

Loudspring

Financial statement bulletin  
for 1 January – 31 December 2020  
(unaudited)



# 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



## IMPACT



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

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## Summary of Main Events

*Figures below are unaudited estimates.*

- The combined non-audited revenue estimate of the core holdings (excluding Enersize) was EUR 5,5 million in 2020.
- Loudspring carried out 5 directed emissions totalling EUR 4,95 million.
- Loudspring increased its loan facility with NEFCO by 1 million EUR and NEFCO's conversion option was removed.
- Eagle Filters started production of high-quality respirators.
- Loudspring agreed on an option to acquire all remaining shares of Eagle Filters.
- Nuuka Solutions closed a funding round with YIT Ventures.
- Net loss for the review period was EUR 1,34 million.
- Loudspring description of risks and uncertainties is included at the end of the report.

## Summary of Outlook for 2021:

- Due to increasing visibility despite the continuing pandemic, the market outlook is relatively positive for all of Loudspring's core portfolio companies.
- Eagle Filters' respirator business provides a significant opportunity for growth.
- A need for securing additional funding may arise for Loudspring and most of the portfolio companies.

# Key figures

(In thousands of euros)	1–12 / 2020	1–12 / 2019	1–12 / 2018
Turnover	185	204	71
Operational result	-820	-913	-1 750
Result for the financial period	-1 338	-4 151	-3 448
Operational result / turnover (%)	neg.	neg.	neg.
Cash at the end of the review period	650	450	76
Shareholders equity at the end of the review period	10 215	6 606	10 844
Return on equity	-15,9%	-49,1%	-20,5%
Head count	5*	5	7
Salaries	290	356	411

\*4 at the end of the period.

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 1,1 million taking into account EUR 450 thousand (current) untapped credit limit from Nordea
- The company owned listed shares (Enersize Oyj) with a fair value 31.12.2020 of EUR 1,3 million.\*

\*51% of the Enersize shares owned by Loudspring 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 31.12.2020.

Company	Ownership (effective fully diluted)	Options
Aurelia	0,6%	
Eagle Filters	85,2%	Option to increase ownership to 100%
Enersize	19,5%	
Metgen	1,1%	
Nuuka Solutions	42,3%	
Resq Club	24,0%	
Sansox	9,6%	
Sofi Filtration	20,8%	
Swap.com	15,0%	

Eagle Filters Oy, Lumeron Oy and Loudspring Sweden AB were Loudspring's only subsidiaries at the end of the review period. Ownership is reported as effectively 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

## “Notable financial and industrial investors were attracted to invest into Sofi Filtration and Nuuka Solutions”

Last year was a year that will be remembered for long as a radical change driver for many businesses – traditional and online as well. Much of our time was spent evaluating events, alternatives and different strategies as the Covid-19 pandemic spread around the world.

Performance of Loudspring's core portfolio was two-folded: digital services businesses Nuuka Solutions and ResQ Club fared much better than businesses focused on selling investment goods i.e. Eagle Filters and Sofi Filtration. We have once again reviewed all the revenue tar-

gets for 2021 based on our best view of the future. Our ability to be able to distribute funds to shareholders (in form of dividends or return of capital) during 2021 is dependent on completion of a partial or full exit on one or more of our portfolio companies.

Despite the difficult times Loudspring has continued to be able to fund the core portfolio companies in order to facilitate future growth and success. Notable financial and industrial investors were attracted to invest into Sofi Filtration and Nuuka Solutions as Eagle Filters and ResQ Club were financed via Loudspring directly. We may need to raise additional funding for new company investments, increasing ownerships within the portfolio or for Eagle Filters' respirator production automation investments.

**Jarkko Joki-Tokola**  
CEO





# Overall Development

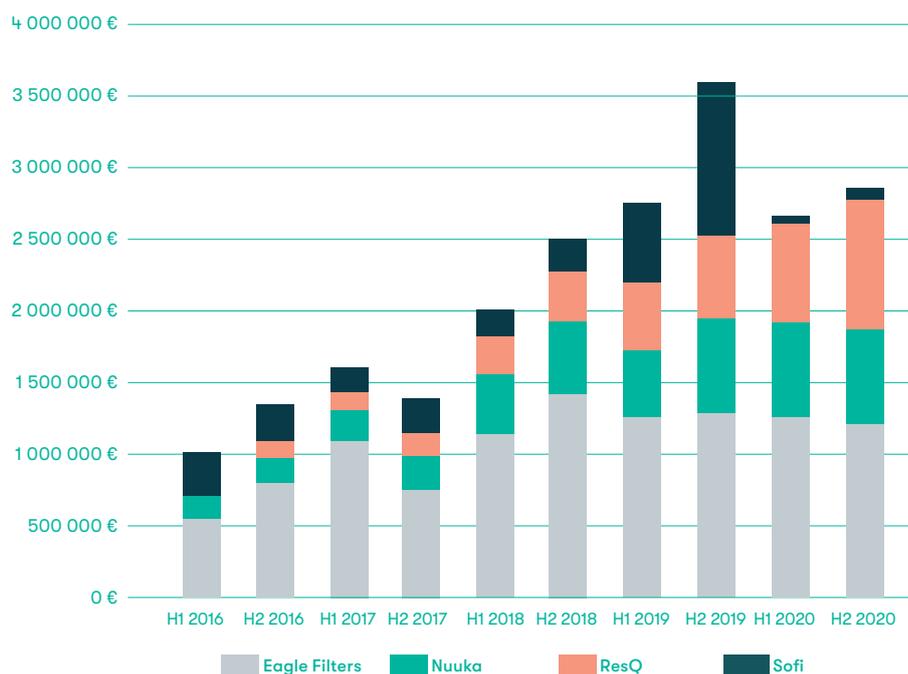
2020 was a challenging year as the global pandemic affected most markets. However, Nuuka and ResQ were able to continue growth despite the uncertainty, while Eagle's revenue remained flat and Sofi Filtration experienced a halt in its market. During the year, all core holding companies secured funding rounds and as a result, financing risk was reduced significantly.

The combined revenue (non audited estimate) of unlisted core holdings was 5,5 million EUR, a 13% decrease from 2019. The decrease in the combined revenue is mainly due to a drastic slow-down of Sofi Filtration's business. Growth of other core holdings has also been slowed down by the market situation. Core holdings include Eagle Filters, Enersize, Nuuka Solutions, ResQ Club and Sofi Filtration.

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 2016 - 2020 (estimated, non-audited), excluding Enersize

Semi-annual revenue development for Loudspring's core holdings 2016 - 2020 (unaudited estimate), excluding Enersize



\*ResQ Club revenue figures for 2020 are derived from the GMV estimate provided by ResQ Club.

Loudspring has provided 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.

## 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. Eagle also produces high-quality respirators to fight the pandemic. Loudspring has increased its ownership in Eagle from 80% to 85% during the review period and agreed on an option to acquire all remaining shares of Eagle Filters. The option is valid until end of 2025. The purchase price is tied to the future financial performance of the company and the target of Loudspring is to use a portion of Eagle's future dividends for acquiring the remaining shares.*

### BUSINESS UPDATE

Eagle Filters companies' revenue 2020 was EUR 2,5 million (unaudited estimate), a 2% decrease from 2019. Revenue was negatively impacted by 400 000 EUR by one customer delivery scheduled for 2020 but delivered after the reporting period due to a production delay. Respirator sales volumes were limited during 2020 and overall revenue was significantly lower than targeted. Respirators sales amounted to EUR 0,4 million during 2020.

Eagle Filters continues sales of its gas turbine filtration products globally while responding to the pandemic by entering the personal protective equipment market. Eagle received COVID-19 certification and orders from several hospital districts in Finland. After the period, Eagle received CE certification for its FFP2 and FFP3 respirator products.

Eagle's industrial energy efficiency market has regained momentum after the slow down caused by the pandemic. Accumulated revenue and orders for 2021 at the time of reporting are 1,4 million EUR. The company is currently developing its international footprint, internal quality and environmental processes and reporting in order for Eagle products to be qualified by a number of large customer prospects.

During 2020 Eagle received its first

two orders from China. Eagle has also received a first order from one of the world's largest oil&gas companies, for increasing energy efficiency in onshore operations.

Eagle is concentrating production of its industrial products from manufacturing partners inhouse to its Kotka facility, for reduced lead time, improved delivery reliability and increased margins.

The demand for respirators in Europe remains high. However, price competition has intensified. Eagle is developing its respirator products as well as production line(s) to combine reduced manufacturing cost with the high quality products made in Finland. In addition to Finland, Eagle is pursuing customers from selected European countries directly and through agents. Eagle is planning to launch new respirator products to meet preferences of hospitals as well as retail markets.

With current and planned production upgrades, Eagle targets a capacity of up to 100 000 respirators per day during 2021. The respirator business entails high risk but has a potential to increase revenue significantly. During the review period Loudspring invested 2,5 million EUR more capital into Eagle Filters. In addition, Loudspring converted 1 million EUR previously existing loans to Eagle Filters into equity.

## Eagle Filters

### NON-AUDITED FINANCIALS 2020 (UNAUDITED ESTIMATE) / 2019

Revenue 2020	Revenue 2019	EBITDA 2020	EBITDA 2019
2 491 000	2 550 000	-1 436 416	-909 000

Revenue development and Loudspring's target range for 2021 revenue from industrial products (excluding revenue from respirators) for Eagle Filters is illustrated below.

The respirator market is currently volatile and difficult to predict. Eagle targets a 7-figure (in EUR) respirator sales, while building a production capacity supporting 8-figure sales (in EUR).

### EAGLE FILTERS REVENUE DEVELOPMENT AND TARGET RANGE



Targets for Eagle	2021
Revenue low target	2 450 000*
Revenue high target	4 500 000*

\*The target does not include revenue from respirator sales. The above mentioned targets for Eagle Filters are revenue expected from Eagle Filters industrial products. The targets replace any previously given targets.

## Nuuka Solutions

*Nuuka is a PropTech company helping major real estate owners and developers, retail chains, and cities to deliver a great indoor climate, save energy, reduce operating costs, and increase property lifetime value. Nuuka's hardware-independent platform connects to any Building Management System and IOT solution, analyzing and optimizing buildings by using machine learning. Nuuka*

*has already connected 3000 buildings in six countries and strives to save the planet, one building at a time.*

### BUSINESS UPDATE

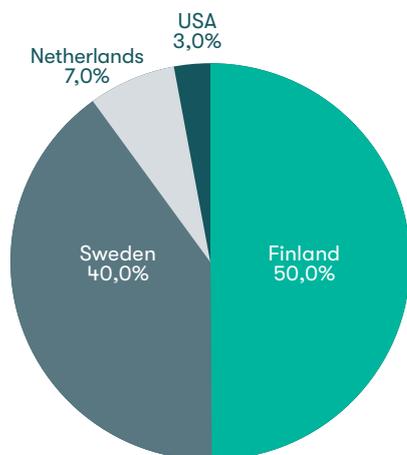
Nuuka companies' revenue H1 2020 was EUR 1,3 million (unaudited estimate). Revenue grew 17% from 2019. Nuuka's contracted Monthly Recurring Revenue (MRR) was at the end of the review period EUR

140 thousand / month. This is the anticipated monthly revenue 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. Invoiced MRR grew to EUR 80 thousand / month, with 3% average monthly net growth.

Nuuka signed 5 Finnish cities to its new

## Nuuka Solutions

### REVENUE SPLIT BY REGION



Artificial Intelligence and Diagnostics products. Nuuka's first Artificial Intelligence app uses machine learning to control air ventilation in the properties, and thus offer guaranteed indoor climate for tenants while creating substantial energy savings.

The corona epidemic slowed down new customer acquisition and also slowed

project deliveries. Thus, revenues are impacted. However, Nuuka was able to grow its invoiced SaaS revenue during the year by 60%.

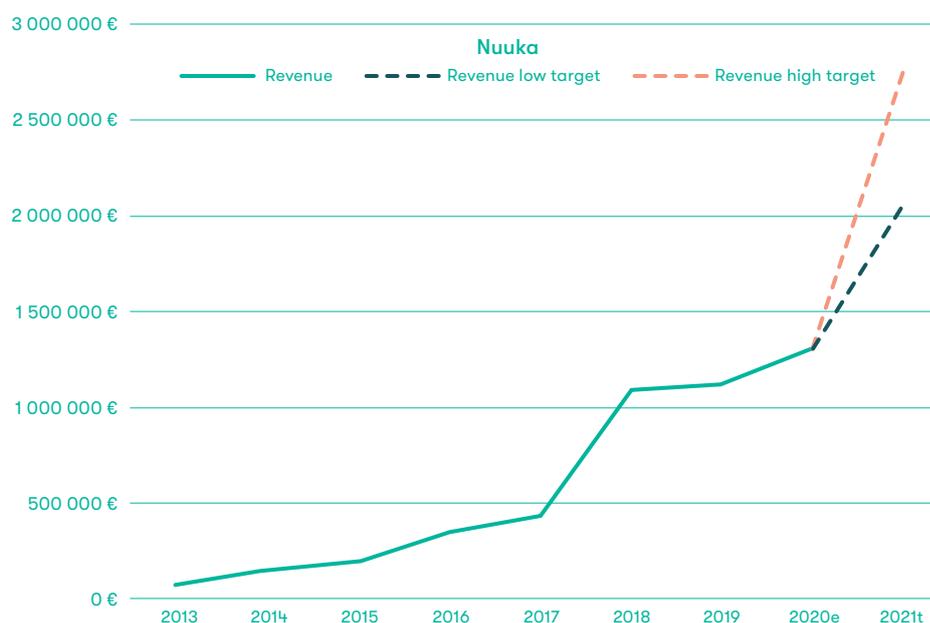
In November 2020 Nuuka closed a funding round with YIT Ventures, the venture arm of Finnish multinational construction company YIT Group ("YIT").

### NON-AUDITED FINANCIALS 2020 (ESTIMATE) / 2019

Revenue 2020	Revenue 2019	EBITDA 2020	EBITDA 2019
1 304 000	1 117 000	-1 296 000	-1 130 000

Revenue development and Loudspring's target range for 2020 and 2021 revenue for Nuuka Solutions is illustrated below.

### NUUKA SOLUTIONS REVENUE DEVELOPMENT AND TARGET RANGE



#### Targets for Nuuka

2021

Revenue low target	2 050 000
Revenue high target	2 750 000

## 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 2020 was EUR 8,9 million (unaudited estimate), up 34% from 2019.

The restaurant industry was heavily impacted by the pandemic during 2020. Despite the difficult market, ResQ was able to continue growth.

Monthly GMV was EUR 829 thousand at the end of the reporting period.

The main source of revenue was Finland. The company has during 2020 built capabilities for geographical expansion.

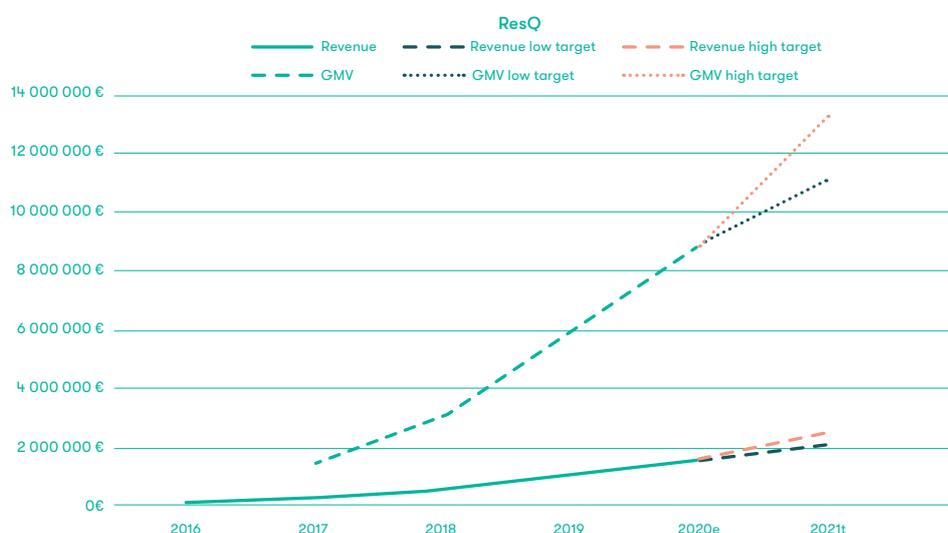
### NON-AUDITED FINANCIALS 2020 (ESTIMATE) / 2019

Revenue 2020	Revenue 2019	GMV 2020	GMV 2019	EBITDA 2020	EBITDA 2019
1 600 000*	1 031 542	8 882 777	5 896 121	- *	-316 262

\*ResQ Club revenue figures for 2020 are derived from the GMV estimate provided by ResQ Club. EBITDA for 2020 not available at the time of reporting.

Revenue development and Loudspring's target range for 2020 and 2021 revenue for ResQ Club is illustrated below.

### RESQ CLUB REVENUE DEVELOPMENT AND TARGET RANGE



### Targets for ResQ 2021

Revenue low target	2 090 000
Revenue high target	2 500 000
GMV low target	11 100 000
GMV high target	13 300 000

## Sofi Filtration

*Sofi Filtration provides efficient water filtration technology. The company's self-cleaning filter enables cost efficient micro filtration of large amounts of water. The technology can be applied in several industrial applications and enables energy savings and reduced use of freshwater.*

### BUSINESS UPDATE

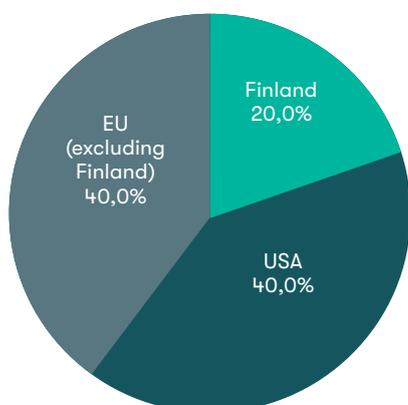
Sofi Filtration's revenues in 2020 were EUR 142 thousand (unaudited estimate). Revenues decreased by 91% compared to 2019.

The pandemic has had a significant negative impact on Sofi as existing and potential new customer deliveries have been stalled.

The company has recently received inquiries from mining, steel, oil & gas, power generation, marine, waste management and food & beverage industries.

In October 2020 Sofi closed a EUR 3 million funding round, led by Emerald Technology Ventures (Switzerland) and joined by Voima Ventures (Finland).

### REVENUE SPLIT BY REGION



### NON-AUDITED FINANCIALS 2020 (UNAUDITED ESTIMATE) / 2019

Revenue 2020	Revenue 2019	EBITDA 2020	EBITDA 2019
142 000	1 610 000	-584 000	57 000

Revenue development for Sofi Filtration is illustrated below. Sofi Filtration's revenue for 2021 involves high uncertainty and therefore Loudspring does not set revenue targets for Sofi Filtration. Sofi has been rebuilding its project pipeline. A 1 million EUR + customer project previously put on hold has been reactivated, but revenue from the project is still uncertain.

### SOFI FILTRATION REVENUE DEVELOPMENT AND TARGET RANGE



## Enersize

*Enersize provides energy efficiency cloud analytics for heavy industry. The company is listed in Nasdaq First North Stockholm. With Ener-size'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 2020 had a market value of EUR 1,3 million.

## Other holdings

*Swap.com has made progress with its new digital business model, outsourcing fulfilment to partners. Swap.com Services Oy owns 49% of Swap.com Inc (USA) where the business has been transferred. The service revenue from Inc is currently not sufficient to service Swap.com Services Oy debt obligations. Further funding and/or a restructuring of debt is required in order for Swap.com Services Oy to continue its operations. Due to uncertainty and limited visibility in the company Loudspring has impaired the value of Swap.com Services Oy in Loudsprings balance sheet. Watty AB (Sweden) was put into bankruptcy at the end of the period.*

## Income Statement: Revenue and Result

### Revenue

The company's revenue for the review period 1 January to 31 December 2020 was EUR 185 thousand (1-12/2019: EUR 204 thousand). The revenue is mainly related to service fees from portfolio companies Eagle Filters and Nuuka Solutions.

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.

### Expenses

Personnel costs during the review period 1 January to 31 December 2020 amounted to EUR 328 (401) thousand. The decline in personnel expenses is mainly due to the decrease in persons working for the company.

Other operating expenses in the review period 1 January to 31 December 2020 were a total of EUR 634 (573) 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 2020 was a total of EUR 33 (63) thousand.

### Operating income

The company's operating loss for the review period 1 January to 31 December 2020 was EUR 820 (913) thousand.

### Financial income and expenses

Financial income in the review period 1 January to 31 December 2020 was a total of EUR 377 (54) thousand, financial expenses a total of EUR 896 (3 290) thousand. The financial expenses are mainly related to the impairment of Swap.com Services Oy. The financial income during the review period consisted mainly of interest from loans to portfolio companies Eagle Filters and Nuuka Solutions.

### Result for the review period

The net loss of the review period 1 January to 31 December 2020 was EUR 1 338 (4 151) thousand.

## Balance Sheet: Financing and Investments

At the end of the review period, the balance sheet total stood at EUR 14 340 (10 523) thousand. The shareholders' equity was EUR 10 215 (6 606) thousand and the equity ratio was 71,2% (62,8%).

The total current liabilities at the beginning of the review period was EUR 916 thousand and EUR 1 125 thousand at the end of the review period.

Loudspring increased its loan facility with NEFCO by 1 million EUR and NEFCO's conversion option was removed. During the review period Loudspring made drawdowns totalling EUR 1 million from the NEFCO loan facility. Repayments for the NEFCO loan are made from May 2021 to November 2025. The interest rate for the NEFCO loan is eight percent p.a. on top of the reference rate (six months' EURIBOR). The NEFCO loan agreement requires creditors consent (which shall not be unreasonably withheld) for the selling of shares in portfolio companies Eagle Filters, Nuuka Solutions, ResQ Club and Sofi Filtration. The Nefco loan agreement also includes the following financial covenants: minimum 3 month cash runway; and a solidity ratio of not less than 35%.

According to its business plan Loudspring grows portfolio companies to increase their value. During 2021 Loudspring plans to raise additional capital or take full and/or partial exits and/or renegotiate its debt obligations to secure sufficient funding for its business operations.

## Investments During the Review Period

**Eagle Filters Oy:** Loudspring increased its ownership in Eagle Filters to 85,2%. Loudspring has an option to increase its ownership in Eagle Filters to 100%.

**Enersize Oyj:** Loudspring participated in Enersize's rights issue in June 2020, increasing Loudspring's ownership from 19,2% to 19,5%.

**ResQ Club:** Loudspring participated in an investment round in ResQ Club. Loudspring's ownership after the investment round is 24,0%.

**Sofi Filtration:** Loudspring participated in an investment round in Sofi Filtration. Loudspring's ownership after the investment round is 20,8%.

## Personnel, Management and Administration

The company went through the following personnel changes during the review period: Previous member of the board Catharina Burch left the board at the AGM 3rd of August. Anders Lundström was elected as a new member of the board.

Matti Vuoria was re-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, Tiina Kähö, Johan Strömberg and Anders Lundström. Loudspring employed on average 5 persons during the review period and 4 persons at the end of the period as Antonio Gallizio left the company.

## Annual General Meeting

The Annual General Meeting of Loudspring was held on the 3rd of August 2020 in Helsinki. The Annual General Meeting adopted the annual accounts for 2019 and resolved that the net loss of EUR 4 151 030,77 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 2019. 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, the Board members who have been elected to the Board of Directors by the Annual General Meetings held on 21 April 2017, 20 April 2018 and 26 April 2019 be granted 10 000 stock options for years 2017 and 2018, in addition, the Chairman be granted 25 000, Vice Chairman 20 000 and other Board members 15 000 stock options for year 2019 (a total of 165 000 stock options), as the stock options granted by the Annual General Meetings held on 21 April 2017, 20 April 2018 and 26 April 2019 have not been issued to such 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, Mr. Matti Vuoria, Ms Tiina Kähö and Mr. Johan Strömberg as members of the Board of Directors and elected Mr. Anders Lundström as a new member to the Board of Directors for a term ending at the closing of the Annual General Meeting of year 2021.

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 elected auditing firm KPMG Oy Ab as the company's auditor. KPMG Oy Ab has informed that the principal auditor will be Mr. Petri Kettunen, 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://www.loudspring.earth/resolutions-of-loudspring-plc-s-annual-general-meeting.c3163351>





## Outlook 2021

Due to increasing visibility despite the continuing pandemic, the market outlook is relatively positive for all of Loudspring's core portfolio companies. The business environment is expected to continue to improve for investment products due to accumulated investment needs and the eventual relaxation of restrictions. Sofi Filtration's and Eagle Filters' industrial filter businesses will benefit from this situation. The global pandemic has accelerated digitalization, and this trend supports the growth of Loudspring's digital businesses such as Nuuka, ResQ Club and Enersize. Eagle Filters' respirator business provides a truly significant new growth opportunity.

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. Economic stimulus focused on green technologies and digital transformation is expected to support portfolio companies' growth in a post pandemic world.

All Loudspring portfolio companies still face growth company challenges and thus carry significant amounts of risks. At the same time, the companies are maturing and are better equipped to face these challenges including capital needs. A need for securing additional funding may arise for Loudspring and most of the portfolio companies.

Creating a positive environmental impact by deploying high quality environmental technology to the world market is a unique long-term business opportunity. Loudspring continues to work towards achieving set growth and profitability targets as well as always securing the required resources for growth.

## Events After the Review Period

After the review period the following events have taken place:

- Eagle Filters' FFP2 and FFP3 respirator products have received the CE certification.

## 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 sanc-

## Risks and Uncertainties

tions 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.

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## General Meeting And Financial Communication 2021

The 2020 annual accounts with management report and the auditor's report will be available on the company's website at [loudspring.earth/share/general-meetings](https://loudspring.earth/share/general-meetings) before end of March 2021.

The Annual General Meeting will be held on Friday 23 of April 2021 in Helsinki. The invitation to the General Meeting will be published separately.

The half-year report for the period 1 January – 30 June 2021 will be published on Tuesday 31 August 2021. Q1 summary for the period 1 January – 31 March 2021 will be published on Thursday 22 April 2021 and Q3 summary for the period 1 July – 30 September 2021 on Friday 29 October 2021.

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## Share

At the end of the review period the company had a total of 43 261 691 shares, divided into 4 663 894 series K shares each having 20 votes at shareholders' meetings, and 38 597 797 series A shares each having one vote at shareholders' meetings.

During the review period 400 000 K shares were converted into A shares.

Loudspring board members and the management team owned on 31.12.2020 a total of 6 449 461 Series A shares, 3 331 110 Series K shares and options that give a right to subscribe 505 000 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.

The shares owned by board members and the management team represent approximately 22,6% of the company's all outstanding shares registered on 31.12.2020 in the trade register and 55,35% of the voting rights of the shares.

Loudspring had 4 842 registered shareholders according to the share register on 31st of December 2020. Euroclear Finland had 3 626 shareholders and Euroclear Sweden 1 216 shareholders.

The number of class A shares, which are traded on First North, at the end of the financial period was 38 597 797 and the market cap on 31st of December 2020 EUR 17,8 million. When taking into account also the class K shares, which are not subject to multilateral trading, the market cap was EUR 19,9 million. Closing price of the company's class A share on 31st of December 2020 was 0,46€ 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 0,50€, the lowest 0,22€, and the volume-weighted average 0,37€ 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.

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## 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 ended on 31 December 2020. The subscription price is EUR 0.0001 per share.

During the review period a total of 759 863 options from the stock option program 2013 were exercised.

Loudspring has on 18 December 2020, certain of its major shareholders, representing over 2/3 of the votes in the General Meeting, (the "Major Shareholders") and the Option Holders entered into an agreement (the "Option Agreement") based on which

1. in February 2021 at the latest, the Board of Directors of the Company will summon an Extraordinary General Meeting and propose that a new authorization is granted to the Board of Directors materially in form of the authorization that the Annual General Meeting granted to the Board of Directors on 3 August 2020 (the "New Authorization");
2. the Option Holders (to the extent they own shares in the Company) and the Major Shareholders agree to vote in favour of the New Authorization in the Extraordinary General Meeting; and
3. in case the New Authorization is granted by the Extraordinary General Meeting, the Board of Directors of the Company will resolve on issuance of new stock options (the "Stock Options 2021") to the Option Holders so that each Option Holder receives one (1) Stock Option 2021 per each Stock Option 2013 currently held by the said Option Holder and not used for subscription of class K shares during the share subscription period of the Stock Options 2013. For the sake of clarity, the Stock Options 2021 would entitle to subscription of class A shares instead of class K shares as in Stock Options 2013.

To summarize the above, the following conditions precedent apply for the issuance of Stock Options 2021 to the Option Holders: 1) The Option Holder, who wishes to receive Stock Options 2021, has not used corresponding number of his/her Stock Options 2013 for subscription of class K shares; and 2) the Board of Directors of the Company receives the New Authorization from the Extraordinary General Meeting.

The Board of Directors of Loudspring considers that the Company would have a weighty financial reason for the issuance of Stock Options 2021, since by entering into the Option Agreement and by offering the Stock Options 2021 to the Option Holders the Company is able to postpone, and on part of the voting rights, substantially reduce, the dilution effect that the use of all the Stock Options 2013 for subscription of class K shares would have caused.

### 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

## Stock Option Schemes

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 2020

The Board of Directors have been authorized by the Annual General Meeting on 3 August 2020 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.

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## 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 2019 and 2020 and full year figures for 2020 of the review have not been audited. The full year figures for 2019 of the profit and loss statement, balance sheet and statement of cash flows are audited. The figures presented are rounded.

## Profit and Loss Statement

EUR '000	1 - 12 / 2020	1 - 12 / 2019	7 - 12 / 2020	7 - 12 / 2019
Turnover	185	204	90	69
Materials and services	-11	-79	-2	-23
Personnel expenses	-327	-385	-155	-138
Depreciation and impairment charges	-33	-63	-1	-26
Other operating expenses	-634	-571	-338	-272
Operating loss	-820	-914	-406	-338
Financial income	377	54	342	41
Financial expenses	-896	-3 290	-810	-3 199
Result before taxes	-1 338	-4 149	-874	-3 496
Taxes	0	-2	0	0
Result for the financial period	-1 338	-4 149	-874	-3 496
Basic earnings per share	-0,04	-0,17	-0,02	-0,14
Diluted earnings per share	-0,04	-0,14	-0,02	-0,13

## Balance Sheet

EUR '000	31/12/2020	31/12/2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	0	30
Tangible assets	12	15
Holdings in group undertakings	5 415	1 640
Holdings in participating interests	6 618	4 961
Other shares and similar rights of ownership	1 336	1 448
<i>Total non-current assets</i>	<b>13 418</b>	<b>8 094</b>
CURRENT ASSETS		
Accounts receivables	161	234
Loan receivables from participating interests	40	672
Loan receivables from group undertakings	0	1000
Other receivables	56	51
Deferred assets	12	22
Cash and cash equivalents	650	450
<i>Total current assets</i>	<b>922</b>	<b>2 429</b>
<i>Total assets</i>	<b>14 340</b>	<b>10 523</b>

## EQUITY AND LIABILITIES

EQUITY AND LIABILITIES		
<b>SHAREHOLDERS EQUITY</b>		
Share capital	80	80
Reserve for invested non-restricted equity	22 962	18 015
Revaluation reserve	1 958	1 958
Retained earnings	-13 447	-9 296
Result for the financial period	-1 338	-4 149
<i>Total shareholders equity</i>	<b>10 215</b>	<b>6 609</b>

## LIABILITIES

<b>NON CURRENT</b>		
Deferred tax liability	0	0
Bank loans	2 900	3 000
<b>CURRENT LIABILITIES</b>		
Bank loans	1 000	500
Accounts payable	50	47
Other current liabilities	67	302
Accruals	108	65
<i>Total liabilities</i>	<b>4 125</b>	<b>3 914</b>
<i>Total equity and liabilities</i>	<b>14 340</b>	<b>10 523</b>

## Statement of Cash Flows

EUR '000	1 - 12 / 2020	1 - 12 / 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Result before taxes	-1 338	-4 146
Taxes	0	-2
Adjustments	380	3 126
Depreciation	33	63
Change in receivables, increase (-), decrease (+)	78	32
Change in current liabilities, increase (+), decrease (-)	59	-101
Cash flow from operating activities	-788	-1030
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in tangible and intangible assets	-30	0
Investments in group undertakings	-2 875	-200
Investments in shares of participating companies	-1 396	-192
Returns received for participating companies	22	261
Dividend income from shares	0	0
Loans granted to participating companies	-150	-865
Loans granted to group undertakings	-117	-1 320
Repayment of loan receivables	185	720
Loan receivables from others	3	0
Cash flow from investing activities	-4 359	-1 596

## CASH FLOW FROM FINANCING ACTIVITIES

Share issue against payment	4 947	1 000
Increase in non- current liabilities	1 000	2 500
Increase in current liabilities	0	0
Decrease in interest bearing liabilities	-600	-500
Dividends and other profit distribution	0	0
Cash flow from financing activities	5 347	3 000
CHANGE IN CASH AND CASH EQUIVALENTS	200	375
Cash and cash equivalents at the beginning of the period	450	76
Cash and cash equivalents at the end of the period	650	450

# 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, 2020	80	1 958	18 015	-13 447	0	6 606
Share issue	0	0	4 947	0	0	4 947
Revaluation reserve	0	0	0	0	0	0
Reserve for invested non-restricted equity	0	0	0	0	0	0
Result for the financial period	0	0	0	0	-1 338	-1 338
SHAREHOLDERS EQUITY DECEMBER 31, 2020	80	1 958	22 962	-13 447	-1 338	10 215
SHAREHOLDERS EQUITY JANUARY 1, 2019	80	1 958	22 962	-13 447	-1 338	10 215
Share issue	0	0	1 000	0	0	1 000
Revaluation reserve	0	-1 086	0	0	0	-1 086
Result for the financial period	0	0	0	0	0	-4 151
Reserve for invested non-restricted equity	0	0	0	0	0	0
SHAREHOLDERS EQUITY DECEMBER 31, 2019	80	1 958	18 015	-9 296	-4 125	6 606



Loudspring