



**loudspring**

## **Loudspring Oyj: Q1 2020 Summary**

Loudspring Oyj

Company release

6th March 2020 at 8:30 (EEST)

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 and before the date of this report where separately indicated below.

In the quarterly report we will not comment on every portfolio company but focus on our 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 semi-annual reports. These documents are available at [loudspring.earth](http://loudspring.earth).

### **Loudspring Q1 summary**

The coronavirus pandemic is causing concern and turbulence around the world affecting the economy, financial markets and everyone's daily life. The management has focused on supporting the core portfolio companies through the challenging period.

The pandemic impacts each company differently and the situation changes and evolves rapidly. This release is based on information and views of the possible effects of the corona virus at the time of publishing.

Loudspring and its portfolio companies monitor the situation and have taken actions to protect their personnel, customers and other stakeholders while continuing their businesses as normally as possible, as well adapting to the exceptional circumstances.

Despite the short term disruptions to businesses due to prevailing uncertainty and restrictions on the movement of people, the demand for clean technology solutions and services is expected to continue to grow in the future.

The management continues to develop Loudspring as a diversified investment vehicle into clean technologies with continued revenue growth, positive outlook and the scalable environmental impact.

Loudspring has published revenue targets for the core portfolio companies that can be found from the [Loudspring H1 2019 report](#). The targets will be reviewed in our H1 2020 release. Loudspring's earlier reported funding plans have not been altered.

### **Key portfolio developments during Q1**

#### **Eagle Filters**

- Revenue and orders for 2020 were EUR 1,19 million at the time of this report
- Additional EUR 500 thousand expected orders where bid has been won or purchase decision done by the client, but pending finishing of documentation
- Won a competitive bid for a first installation from a government owned utility in the Middle East that operates more than 50 gas turbines
- Made some reductions to its operating costs and switched to remote interaction with customers due to the corona epidemic
- Developing and conducting tests on a new filter media with a potential to reduce costs and increase efficiency in a wide range of application areas
- Exploring and negotiating options to start own production
- Focus is on serving existing customers while current circumstances make new customer acquisition more challenging

#### **Nuuka Solutions**

- Signed projects' MRR (estimated monthly SaaS revenue after their full implementation) was at end March approximately EUR 128 thousand
- Monthly SaaS revenue continued to grow as project implementations proceeded
- Implemented a pilot with a major Swedish retail group. The project focuses on indoor climate and energy
- Continued smart buildings deliveries in Finland and Sweden, as well as signed a Finnish construction company as a new

customer

- Secured over EUR 500 thousand Business Finland funding for further development of artificial intelligence and user experience
- Corona epidemic slows down some activity, with limited impact: integrations with customers continue remotely and sales activities with online meetings.

#### Sofi Filtration

- EUR 1,35 million signed orders for 2020 mainly consisting of a project that is on hold and realization of revenue for 2020 is uncertain
- The corona epidemic affects negatively sales efforts and project deliveries
- The company has signed a term sheet with an international venture fund and is negotiating a potential significant equity investment round. The outcome of the negotiations is uncertain.

#### ResQ Club

- Loudspring increased ownership in ResQ. Loudspring's current fully diluted ownership of ResQ is 25,3%
- GMV at end of Q1 was EUR 790 thousand per month
- 22% growth in Q1/2020 (compared to Q4/2019)
- Towards the end of Q1 ResQ's market and the amount of active restaurants has decreased significantly due to the corona epidemic
- At the moment 100% focus on responding to Covid-19 e.g. by increasing capacity to take in new partners and responding to partner needs
- After the period ResQ decided to open the app temporarily for non-surplus food besides normal surplus to help restaurants survive the ongoing corona crisis.

#### Enersize

- As a Nasdaq First North Stockholm listed company, Enersize reports independently

### 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 are 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.

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

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