



**loudspring**

## **Loudspring Oyj: Q3 2020 Summary**

Loudspring Oyj

Company release

30 October 2020 at 8:30 (EET)

Please note that this report is not a fully comprehensive report of all events, nor is it a financial 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 Q3 summary**

- The global pandemic has created both challenges as well as new opportunities for the portfolio companies
- Eagle Filters entered personal protective equipment business; designed a premium quality respirator product, built manufacturing line, started manufacturing and acquired several hospital districts in Finland as customers
- Global demand for high quality respirators remains at high level
- Sofi Filtration and Enersize adequately growth funded, Nuuka Solutions at final stages of closing major growth funding
- Nuuka and ResQ Club continued to grow despite pandemic
- Eagle Filters is lagging behind in sales to meet its revenue target for 2020

The ongoing pandemic impacts each market differently and the exceptional circumstances continued throughout the third quarter. The management focused on supporting the core portfolio companies through the period.

In industrial goods the market remained slow, with signs of recovery towards the end of Q3. In smart real estate both ongoing projects as well as signing new customers resulted in continued growth. In consumer apps, the market has proven to be resilient. Overall, the market situation evolves rapidly and the key for each of our portfolio companies is to adapt to changes quickly, seize opportunities and secure sufficient funding to prepare for continued uncertainty.

Daughter company Eagle Filters' entry into the personal protective equipment market provides a large scale opportunity for Loudspring.

A need for securing additional funding continues for Loudspring and its daughter company Eagle Filters. Enersize and Sofi Filtration have secured significant funding for future growth. ResQ Club is in the process of completing an internal funding round and Nuuka Solutions is at the final stages of closing a significant growth funding round.

### **Key portfolio developments during Q3**

#### **Eagle Filters**

- Revenue and orders for 2020 was EUR 2 550 000 at the time of this report (of which EUR 60 000 may be delayed into 2021)

- Additional EUR 400 000 expected orders where bid has been won or purchase order decision by the client, but pending finishing of documentation
- Gas turbine filter sales were slow during Q3, with signs of recovery towards the end of the quarter
- Designed premium quality respirator product series, built a respirator manufacturing line in Kotka (Finland), and started sales to the healthcare sector
- Received orders for FFP2 / FFP3 respirators from several hospital districts in Finland resulting into sales of appx EUR 0,4 million (Current Covid-19 certification allows sales to healthcare professionals only)
- Eagle Filters has received a good amount of large volume inquiries for an upcoming CE certified respirator. Inquiries are coming in from multiple countries, mainly inside Europe. Eagle Filters believes that CE certification will enable a potential for large respirator sales volumes
- The CE certification process for Eagle Filters' respirator product is ongoing. Expecting to receive the CE certificate during first half of November 2020
- Eagle continues to target growth in its gas turbine filter business at the same time as preparing for potential large volume orders for its respirators
- Ramp up of manufacturing capacity continues, planning for significant capacity increase for respirator manufacturing
- Eagle Filters is lagging behind in sales to meet its revenue target for 2020

### **Nuuka Solutions**

- Signed projects' MRR (estimated monthly SaaS revenue after their full implementation) was at the end of Q3 EUR approximately EUR 140 000 / month
- Monthly SaaS revenue continued to grow during Q3 by 4% per month, despite holiday period
- Nuuka's new artificial intelligence product "AI Air", which improves indoor climate and optimizes energy consumption is very well received, already agreed with 6 customers. Sales cycle reduced from 9 months to 3 months compared to other services/products
- The global pandemic has notably increased real estate portfolio owners' interest in safety, indoor air quality and digitalisation of real estate
- Nuuka Solutions is at the final stages of closing a EUR 2,5 million growth funding round

### **Sofi Filtration**

- Closed a EUR 3 million equity funding round, led by Emerald Technology Ventures, with Voima Ventures as a co-investor
- The markets for Sofi's products have remained halted. Revenue at the end of Q3 was EUR 107 000
- Realization of additional revenue for 2020 is uncertain. Order book for 2021 was EUR 1,3 million, mainly consisting of a large project that remains to be on hold

### **ResQ**

- GMV at end of Q3 was EUR 849 000 per month
- During Q3 ResQ recovered from a slow-down experienced in Q2 resulting in all time high quarter measured by GMV
- Restrictions on dine-in restaurants strongly support growth of digital food services

### **Enersize**

- Enersize's Q3 report will be published 20 November 2020 and can be found from <https://enersize.com/>

## **Risks and Uncertainties**

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

The Portfolio Companies of the Company are start-up and growth companies and Company's value depends heavily on the future development of these companies and the Company's ability to realize the value of its investments. The Company and the Portfolio Companies are associated with significant risks and uncertainties including but not limited to: 1) risks related to financial position and availability of additional financing that they dependent on, 2) risk related to Portfolio Companies' acquisitions, expansions and

ability to sustain growth, 3) risks related to competition and technological development, 4) risks related to protection of intellectual property rights, 5) dependence on a limited number of Risks and Uncertainties Financial statement bulletin 2018 26 key employees, 6) various business related risks, such as dependence on a limited number of clients, technical and warranty risks, credit loss risk and currency fluctuation risk, 7) insurance risks and 8) economic, political and regulatory risks in various markets.

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

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

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

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

The Company does not independently control its Portfolio Companies, other than its daughter company Eagle Filters Oy, and there may occur potential interest conflicts with the other shareholders and stakeholders exercising influence over each respective Portfolio Companies' operations or the information provided by a Portfolio Company to the Company may not be accurate or adequate. Furthermore, an investment in a Portfolio Company may be affected by the existence of shareholders agreements or articles of associations containing provisions restricting transferability of the Portfolio Companies' shares or otherwise having an impact on the value of said shares. Covid-19 pandemic may cause severe negative effects to the Company and Portfolio Companies. These negative effects may include, but not be limited to, effects on operations, financing as well as negative effects on customers, suppliers and partners. Furthermore, the pandemic may cause completely unforeseeable negative effects.

### **Eagle Filters high efficiency respirator without a valve**



### **Eagle Filters high efficiency respirator with a valve**



**Contact information:**

Jarkko Joki-Tokola, CEO, Loudspring Oyj. Tel. +358 40 637 0501, [jarkko@loudspring.earth](mailto:jarkko@loudspring.earth)

Erik Penser Bank AB, Certified Adviser. Tel. +46 8 463 83 00, [certifiedadviser@penser.se](mailto:certifiedadviser@penser.se)

**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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