



loudspring

Financial statement bulletin for 1 January – 31 December 2019 (unaudited)

Loudspring Oyj
Company release

28 February 2020 at 8:30 (EET)

Read the full financial statement bulletin 2019 report in PDF [here](#).

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.

LOUDSPRING IN BRIEF

INVESTMENTS

Eagle Filters - power plant efficiency technologies - 80% ownership

Enersize - energy efficiency cloud analytics for heavy industry - 19,2% ownership

Nuuka Solutions - smart building SaaS company - 48,2% ownership

ResQ Club - consumer app for “rescuing” restaurant meals - 22,1% ownership

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

Other holdings

Aurelia Turbines - 0,6%

Metgen - 2,4%

Sansox - 9,6%

Swap.com - 6,8%

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 6,3 million in 2019, an increase of 41% from 2018.
- Jarkko Joki-Tokola appointed as new CEO and Matti Vuoria as new Chairman of the board
- Net loss for the review period was EUR 4,15 million, of which EUR 3,12 million were due to impairments in portfolio companies
- The operating loss for the review period was EUR 914 thousand (1-12/2018: EUR 1 750 thousand)
- Loudspring carried out a 1M€ directed share issue in December
- Loudspring increased its ownership in Eagle Filters to 80%
- Loudspring makes an impairment in Swap.com totalling EUR 2,86 million
- Loudspring impairs the revaluation of Enersize reserve totalling EUR 1,09 million due to Enersize's share price development
- Loudspring made drawdowns totalling EUR 2,5 million from the NEFCO convertible loan facility
- Loudspring has reduced its monthly net burn rate (excluding interest) by over 30% to approximately EUR 60 thousand per month
- Loudspring establishes a fully owned subsidiary in Sweden.
- Erik Penser Bank started analyst coverage of Loudspring during autumn 2019.
- Loudspring description of risks and uncertainties is included at the end of the report.

SUMMARY OF OUTLOOK FOR 2020:

- For all core portfolio companies the outlook continues to be positive
- Most core portfolio companies expected to accelerate 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

KEY FIGURES

(In thousands of euros)	1-12 / 2019	1-12 / 2018	1-12 2017
Revenue	204	71	29
Operational result	-910	-1 750	-1 305
Result for the financial period	-4 149	-3 448	-1 562

Operational result / turnover (%)	neg.	neg.	neg.
Cash at the end of the review period	450	76	3 562
Shareholders equity at the end of the review period	6 609	10 844	22 705
Return on equity	-49,1%	-20,5%	-7,4%
Head count	5	7	5
Salaries	356	411	393

Loudspring does not report consolidated accounts as Loudspring and its subsidiaries is regarded as a 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 0,9 million taking into account EUR 450 thousand (current) credit limit from Nordea
- Listed shares (Enersize Oyj) with a fair value 31.12.2019 of EUR 1,21 million. *
- Short-term receivables from portfolio companies totalling EUR 350 thousand
- Capital loan receivables from portfolio companies totalling EUR 1,5 million

* 76% of the shares have been given as collateral for Loudspring and daughter company Eagle Filters loans. The consent of the collateral holder is required for the selling of these shares.

HOLDINGS

Loudspring's effective fully diluted ownerships 31.12.2019. Portfolio companies Aurelia, Metgen and Watty have been impaired and do not hold value in Loudspring's balance sheet.

Company	Ownership (effective fully diluted)	Options
Aurelia	0,6 %	
Eagle Filters	80 %	
Enersize	19,2 %	
Metgen	2,4 %	
Nuuka Solutions	48,2 %	
Resq Club	22,1 %	

Sansox	9,6 %
Sofi Filtration	24,7 %
Swap.com	6,8 %
Watty*	3,2 %

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

Eagle Filters Oy and Loudspring Sverige AB (Sweden) were Loudspring's only subsidiaries 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 writing this in the middle of the winter that never came - our climate is changing. Dark and rainy Helsinki weather can at times be a bit depressing, but my work with Loudspring's core portfolio companies is always rewarding. We have a fine core portfolio of companies that are heading towards accelerated growth and success. Furthermore, they are fighting global climate change in the absolute front lines, and that is always uplifting.

Our core company aggregate revenues growth exceeded 40% during the period from 2018 to 2019. This is a very good result on any yardstick and I want to thank the portfolio companies management and all team members for achieving this result. We know that a lot of people follow Loudspring and I want to thank customers, shareholders as well as our friends and partners for their support during last year.

It is commonly known that typically only one out of ten start-up investments succeeds in bringing return on investment and one in twenty becomes a major success. Our core companies continued to mature during the period and we firmly believe our success ratio will be higher than the industry average due to our long-term commitment to cleantech and developing our portfolio companies. During the period, we have been putting a lot of effort in working with the portfolio company management in analyzing and crafting best possible growth scenarios for our core companies, and we expect revenue growth to further accelerate during 2020. Our minimum expectation is that the year to year revenue growth rate will nearly double, as you will be able to read in detail later in this report.

Having said that, at this time we are making no changes to revenue targets we have earlier set for this (and past year). 2019 revenue target actuals i.e. performance against the targets set, will be discussed at each company chapter below in this report. We focus on further improving forecasting accuracy and 2021 revenue target ranges will be published with H1 2020 report.

During the period we started increasing our focus on the Swedish market to better serve this large and well established growth company market. We now have analyst coverage in Sweden and our subsidiary provides options for business development. We will continue to work to attract more Swedish investors and we believe this will benefit our Finnish shareholders as well.

In order for Loudspring to optimally continue value development of its portfolio, it will need to have sufficient financial resources to do three things: i.) defend current ownership during funding rounds, ii.) increase share of ownership when opportunities arise and deemed proper, and iii.) invest in new companies in pipeline. We continuously analyse our options and will execute shareholder value enhancing transactions, fund raises or exits when we see an opportunity.

Loudspring focuses on achieving profitability and our own cost level was significantly reduced during the period. As the core investment companies 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 of time, these companies will be able to pay dividends to Loudspring. Loudspring will then further be able to pay dividends to its shareholders. Depending on certain strategic choices at our disposal, we have a visibility to cash flow positive operations and profitability. We are renewing the previously announced target to be able to pay the first dividends to shareholders during H1 of 2021. This may also take place via proceeds from a trade sale.

The journey from a start-up to a successful growth company can easily take 10 years with industrial companies that form the majority of Loudspring's portfolio. To better illustrate the current stage on this journey for each of our portfolio companies, we developed an index we are calling the "Loudspring –Index". This index construed with a proprietary questionnaire developed by Loudspring has been well received by investors and will be published next time as part of our H1 2020 reporting.

Loudspring's mission has remained unchanged for over a decade despite the changes in the management, team or in the portfolio companies. We only invest in companies that are solving the greatest environmental challenges of our times. This means that saving natural resources through business remains at the core of Loudspring and we believe that more and more investors will join us on this vital journey.

OVERALL DEVELOPMENT

The combined revenue (non audited estimate) of unlisted core holdings grew to EUR 6,3 million EUR in 2019, with 41% growth from 2018. Revenue of core holdings in H2 2019 was EUR 3,6 million, up 31% from H1 2019. Unlisted core holdings include Eagle Filters, Nuuka Solutions, ResQ Club and Sofi Filtration. Enersize is listed in Nasdaq First North Stockholm. Follow-on investments were made into Eagle Filters, Nuuka Solutions, Enersize and Swap.com. Loudspring decided to establish a fully owned subsidiary in Sweden.

Loudspring reduced its monthly net burn rate (excluding interests) by over 30% to approximately EUR 60 thousand per month during 2019.

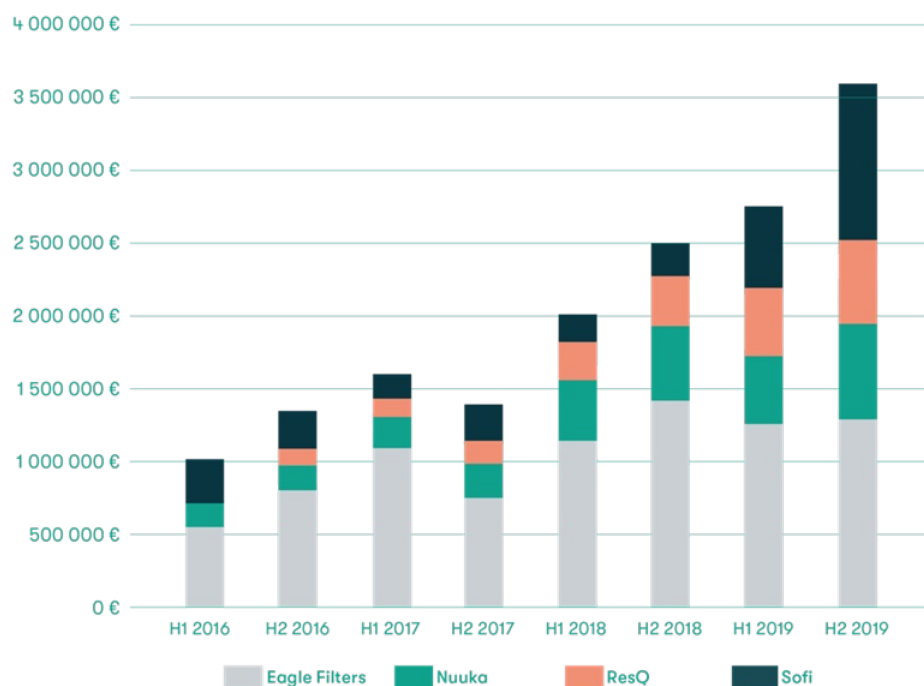
The portfolio companies are early stage growth companies and subject to (including, but not limited to) the following risks:

- **Funding risk:** Early stage growth companies in general operate at a loss and require risk capital to continue operations. Therefore, a risk of not being able to secure needed capital exists for most portfolio companies.
- **Customer risk:** Growth companies are in many cases highly dependent on a limited number of customers, and fluctuations in these customers and projects may highly impact the growth company's revenue as well as its financial position.
- **Competitor risk:** Loudspring's portfolio companies operate in rapidly growing sectors that are attracting more attention from small and large competing companies. Increasing competition may increase customer acquisition costs and result in losing existing customers as well as create pressure on margins.
- **Technology & IPR risk:** As the portfolio companies sell new technologies, a risk exists that a technology fails to meet its claims or otherwise does not meet customer criteria. A risk also exists that a portfolio company is unable to protect its intellectual property which may lead to intensifying competition.

The comments on portfolio companies are not comprehensive descriptions of each individual portfolio companies' situation. 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 they are available at the time of this report.

REVENUE DEVELOPMENT FOR LOUDSPRING'S CORE HOLDINGS 2016 - 2019 (ESTIMATED), EXCLUDING ENERSIZE

Semi-annual revenue development for Loudspring's core holdings 2016 - h2/2019 (estimated), excluding Enersize



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 owns 80% of Eagle Filters.

Over 20% of electricity in the world is produced with natural gas. As the world aims to decrease the use of coal, natural gas is forecasted by international research institutions to remain a key role in the world's energy mix. CO₂ emissions from natural gas electricity production are approximately half of coal fired plants. Moreover, natural gas is quick to adapt and serves well as a complimentary energy source for the intermittent solar and wind energy sources. In the future, the existing natural gas infrastructure may also be used for utilizing hydrogen for large scale energy storage and production.

BUSINESS UPDATE

Eagle Filters companies' total revenue 2019 was EUR 2,55 million (unaudited estimate). Total revenue is the combined revenue of Eagle Filters Oy and its subsidiaries. Revenue grew 33% from 2018.

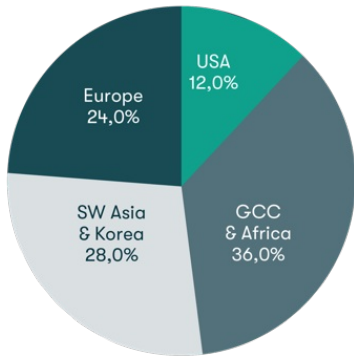
At the time of reporting, the accumulated revenue and orders scheduled for Q1 2020 was EUR 1,0 million. Eagle's quarterly order intake has grown significantly.

During the period, Eagle invested heavily in sales activities expected to bear fruit in the short term. Eagle established a UAE subsidiary in Dubai, Eagle Filters DMCC. Eagle acquired new customers in Oil & Gas (in US and GCC area) and power utilities (in South East Asia). During 2019 also several large existing customers have expanded the use of Eagle's solutions to new sites. Eagle received a first order from one of the largest oil exploration & production companies in the USA operating multiple gas turbines at its industrial sites. The company also delivered a first order to a Gulf region LNG company operating tens of gas turbines.

The company introduced new off-Shore products for Oil & Gas and LNG industries.

Competition is increasing as traditional OEM filter suppliers are entering into high efficiency filtration. At the same time, utilities are becoming more aware of the significant cost and environmental benefits of high performance filtration.

REVENUE SPLIT BY REGION

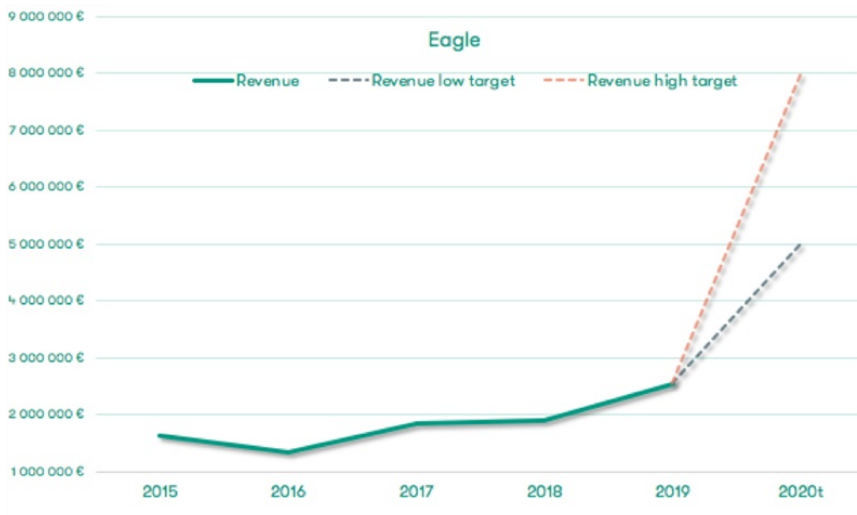


NON-AUDITED FINANCIALS 2019 (ESTIMATE) / 2018

Revenue 2019	Revenue 2018	EBITDA 2019	EBITDA 2018
2 550 000	1 900 066	-909 000	-360 000

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

EAGLE FILTERS REVENUE DEVELOPMENT AND TARGET RANGE



Targets for Eagle	2020	2021
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Revenue low target 5 000 000

Revenue high target 8 000 000

Revenue target 10 000 000

EBITDA target 2 000 000

NUUKA SOLUTIONS

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

Nuuka connects building automation systems and sensors into real time data platform making buildings smart. Nuuka enables greatly improved energy efficiency and indoor air quality, as well as streamlined operations and reporting. Customers include large real estate investors and developers, retail sector, multinational corporations and smart cities.

BUSINESS UPDATE

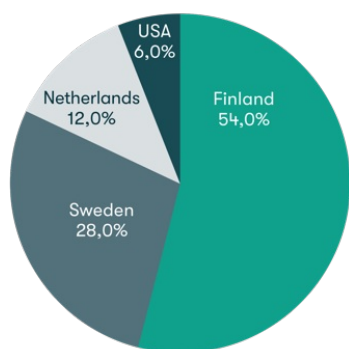
Nuuka Solutions companies' total revenue in 2019 was EUR 1 117 000 (unaudited estimate). Revenue grew 2% from 2018. SaaS revenue in 2019 was 525k€ and grew 97% from 2018. At the end of the period, Nuuka had signed projects from which after their full implementation recurring SaaS revenue is estimated at approximately EUR 125 000 per month with a potential for upsale of additional products and services. The monthly billing will vary depending on the final configuration of the Nuuka service and customer cases may take months and in some cases years to fully implement.

Nuuka successfully executed large deliveries for Helsinki city (Finland) and ICA Real Estate (Sweden). During the period a major extension of the ICA project was started. An agreement for a pilot project comprising several stores was signed with a large Swedish retail chain operating thousands of stores globally. New agreements were also signed with multiple construction companies.

Nuuka implemented the ISO certification process for Information Management System (ISO 27001). The certificate was received Jan 31st 2020. The team grew significantly both in Finland and Sweden with the hiring of a new CEO, extended sales and marketing team, as well as strengthened R&D and delivery teams.

The digitalization of real estate is accelerating. The market for smart building solutions is growing rapidly, but at the same time competition is intensifying. To stay ahead of the technology curve, Nuuka is increasing product development efforts including further development of the user experience, utilizing artificial intelligence for improved business value and introducing demand response solutions.

REVENUE SPLIT BY REGION

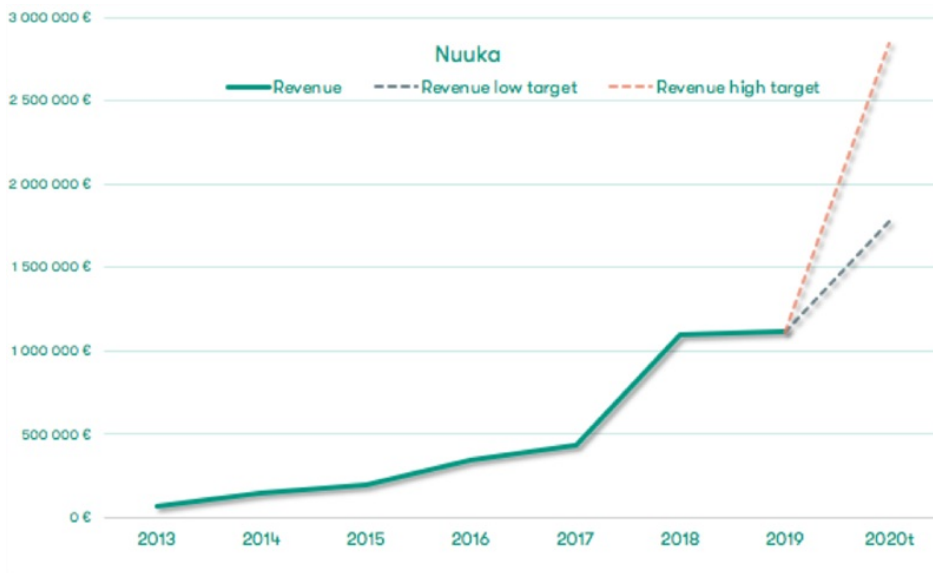


NON-AUDITED FINANCIALS 2019 (ESTIMATE) / 2018

Revenue 2019	Revenue 2018	EBITDA 2019	EBITDA 2018
1 117 000	1 094 071	-1 130 000	-281 696

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

NUUKA SOLUTIONS REVENUE DEVELOPMENT AND TARGET RANGE



Targets for Nuuka 2020

Revenue low target 1 777 533

Revenue high target 2 844 053

RESQ CLUB

ResQ is an app for purchasing 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 during the period was EUR 5,9 million. GMV grew 95% from 2018. GMV (gross merchandise value) represents sales over the ResQ platform. Revenue in 2019 was EUR 1 056 000 (unaudited estimate). Revenue represents ResQ's commission of the GMV. 2019 most of the revenue came from Finland. ResQ is operational in Finland, Sweden and in Poland. During the period ResQ achieved company wide cash flow positive operations on a monthly basis while continuing growth. However, ResQ may choose to raise more funding and increase its expenditure to facilitate accelerated growth.

Digital food as a sector is experiencing increased investment and M&A activity globally. Competition is also intensifying and several services similar to ResQ have emerged around the world. ResQ has been recognised among Top 20 Food tech startups in Europe by Sifted and as #30 FoodTech500 companies globally by Forwardfooding.

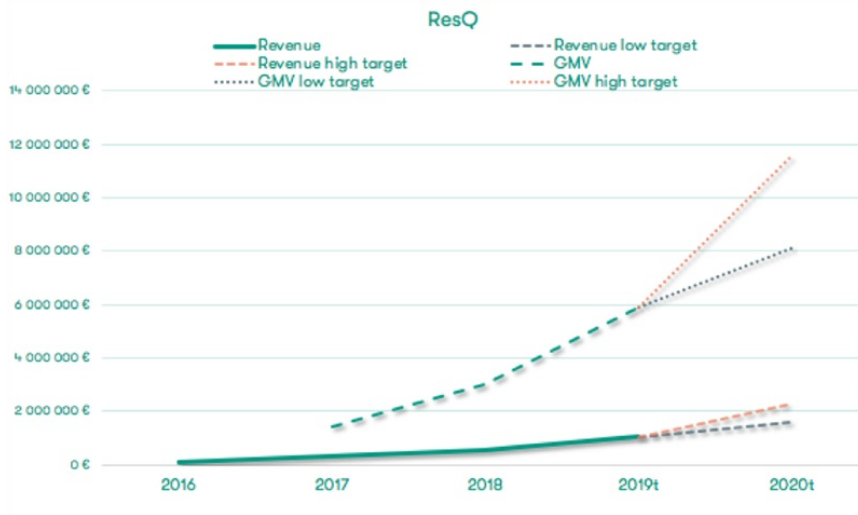
ResQ focused its R&D activities to further develop its software, service model and business model to increase growth and decrease churn both on the consumer and supply side.

NON-AUDITED FINANCIALS 2019 (ESTIMATE) / 2018

Revenue 2019	Revenue 2018	GMV 2019	GMV 2018	EBITDA 2019	EBITDA 2018
1 056 803	556 986	5 896 121	3 005 003	-316 262	-453 036

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

RESQ CLUB REVENUE DEVELOPMENT AND TARGET RANGE



Targets for ResQ 2020

Revenue low target 1 585 255

Revenue high target 2 264 650

GMV low target 8 087 244

GMV high target 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.

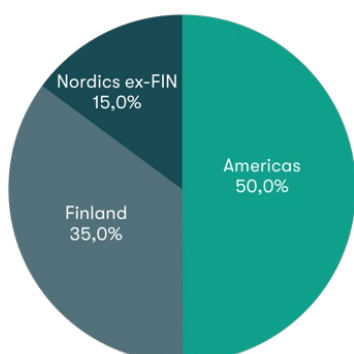
BUSINESS UPDATE

Sofi Filtration's revenues in 2019 were EUR 1,6 million (unaudited estimate). Revenues increased by 70% compared to 2018.

The company focused in marine, oil&gas, mining and polymer industries, with end-customers in Asia, South America and Northern Europe. The plastics industry is increasingly potential due to the increased awareness of microplastics contamination. One large customer project is currently on hold, and the timeline of this project affects 2020 revenue.

R&D was focused on engineering standard solutions and developments in manufacturing and design.

REVENUE SPLIT BY REGION

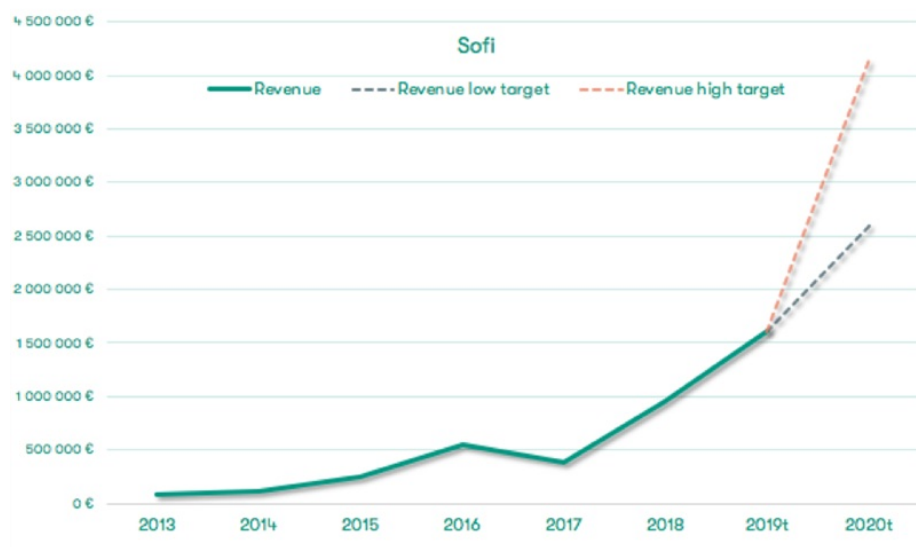


NON-AUDITED FINANCIALS 2019 (ESTIMATE) / 2018

Revenue 2019	Revenue 2018	EBITDA 2019	EBITDA 2018
1 610 000	949 000	57 000	368 483

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

SOFI FILTRATION REVENUE DEVELOPMENT AND TARGET RANGE



Targets for Sofi	2020
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Revenue low target 2 600 000

Revenue high target 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 2019 had a market value of EUR 1,21 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.

An impairment of EUR 2,86 million was made into Swap.com's valuation on Loudspring's balance sheet. Swap needs additional

funding and is negotiating with potential investors and partner candidates to secure a path forward. However, the uncertainty regarding Swap.com led Loudspring's board to make the said impairment based on a principle of diligence and carefulness.

INCOME STATEMENT: REVENUE AND RESULT

REVENUE

The company's revenue for the review period 1 January to 31 December 2019 was EUR 204 thousand (1-12/2018: EUR 71 thousand).

EXPENSES

Personnel costs during the review period 1 January to 31 December 2019 amounted to EUR 401 (518) thousand.

Other operating expenses in the review period 1 January to 31 December 2019 were a total of EUR 571 (1 100) thousand.

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs of intangible and tangible assets in the review period 1 January to 31 December 2019 was a total of EUR 63 (178) thousand.

OPERATING INCOME

The company's operating loss for the review period 1 January to 31 December 2019 was EUR 910(1 750) 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 31 December 2019 was a total of EUR 54 (261) thousand, financial expenses a total of EUR 3 290 (1 959) thousand. The financial expenses are mostly related to impairments in shares and receivables related to portfolio company Swap.com Services Oy.

RESULT FOR THE REVIEW PERIOD

The net loss of the review period 1 January to 31 December 2019 was EUR 4 149 (3 448) thousand. The effect of impairments in portfolio companies on the net result was EUR -3,12 million.

BALANCE SHEET: FINANCING AND INVESTMENTS

At the end of the review period, the balance sheet total stood at EUR 10 523 (12 579) thousand. The shareholders' equity was EUR 6 609 (10 844) thousand and the equity ratio was 62,8% (86,2%).

The total current liabilities at the beginning of the review period was EUR 740 thousand and EUR 914 thousand at the end of the review period.

During the review period Loudspring made drawdowns totalling EUR 2,5 million from the NEFCO convertible loan facility.

During the review period Loudspring made impairments in portfolio companies Swap.com (EUR 2 674 thousand), Cleantech Invest SPV1 (EUR 5 thousand), Cleantech Invest SPV2 (EUR 1 thousand), Cleantech Invest SPV4 (EUR 92 thousand) and Cleantech Invest SPV6 (EUR 7 thousand).

In addition, an impairment in the revaluation reserve of Enersize was made due to Enersize's share price development totalling EUR 1,09 million.

INVESTMENTS DURING THE REVIEW PERIOD

Eagle Filters Oy: Loudspring exercised its option to increase ownership in Eagle Filters from 67,6% to 80%.

Enersize Oy: Loudspring participated in Enersize's directed share issue through the conversion of loan receivables and an equity investment. Loudspring owned 19 187 825 shares in Enersize (excluding indirectly owned shares through Clean Future Fund) after the share issue, valued at EUR 1,21 million on 31.12.2019.

Nuuka Solutions Oy: Loudspring converted loan receivables to equity in Nuuka Solutions Oy, increasing ownership in Nuuka Solutions from 45,0% to 48,2%.

Swap.com Services Oy: Loudspring made a convertible loan investment in Swap.com which was converted to equity during the review period.

Loan and equity investments during the review period totalled EUR 2,4 million.

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 Noponen 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 Noponen (Vice Chairman), James Penney, Catharina Burch, Tiina Kähö, Johan Strömberg. Loudspring employed on average 5 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 Annual General Meeting 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 Kähö 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 2020

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 accelerate growth during H2. A need for securing additional funding continues for Loudspring and most of the portfolio companies.

Creating a positive environmental impact through business 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 has increased its ownership in ResQ, from 17,9% to 22,1%
- Eagle established a UAE subsidiary in Dubai, Eagle Filters DMCC.
- At the time of reporting, Eagle Filters companies' accumulated revenue and orders scheduled for Q1 2020 was EUR 1,0 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.

GENERAL MEETING AND FINANCIAL COMMUNICATION 2020

The 2019 annual accounts with management report and the auditor's report will be available on the company's website at loudspring.earth/share/general-meetings before end of March 2020.

The Annual General Meeting will be held on Friday 24th of April 2020 in Helsinki. The invitation to the General Meeting will be published 1st of April 2020.

The half-year report for the period 1 January – 30 June 2020 will be published on Monday 31st of August 2020. Q1 summary for the period 1 January – 31 March 2020 will be published on Thursday 23rd of April 2020 and Q3 summary for the period 1 July – 30 September 2020 on Friday 30th of October 2020.

SHARE

At the end of the financial period 2019 the company had a total of 27 501 832 series A shares (12/2018: 24 168 498 shares), divided into 4 304 031 (4 398 424) series K shares each having 20 votes at shareholders' meetings, and 23 197 801 (19 770 074) series A shares each having one vote at shareholders' meetings. The total shares at the end of 2019 include 3 333 334 shares from the directed share issue in December 2019 that were registered with the Finnish patent and registration office in January 2020.

During the review period 94 393 series K shares were converted to series A shares.

Loudspring board members and the management team owned on 31.12.2019 a total of 4 020 581 Series A shares (including shares from directed share issue in December 2019, registered with the Finnish patent and registration office in January 2020), 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, 10 000 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 24,3% of the company's all outstanding shares registered on 31.12.2019 (including shares from directed share issue in December 2019, registered with the Finnish patent and registration office in January 2020) and 52,6% of the voting rights of the shares.

Loudspring had 4 712 registered shareholders according to the share register on December 31st 2019. Euroclear Finland had 3 460 shareholders and Euroclear Sweden 1 252 shareholders.

The number of class A shares, which are traded on First North, at the end of the financial period was 19 864 467 and the market cap on 30th of December 2019 EUR 6,6 million. When taking into account shares from the directed share issue in December 2019 and class K shares, which are not subject to multilateral trading, the market cap was EUR 9,1 million. Closing price of the company's class A share on 30th of December 2019 was 0,33€ 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 0,29€, and the volume-weighted average 0,38€ 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.

STOCK OPTION SCHEMES

Stock option program 2013

Based on the authorization granted by the shareholders' unanimous resolution on 10 May 2013, the Board of Directors of the company has on 10 May 2013 resolved on a stock option program for the key employees under which a maximum 2 443 936 new K shares can be subscribed. At the end of the reporting period a total of 244 393 of options from the 2013 option program had been exercised. The share subscription period of the stock option program 2013 ends on 31 December 2020. The subscription price is EUR 0.0001 per share.

Stock option program 2/2016

Based on the authorization granted by the Extraordinary General Meeting on 9 March 2016, the Board of Directors has on 10 June 2016 decided on a stock option program for the key employees, under which a maximum 1 000 000 new class A shares can be subscribed. 333 333 of these stock options have been marked as 2-2016A, 333 333 as 2-2016B and 333 334 as 2-2016C. The share subscription period with 2-2016A stock options is 1 July 2016 – 31 December 2025, with 2-2016B stock options 1 July 2017 – 31 December 2025 and with 2-2016C stock options 1 July 2018 – 31 December 2025.

On 20 April 2016, the Annual General Meeting resolved that the members of the Board of Directors that are not working for the company be granted 10 000 stock options as annual remuneration. Following members of the Board of Directors received stock options: Mr. Thomas Bengtsson, Mr. Peter Carlsson, Mr. James Penney and Mr. Matti Vuoria.

In January 2017, the Board of Directors of the company allocated 806 000 stock options belonging to the stock option program 2-2016 to key personnel of the company. The stock options were allocated to the members of the company's management team as follows: Managing Director Alexander Lidgren 400 000 stock options, Lassi Noponen 200 000 stock options, Tarja Teppo 100 000 stock options, Timo Linnainmaa 100 000 stock options and Joshua Kirkman 6 000 stock options.

The share subscription period shall not begin for stock option 2-2016A prior to the trade volume weighted average quotation of the company's class A share on First North Finland has been not less than EUR 1.75 during four (4) consecutive weeks, for stock option 2-2016B prior to the trade volume weighted average quotation of the company's class A share on First North Finland has been not less than EUR 2.25 during four (4) consecutive weeks, and for stock option 2-2016C prior to the trade volume weighted average quotation of the company's class A share on First North Finland has been not less than EUR 3.00 during four (4) consecutive weeks. The share subscription price based on these options is EUR 1.00 per share. The subscription price will be recorded into unrestricted equity fund of the company.

Stock option program for NEFCO 2018

The Board of Directors have been authorized by the Extraordinary General Meeting on 19 December 2018, to decide, in one or more transactions, on the issuance of option rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act as follows to enable implementation of the conversion in relation to the Convertible Loan Agreement entered with NEFCO on 21 November 2018 against payment or without payment.

The number of options to be issued based on the authorization may in total amount to a maximum 2,500,000 option rights. Each option right shall entitle to subscribe for one (1) class A share. The subscription price of the class A shares is EUR one (1) per one (1) class A share. If all offered class A shares will be subscribed, the aggregate subscription price will be EUR 2,500,000. The subscription price has been set according to what has been agreed in the negotiations regarding the issuance of the option rights entitling to class A shares in the Company. The class A shares shall be subscribed and paid by NEFCO setting off its receivables under the Convertible Loan Agreement, one (1) euro against one (1) class A share.

Stock option program 2019

The Board of Directors have been authorized by the Annual General Meeting on 26 April 2019 to decide on a stock option program for key employees, under which a maximum 1,200,000 new class A shares can be subscribed. The share subscription price based on these options is EUR 0.37 per share.

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 and full year figures for 2019 of the review have not been audited. The full year figures for 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 - 12 / 2019	1 - 12 / 2018	7 - 12/ 2019	7 - 12/ 2018
Turnover	204	71	69	49
Materials and services	-79	-25	-23	-46
Personnel expenses	-385	-518	-138	-183
Depreciation and impairment charges	-63	-178	26	-89
Other operating expenses	-571	-1 100	-272	-748
Operating loss	-914	-1 750	-338	-925
Financial income	54	261	41	205
Financial expenses	-3 290	-1 959	-3 199	-1 699
Result before taxes	-4 146	-3 448	-3 496	-2 419
Taxes	-2	0	0	0
Result for the financial period	-4 149	-3 448	-3 496	-2 419

Basic earnings per share	-0,17	-0,14	-0,14	-0,10
Diluted earnings per share	-0,14	-0,13	-0,13	-0,10

BALANCE SHEET

EUR '000

31/12/2019 31/12/2018

Assets

Non-current assets

Intangible assets	30	90
Tangible assets	15	18
Holdings in group undertakings	1 640	1 154
Holdings in participating interests	4 961	9 676
Other shares and similar rights of ownership	1 448	0
Total non-current assets	8 094	10 938

Current assets

Accounts receivables	234	50
Loan receivables from participating interests	672	827
Loan receivables from group undertakings	1 000	400
Other receivables	51	64
Deferred assets	22	226

Cash and cash equivalents	450	76
Total current assets	2 429	1 641
Total assets	10 523	12 579
Equity and liabilities		
Shareholders equity		
Share capital	80	80
Reserve for invested non-restricted equity	18 015	17 015
Revaluation reserve	1 958	3 045
Retained earnings	-9 296	-5 848
Result for the financial period	-4 149	-3 448
Total shareholders equity	6 609	10 844
Liabilities		
Non current		
Deferred tax liability	0	0
Bank loans	3 000	1 000
Current liabilities		
Bank loans	500	500
Accounts payable	47	68
Other current liabilities	302	138

Accruals	65	29
Total liabilities	3 914	1 735
Total equity and liabilities	10 523	12 579

STATEMENT OF CASH FLOWS

EUR '000

	1 - 12 / 2019	1 - 12 / 2018
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CASH FLOW FROM OPERATING ACTIVITIES

Result before taxes	-4 146	-3 448
Taxes	-2	0
Adjustments	3 126	1 556
Depreciation	63	178
Change in receivables, increase (-), decrease (+)	32	-103
Change in current liabilities, increase (+), decrease (-)	-101	-118
Cash flow from operating activities	-1 030	-1 935

CASH FLOW FROM INVESTING ACTIVITIES

Investments in tangible and intangible assets	0	0
Investments in group undertakings	-200	-548
Investments in shares of participating companies	-192	-2 840
Returns received for participating companies	261	147

Dividend income from shares	0	237
Loans granted to participating companies	-865	-500
Loans granted to group undertakings	-1 320	-550
Repayment of loan receivables	720	511
Loan receivables from others	0	11
Cash flow from investing activities	-1 596	-3 532

CASH FLOW FROM FINANCING ACTIVITIES

Share issue against payment	1 000	0
Increase in non- current liabilities	2 500	1 000
Increase in current liabilities	0	1 250
Decrease in interest bearing liabilities	-500	-269
Dividends and other profit distribution	0	0
Cash flow from financing activities	3 000	1 981

CHANGE IN CASH AND CASH EQUIVALENTS

	375	-3 487
Cash and cash equivalents at the beginning of the period	76	3 562
Cash and cash equivalents at the end of the period	450	76

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR '000	Share capital	Revaluation reserve	Reserve for invested	Retained earnings	Result for the financial	Total shareholders' equity
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			non- restricted equity		period	
Shareholders' equity January 1, 2019	80	3 045	17 015	-9 296	0	10 844
Share issue	0	0	1 000	0	0	1 000
Revaluation reserve	0	-1 086	0	0	0	-1 086
Reserve for invested non-restricted equity	0	0	0	0	0	0
Result for the financial period	0	0	0	0	-4 149	-4 149
Shareholders' equity December 31, 2019	80	1 958	18 015	-9 296	-4 125	6 609
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

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Loudspring in brief

Loudspring is an investment company focused on saving natural resources. We own and operate Nordic growth businesses that are fighting climate change and 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 Growth Market Finland under the ticker LOUD and on First North Growth Market 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)