduced its monthly net burn rate (excluding interests) by appx 34% to EUR 60 thousand per month.

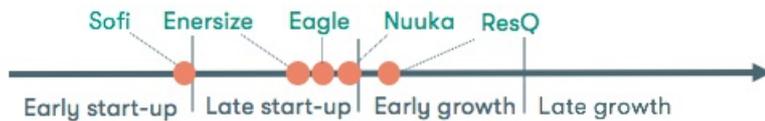
The comments on associated companies are not full descriptions of each of the associated companies' situations or their risks. Risks are described in more detail in the Risks and Uncertainties section. Loudspring will in this review provide unaudited financial estimates of its core portfolio provided that they are available at the time of this report.

REVENUE DEVELOPMENT FOR LOUDSPRING'S CORE HOLDINGS 2014 - H1/2019 (ESTIMATED), EXCLUDING ENERSIZE



In this report Loudspring provides high and low revenue targets for its core holdings (excluding Enersize) for this and the following years. The targets are not financial guidance and will only be in general updated on an annual or semi-annual basis. Deviation from these targets will not trigger a positive or negative profit warning. Loudspring management views the targets as achievable revenue target ranges for each company. Ranges are developed in co-operation with portfolio company CEOs, and are based on portfolio companies' sales pipelines. Loudspring applies risk reduction multiples on all presented ranges.

Below the stage of each core holding is illustrated, as perceived by our proprietary Loudspring Index. The Loudspring Index measures the internal maturity of a company's processes that is needed for the company to be able to grow but actual growth is also influenced by a number of external factors e.g. market conditions that are beyond the portfolio company's control.



EAGLE FILTERS

Eagle Filters provides advanced air filtration solutions for energy utilities, which increases the efficiency of gas turbines. The technology significantly reduces CO2 emissions and increases profitability. Eagle's technology is being used by some of the world's largest energy utilities. Loudspring has an option to increase its ownership in Eagle to 80%.

BUSINESS UPDATE

Eagle Filters' revenue H1 2019 was EUR 1,26 million (unaudited estimate). Revenue grew 10% from H1 2018, and 62% from H2 2018.

At the time of reporting, the accumulated revenue and orders scheduled for full year 2019 for was EUR 2,3 million.

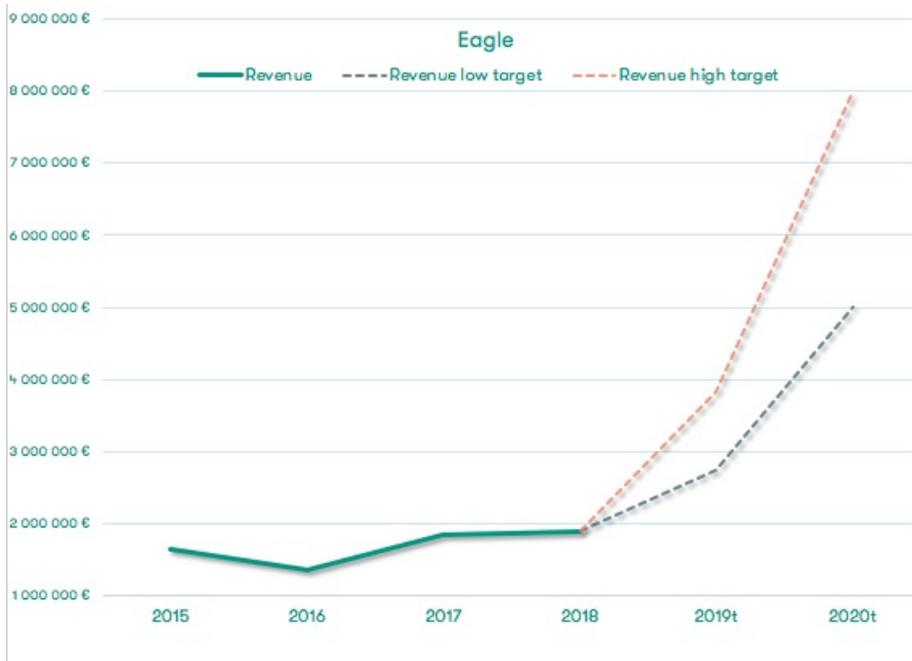
The company's sales efforts are focused on gas turbine operators on all continents. At the time of this report Eagle had ongoing dialogue with potential customers in 28 countries. Revenue growth is also targeted through expanding reach within current customers. During H1 several large existing customers have expanded the use of Eagle's solutions to new sites.

NON-AUDITED FINANCIALS H1/2019 (ESTIMATE) / H1 2018

Revenue H1/2019	Revenue H1/2018	EBITDA H1/2019	EBITDA H1/2018
1 260 000	1 142 000	-361 000	-240 000

Revenue development and Loudspring's target range for 2019 and 2020 revenue for Eagle Filters is illustrated below.

EAGLE FILTERS REVENUE DEVELOPMENT AND TARGET RANGE



Targets for Eagle	2019	2020
Revenue low target	2 737 500	5 000 000
Revenue high target	3 832 500	8 000 000

TARGETS FOR 2021

Loudspring has set the following financial targets for 2021 for Eagle Filters:

- 2021 Revenue: more than EUR 10 million
- 2021 EBITDA: more than EUR 2 million

The targets are not financial guidance and will only be in general updated on an annual or semi-annual basis. Deviation from these targets will not trigger a positive or negative profit warning.

NUUKA SOLUTIONS

Nuuka Solutions provides a cloud-based software for professional building analytics.

Nuuka connects building intelligence systems into one common platform, enabling greatly improved energy efficiency and indoor air quality, as well as streamlined operations and reporting. Customers include large building asset managers, multinational corporations and cities.

BUSINESS UPDATE

Nuuka's revenue H1 2019 was EUR 461 000 (unaudited estimate). Revenue (grew) 12% from H1 2018, but decreased 32% from H2 2018. Nuuka's MRR order intake number was at the end of the review period EUR 92 thousand / 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.

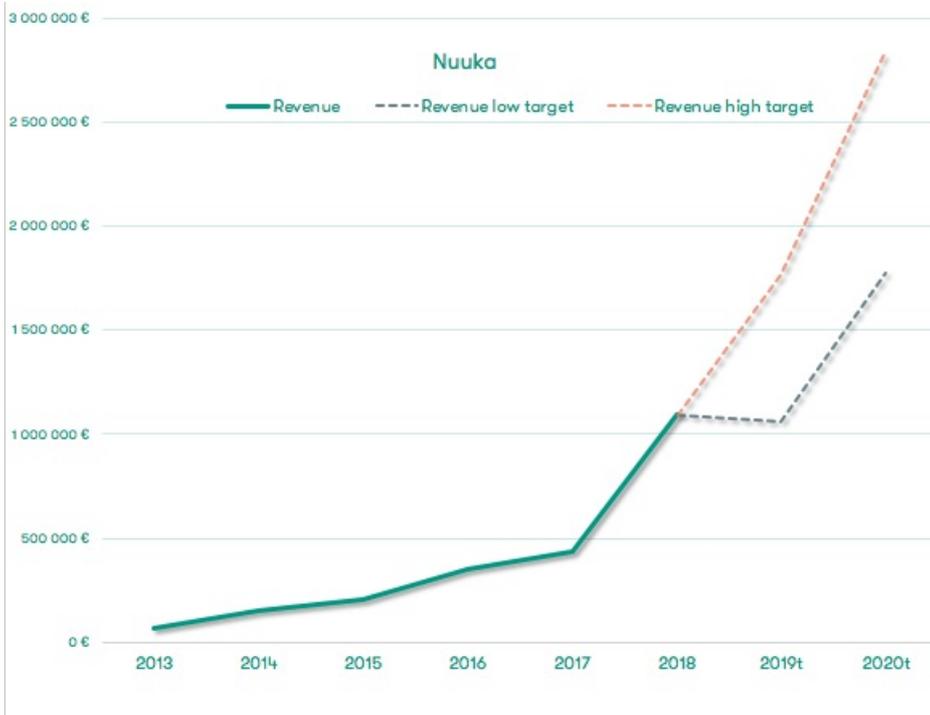
Nuuka's high quality references such as ICA Real Estate in Sweden and City of Helsinki form a solid foundation for sales efforts. The company has during H1 2019 received several requests for offers and is currently negotiating with cities, international smart building operators as well as retail operators in several countries. During H1 2019 the company's sales and marketing organization has been strengthened significantly.

NON-AUDITED FINANCIALS H1/2019 (ESTIMATE) / H1/2018

Revenue H1/2019	Revenue H1/2018	EBITDA H1/2019	EBITDA H1/2018
461 000	413 000	-566 000	-180 645

Revenue development and Loudspring's target range for 2019 and 2020 revenue for Nuuka Solutions is illustrated below.

NUUKA SOLUTIONS REVENUE DEVELOPMENT AND TARGET RANGE



Targets for Nuuka	2019	2020
Revenue low target	1 061 121	1 777 533
Revenue high target	1 768 535	2 844 053

RESQ CLUB

ResQ is an app for rescuing surplus food from restaurants and grocery stores, at big discounts. The online marketplace enables restaurants, cafes and grocery stores to sell their surplus food to nearby people who want to save time, money and the planet while enjoying quality food.

BUSINESS UPDATE

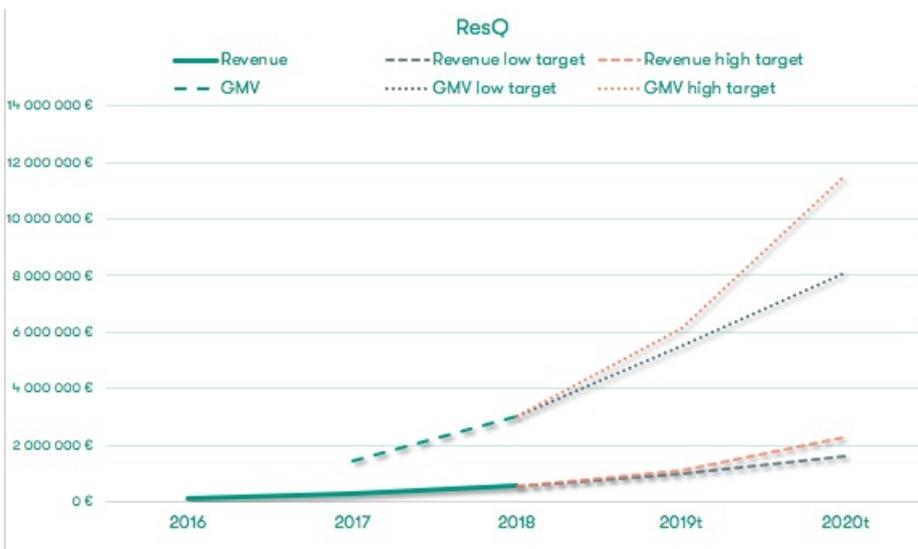
GMV for H1 2019 was EUR 2,6 million and revenue EUR 477 000 (unaudited estimates). During H1 2019 ResQ launched in Poland. Cooperation with restaurant and cafe chains in Finland proceeded well.

NON-AUDITED FINANCIALS H1/2019 (ESTIMATE) / H1/2018

Revenue H1/ 2019	Revenue H1/2018	GMV H1/2019	GMV H1/2018	EBITDA H1/2019	EBITDA H1/2018
477 000	276 000	2 600 000	1 208 000	-127 743	-561 000

Revenue development and Loudspring's target range for 2019 and 2020 revenue for ResQ Club is illustrated below.

RESQ CLUB REVENUE DEVELOPMENT AND TARGET RANGE



Targets for ResQ	2019	2020
Revenue low target	1 012 500	1 585 255

Revenue high target 1 125 000 2 264 650
 GMV low target 5 517 000 8 087 244
 GMV high target 6 130 000 11 553 206

SOFI FILTRATION

Sofi Filtration provides efficient water filtration technology. Their self-cleaning filter enables cost efficient micro filtration of large amounts of water.

BUSINESS UPDATE

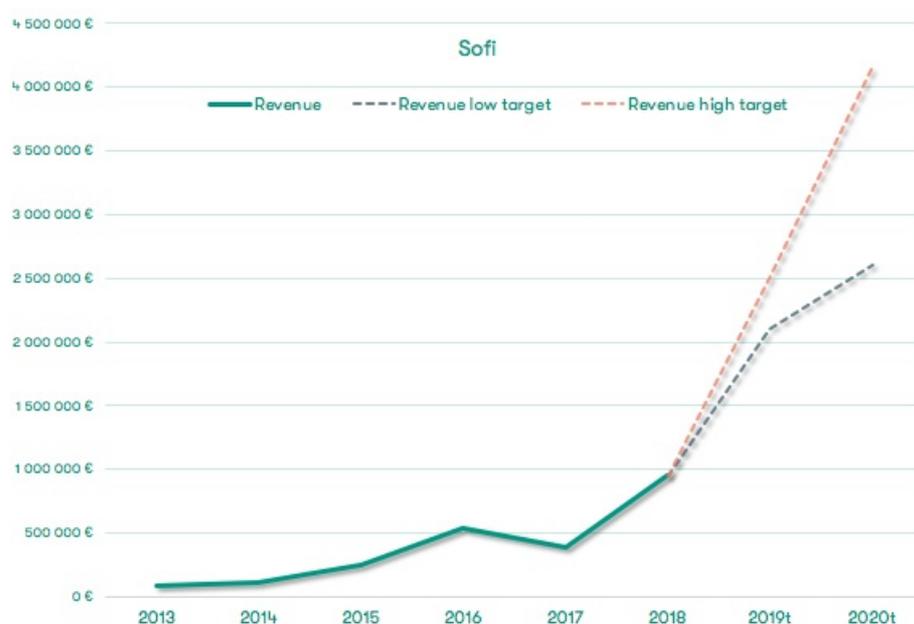
Sofi Filtration's revenues in H1 2019 were EUR 547 225 (unaudited estimate). Revenues increased by 214% compared to H1 2018 but decreased by 29% compared to H2 2018. At the time of reporting, Sofi had signed orders indicating minimum EUR 2,1 million revenue for full year 2019. The company sold its water filtration technology to marine, energy and chemical industries.

NON-AUDITED FINANCIALS H/2019 (ESTIMATE) / H1/2018

Revenue H1/2019	Revenue H1/2018	EBITDA H1/2019	EBITDA H1/2018
547 225	174 000	-280 823	-43 760

Revenue development and Loudspring's target range for 2019 and 2020 revenue for Sofi Filtration is illustrated below.

SOFI FILTRATION REVENUE DEVELOPMENT AND TARGET RANGE



Targets for Sofi	2019	2020
Revenue low target	2 100 000	2 600 000
Revenue high target	2 500 000	4 160 000

ENERSIZE

Enersize provides energy efficiency cloud analytics for heavy industry. The company is listed in Nasdaq First North Stockholm. With Enersize's technology, large industrial factories can save significantly in their compressed air system electricity costs.

BUSINESS UPDATE

As a Nasdaq First North listed company, Enersize reports independently on its developments. Enersize's financial reports can be found on <https://enersize.com/>. Enersize stock owned by Loudspring at the end of H1 2019 had a market value of EUR 1,19 million.

OTHER HOLDINGS

Other holdings (venture holdings that are not deemed core holdings by Loudspring) will be commented upon only if significant developments take place.

During the reporting period there were the following major events:

Swap.com was removed from the core portfolio because our ownership percentage and expected future dilution gives us limited visibility and even more limited control on the company.

Swap.com's revenues declined in H1 2019 to 2,9 million (unaudited estimate) for the six month period with GMV at 3,3 (unaudited estimate). Swap.com closed 2.5m€ new funding during H1 2019. However, the company still requires more funding during H2. A decrease is expected in Loudspring's ownership due to the upcoming funding rounds. Swap.com announced in March that Jennifer Carr-Smith, previously the Chairwoman of the Board, has also assumed the role of Chief Executive Officer. She recently served as an SVP at Groupon and as CEO of Peapod.

INCOME STATEMENT: REVENUE AND RESULT

REVENUE

The company's revenue for the review period 1 January to 30 June 2019 was EUR 134 thousand (1-6/2018: EUR 22 thousand).

EXPENSES

Personnel costs during the review period 1 January to 30 June 2019 amounted to EUR 247 (335) thousand.

Other operating expenses in the review period 1 January to 30 June 2019 were a total of EUR 299 (352) thousand.

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs of intangible and tangible assets in the review period 1 January to 30 June 2019 was a total of EUR 88 (89) thousand.

OPERATING INCOME

The company's operating loss for the review period 1 January to 30 June 2019 was EUR 557 (825) thousand. The decrease in operating loss is mainly due to decreased operating expenses.

FINANCIAL INCOME AND EXPENSES

Financial income in the review period 1 January to 30 June 2019 was a total of EUR 13 (56) thousand, financial expenses a total of EUR 84 (259) thousand.

RESULT FOR THE REVIEW PERIOD

The net loss of the review period 1 January to 30 June 2019 was EUR 629 (1 029) thousand.

BALANCE SHEET: FINANCING AND INVESTMENTS

At the end of the review period, the balance sheet total stood at EUR 12 992 (23 698) thousand. The shareholders' equity was EUR 9 661 (21 103) thousand and the equity ratio was 74,4% (89,1%).

The total current liabilities at the beginning of the review period was EUR 739 thousand and EUR 1 466 thousand at the end of the review period.

During the review period Loudspring made drawdowns totalling EUR 2 million from the NEFCO convertible loan facility. At the end of the review period Loudspring had untapped NEFCO convertible loan facilities totalling EUR 500 thousand.

Loudspring made an impairment in the revaluation reserve totalling EUR 553 thousand due to Enersize's share price development.

INVESTMENTS DURING THE REVIEW PERIOD

Nuuka Solutions Oy: Loudspring converted a loan in Nuuka, increasing Loudspring's ownership from 45,0% to 47,7%.

In addition, Loudspring has made follow on investments in the form of loans to Eagle Filters, Nuuka Solutions, Enersize and Swap.com totalling EUR 1,6 million during the review period.

PERSONNEL, MANAGEMENT AND ADMINISTRATION

The company went through the following personnel changes during the review period: Jarkko Joki-Tokola was appointed new CEO in May. Co-Founder Lassi Nojonen stepped down as the CEO and continued in the board of directors. Catharina Burch, Tiina Kähö and Johan Strömberg were elected as new members of the board.

Matti Vuoria, former member of the board, was elected as the Chairman of the Board. At the end of the review period the Board of Directors consisted of Matti Vuoria (Chairman), Lassi Nojonen (Vice Chairman), James Penney, Catharina Burch, Tiina Kähö, Johan Strömberg and Loudspring employed on average 6 persons during the review period.

ANNUAL GENERAL MEETING

The Annual General Meeting of Loudspring was held on the 26th of April 2019 in Helsinki. The Annual General Meeting adopted the annual accounts for 2018 and resolved that the net loss of EUR 3 447 854,46 be transferred to accrued earnings and that no dividend be paid. The Annual General Meeting discharged the members of the Board of Directors and the CEO from liability for the year 2018. The Annual General Meeting resolved that the members of the Board of Directors be paid EUR 400 per month and that the Chairman of the Board would be granted 25 000 stock options, the Vice-Chairman 20 000 stock options and the other members of the Board of Directors 15 000 stock options as annual remuneration. In addition, members of the Board of Directors for the company elected in the Annual General Meetings 21.4.2017 and 20.4.2018 are each granted, for the year 2017 and 2018 respectively, 10 000 stock options which have not been granted to the members of the Board of Directors. The stock options shall be issued based on the authorization granted by the Annual General Meeting. The remuneration of the members of the Board of Directors is not paid to persons working for the company. The members of the Board of Directors are reimbursed for reasonable travel and lodging costs. Travel and lodging costs will not be compensated to those members of the Board of Directors who reside in the greater Helsinki area when the meetings are held in the greater Helsinki area. The AGM resolved that six members be elected to the Board of Directors and re-elected the current members of the Board of Directors Mr. Lassi Noponen, Mr. James Penney and Mr. Matti Vuoria as members of the Board of Directors and elected Ms. Catharina Burch, Ms. Tiina Kähkö and Mr. Johan Strömberg as new members to the Board of Directors for a term ending at the closing of the Annual General Meeting of year 2020.

The Annual General Meeting resolved that the auditor's fees are paid according to the auditor's invoice approved by the company. The Annual General Meeting re-elected Deloitte & Touche Oy, Authorized Public Accountants as the company's auditor. Deloitte & Touche Oy has informed that the principal auditor will be Mr. Aleksi Martamo, Authorised Public Accountant.

Three main authorizations were given: 1) authorizing the Board of Directors to decide on issuance of shares, 2) authorizing the Board of Directors to decide on issuance of options and 3) authorizing the Board of Directors to decide on acquisition of the company's own shares. The AGM decisions are available in detail on the company website at <https://loudspring.earth/news/category/1213/resolutions-of-loudspring-plcs-annual-general-meeting>

OUTLOOK 2019

All Loudspring portfolio companies face many growth company challenges and thus carry significant amounts of risks. At the same time, the companies have matured and as such, are better equipped to face these challenges.

Loudspring's mission of saving natural resources is all the time more widely appreciated in the society and the demand for energy and resource efficiency is a megatrend that provides vast opportunities for growth, as well as increasing competition, for all of Loudspring's core portfolio companies.

For all of Loudspring's core portfolio companies the market outlook continues to be positive and we expect most of them to continue growth during H2. A need for securing additional funding continues for Loudspring and most of the portfolio companies.

Creating a positive environmental impact by business means is a unique long-term business opportunity. Loudspring will continue to work towards achieving set profitability target target as well as raising the needed resources for securing growth.

EVENTS AFTER THE REVIEW PERIOD

After the review period the following events have taken place:

- Loudspring is negotiating the continuance of the Nordea credit limit (currently EUR 950 000), and the limit has been indicated to continue with minimum EUR 450 000 from September onwards. Loudspring is also negotiating additional debt funding with other financial institutions.
- Loudspring has made a draw-down and received EUR 500 000 to Loudspring's account from the Nefco loan facility
- After the reporting period, Sofi Filtration received orders from USA totalling more than EUR 1 million.

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 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.

FINANCIAL COMMUNICATION

Loudspring Oyj Q3/2019 quarterly summary, which is not a financial performance report or a fully comprehensive report of all events, will be published 31.10.2019. The 2020 financial information release schedule will be published by the end of 2019.

SHARE

During the review period the company had a total of 24 168 498 shares, divided into 4 398 424 class K shares, each having 20 votes at shareholders' meetings, and 19 770 074 class A shares, each having one vote at shareholders' meetings.

Loudspring board members and the management team owned on 30.6.2019 a total of 2 417 276 Series A shares, 2 671 247 Series K shares and options that give a right to subscribe 1 209 749 Series K shares and options that give a right to subscribe 310 000 class A-options taking into account all shares and options owned directly and indirectly through companies controlled or influenced by them or through their family members. In addition, 16 000 options that give a right to subscribe series A shares are owned by persons working for the company.

The shares owned by board members and the management team represent approximately 21,1% of the company's all outstanding shares registered on 30.6.2019 in the trade register and 51,8% of the voting rights of the shares.

Loudspring had 4 917 registered shareholders according to the share register on December 30th of June 2019. Euroclear Finland had 3 583 shareholders and Euroclear Sweden 1 334 shareholders.

The number of class A shares, which are traded on First North, at the end of the financial period was 19 770 074 and the market cap on 28th of June 2019 EUR 9,5 million. When taking into account also the class K shares, which are not subject to multilateral trading, the market cap was EUR 11,6 million. Closing price of the company's class A share on 28th of June 2019 was 0,48€ per share on First North Finland. During the financial period the highest price paid for the company's class A share on First North Finland was 0,59€, the lowest 0,31€, and the volume-weighted average 0,41€ per share.

The company has a liquidity provision agreement with Pareto Securities that fulfils Nasdaq Stockholm AB's Liquidity Providing (LP) requirements. Loudspring's shares traded on First North Finland are not covered by the liquidity provision agreement.

DEFINITIONS

Equity ratio (%)	Total equity x 100/ Total assets
Number of shares	Total number of shares at the end of the period
Weighted average number of shares	Issue and conversion-adjusted weighted average number of shares
Diluted number of shares	Total number of shares at the end of the period added by outstanding warrants
Weighted average number of shares, Diluted	Issue and conversion-adjusted weighted average number of shares added by outstanding warrants
Basic earnings per share (€)	Result for the (financial) period / Issue and conversion-adjusted weighted average number of shares
Diluted earnings per share (€)	Result for the (financial) period / Issue and conversion-adjusted weighted average number of shares added by outstanding warrants

ACCOUNTING PRINCIPLES OF THE SEMI-ANNUAL ACCOUNTS

Semi-annual accounts have been prepared following generally accepted accounting principles and applicable laws. The half-year figures for 2018 and 2019 of the review have not been audited. The full year figures for 2017 and 2018 of the profit and loss statement, balance sheet and statement of cash flows are audited. The figures presented are rounded.

FINANCIAL INFORMATION

Loudspring aims to primarily increase revenue in its subsidiaries and associated companies. Loudsprings' own revenue is small and mainly consists of services provided to Loudsprings' portfolio companies. The majority of Loudspring's expenses are operating costs related to increasing the value of subsidiaries and associated companies.

PROFIT AND LOSS STATEMENT

EUR '000	1 - 6 / 2019	1 - 6 / 2018	1 - 12 / 2018
Turnover	134	22	71
Materials and services	-56	-71	-25
Personnel expenses	-247	-335	-518
Depreciation and impairment charges	-88	-89	-178
Other operating expenses	-299	-352	-1 100
Operating loss	-557	-825	-1 750
Financial income	13	56	261
Financial expenses	-84	-259	-1 959
Result before taxes	-627	-1 029	-3 448
Taxes	-2	0	0
Result for the financial period	-629	-1 029	-3 448
Basic earnings per share	-0,03	-0,06	-0,14
Diluted earnings per share	-0,02	-0,04	-0,13

BALANCE SHEET

EUR '000	30/6/ 2019	30/6 2018	31/12 2018
Assets			
Non-current assets			
Intangible assets	3	177	90
Tangible assets	16	20	18
Holdings in group undertakings	1 155	2 722	1 155
Holdings in participating interests	9 193	16 888	9 676
Total non-current assets	10 367	19 807	10 938
Current assets			
Accounts receivables	187	85	50
Loan receivables from participating interests	1 127	2 333	827
Loan receivables from group undertakings	1 000	200	400
Loan receivables	0	0	0
Other receivables	51	77	64
Deferred assets	228	46	226
Cash and cash equivalents	32	1 151	76
Total current assets	2 625	3 891	1 641
Total assets	12 992	23 698	12 579
Equity and liabilities			
Shareholders equity			
Share capital	80	80	80
Reserve for invested non-restricted equity	17 015	16 675	17 015
Revaluation reserve	2 491	11 134	3 045
Retained earnings	-9 296	-5 848	-5 848
Result for the financial period	-629	-1 029	-3 448
Total shareholders equity	9 661	22 042	10 884
Liabilities			
Non current			
Deferred tax liability	0	1 534	0
Bank loans	3 000	500	1 000
Current liabilities			
Bank loans	195	500	500
Accounts payable	10	51	68
Other current liabilities	45	556	138
Accruals	82	46	29
Total liabilities	3 331	1 152	1 735
Total equity and liabilities	12 992	24 727	12 579

STATEMENT OF CASH FLOWS

EUR '000

1 - 6 / 2019

1 - 6 / 2018 1 - 12 / 2018

CASH FLOW FROM OPERATING ACTIVITIES

Result before taxes	-627	-1 029	-3 448
Taxes	-2	0	0
Adjustments	-9	164	1556
Depreciation	88	89	178
Change in receivables, increase (-), decrease (+)	-127	39	-103
Change in current liabilities, increase (+), decrease (-)	-99	-251	-118
Cash flow from operating activities	-776	-988	-1 935

CASH FLOW FROM INVESTING ACTIVITIES

Investments in tangible and intangible assets	0	0	0
Investments in group undertakings	0	-297	-548
Investments in shares of participating companies	-5	-457	-2 840
Returns received for participating companies	261	147	147
Dividend income from shares	0	188	237
Loans granted to participating companies	-617	-1 975	-500
Loans granted to group undertakings	-1 200	0	-550
Repayment of loan receivables	600	208	511
Loan receivables from others	0	0	-11
Cash flow from investing activities	-961	- 2 185	-3 532

CASH FLOW FROM FINANCING ACTIVITIES

Share issue against payment	0	0	0
Increase in interest bearing liabilities	2 194	1 032	2 250
Decrease in interest bearing liabilities	-500	-269	-269
Dividends and other profit distribution	0	0	0
Cash flow from financing activities	1 694	762	1981

CHANGE IN CASH AND CASH EQUIVALENTS

	-44	-2 411	-3 487
Cash and cash equivalents at the beginning of the period	76	3 562	3 562
Cash and cash equivalents at the end of the period	32	1 151	76

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR '000	Share capital	Revaluation reserve	Reserve for invested non-restricted equity	Retained earnings	Result for the financial period	Total shareholders' equity
Shareholders' equity January 1, 2019	80	3 045	17 015	-9 296	0	10 844
Share issue	0	0	0	0	0	0
Revaluation reserve	0	-553	0	0	0	-553
Reserve for invested non-restricted equity	0	0	0	0	0	0
Result for the financial period	0	0	0	0	-629	-629
Shareholders' equity June 30, 2019	80	2 491	17 015	-9 296	-629	9 661

Shareholders' equity January 1, 2018	80	11 798	16 675	-5 848	0	22 705
Share issue	0	0	0	0	0	0
Revaluation reserve	0	-664	0	0	0	-664
Result for the financial period	0	0	0	0	-1 029	-1 029
Shareholders' equity June 30, 2018	80	11 134	16 675	-5 848	-1 029	21 013
Shareholders' equity January 1, 2018	80	11 798	16 675	-5 848	0	22 705
Share issue	0	0	0	0	0	0
Revaluation reserve	0	-8 753	0	0	0	-8 753
Result for the financial period	0	0	0	0	-3 448	-3 448
Reserve for invested non-restricted equity	0	0	340	0	0	340
Shareholders' equity December 31, 2018	80	3 045	17 015	-5 848	-3 448	10 844

Contact information:

Jarkko Joki-Tokola, CEO, Loudspring Oyj, jarkko@loudspring.earth

Alf-Oskar Witting, Controller, Loudspring Oyj, Tel. +358 50 46 86 347, aowitting@loudspring.earth

Erik Penser Bank AB, Certified Adviser. Tel. +46 8 463 83 00, certifiedadviser@penser.se

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

LinkedIn: <https://www.linkedin.com/company/loudspring/>

Twitter: [@loudspring](https://twitter.com/loudspring)

IG: [@loudspring_earth](https://www.instagram.com/loudspring_earth)

FB: [@loudspringco](https://www.facebook.com/loudspringco)