


Loudspring

Half-year review 2022

1 January 2022 – 30 June 2022 (unaudited)





LOUDSPRING IN BRIEF

Loudspring is focused on saving natural resources. We own a portfolio of Nordic growth companies that have the potential of making a big environmental impact globally. We have selected to use our resources to develop Eagle Filters, our fully owned daughter company that provides high performance air filters for the energy industry as well as personal protective equipment. With this strategy we see a clear path to a long term profitable and scalable business, transforming into an industrial company.



January – June 2022

Half-year review 1 January – 30 June 2022: H1 ended with a growing order book despite challenging operating environment

Highlights of the Review Period

(Figures below are unaudited)

- Eagle Filters' revenue was EUR 1.6 million (5% growth from H1 2021)
- Eagle Filters' revenue and orders for 2022 amounted to EUR 3.9 million at the time of reporting
- Customer interest for Eagle's products grew significantly during the end of H1, which is reflected in the amount of submitted offers
- Loudspring executed a rights issue of EUR 2.5 million and a directed share issue of EUR 0.6 million
- Loudspring sold almost half of its ownership in Nuuka for EUR 2.0 million. The transaction has a EUR 1.0 million positive impact on Loudspring's 2022 result.
- Loudspring sold stocks in Enersize, decreasing its ownership from 7.1% to 4.2%. The impact of the transaction loss and impairment related to Enersize Oyj shares amounted to EUR -0.3 million.
- Loudspring's operating result for the review period was EUR -479 (-404) thousand. Net result amounted to EUR 151 (-957) thousand.
- Loudspring description of risks and uncertainties is included at the end of the report.

Key figures

EUR '000	1-6 / 2022 (unaudited)	1-6 / 2021 (unaudited)	1-12 / 2021
Turnover	80	90	180
Operational result	-479	-404	-685
Operating result / turnover (%)	Neg.	Neg.	Neg.
Result for the financial period	151	-957	-1 631
Earnings per share (EUR)	0.00	-0.02	-0.04
Cash at the end of the period	266	774	43
Shareholders' equity at the end of the period	12 218	9 258	9 484
Equity ratio	74.1 %	65.0 %	61.4 %
Net debt	2 884	3 617	4 406
Head count at the end of the review period	4	4	4
Salaries	119	120	233

CEO's Review

"Offers submitted in H1 2022 grew to over EUR 14 million from appx EUR 6 million in H1 2021"

During H1 2022 Loudspring continued to execute its transformation process into an industrial company focusing on Eagle Filters. Concrete strategic steps towards the goal are the divestments of almost half of Loudspring's ownership in Nuuka Solutions and Enersize Oyj. The group organization structure was modified through the decisions made by the Annual General Meeting, and the new Board of Directors' lineup will bring additional value and expertise to the governance of Eagle Filters.

Demand for Eagle Filters' high quality products is increasing rapidly, offers submitted in H1 2022 grew to over EUR

14 million from appx EUR 6 million in H1 2021. Our actions on growing the top line and reaching profitability remain our top priority despite the challenging public market environment. While Russia's war on Ukraine has caused major turbulence in the global energy sector, also interest towards energy efficiency and security have grown alongside climate targets.

Reaching profitability remains Eagle Filters' key objective and during H1 2022 improvements have been made in the form of automation investments and development of new product versions, which will lead towards improved margins and increased production capacity. The global market environment has caused cost inflation as well as

challenges in supply chain & material sourcing. Eagle Filters has responded to these issues with price increases and by investing significant amounts of working capital in inventories, to facilitate deliveries and material availability. With the increased production capacity, the Company is well positioned to meet the demand for its high quality products.

We expect Eagle Filters' demand environment in the second half of 2022 to be higher than the corresponding period in the previous year and we continue to see long-term opportunities for Eagle Filters products that increase efficiency in power generation.

Jarkko Joki-Tokola
CEO

Outlook 2022

During H2 2022 Loudspring will aim to complete the transformation process into an industrial company Eagle Filters. This includes streamlining cost structure, governance, market visibility and communication. Loudspring expects that synergies in cost savings will be realized in 2023 onwards.

Loudspring has during H1 2022 financed Eagle Filters with working capital, which has been used to significantly increase inventory levels, investments in factory automation and loan amortization. Eagle Filters demand environment in H2 2022 is expected to be higher than the corresponding period in the previous year. To execute Eagle Filters growth-strategy, management is actively evaluating ways for more effective use of capital. To support the growing working capital needs of Eagle Filters, Loudspring needs to either continue to divest venture holdings or raise additional funding during H2 in order to secure liquidity.

Loudspring maintains its revenue target range for Eagle Filters between EUR 4.5-6.0 million, which was communicated in conjunction with the financial statement bulletin 2021. This targeted revenue growth in conjunction with targeted margin improvements aim to enable positive monthly EBITDA towards the end of 2022.



Eagle Filters

Eagle Filters is a material science company, applying the latest technology for developing and producing filtration materials and products for improved performance, energy efficiency, reliability and cost reductions.

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's proprietary filtration media provides improved and reliable filtration efficiency, with significantly reduced pressure loss at competitive cost. These proprietary materials provide opportunities to expand to several new filtration application areas, including HVAC, automotive as well as industrial filtration, providing further opportunities for improving performance and energy efficiency.

Eagle has also entered the PPE market and launched the production of FFP2&3 respirators.

Eagle Filters companies comprises the parent company Eagle Filters Oy and its subsidiaries Eagle Filters DMCC, Eagle Filters Inc. and Plus-E Oy. The reported figures are Eagle Filters Oy's, as Eagle does not prepare consolidated financial statements. The figures reported before the year-end 2021 in semi-annual and annual reports of Loudspring have been figures of the combined Eagle companies' revenues.

HIGHLIGHTS OF THE REVIEW PERIOD

JANUARY – JUNE 2022

(Figures below are unaudited)

- Revenue in H1 grew to EUR 1.6 million (1.5 million in H1 2021).
- Total revenue and orders for 2022 amounted to EUR 3.9 million at the time of reporting.
- Offers submitted to potential customers during H1 were over EUR 14 million in total (appx EUR 6 million in H1 2021).
- Material availability and logistics delayed deliveries during H1.
- EBITDA was EUR -1.0 million (EUR -1.4 million in H1 2021).
- During H1 Eagle has carried out investments to increase production capacity significantly in H2, as well as increase own material production capabilities.

KEY FIGURES

Key figures (EUR '000)	1-6/2022 (unaudited)	1-6/2021 (unaudited)
Revenue	1 628	1 549
EBITDA	-1 019	-1 434
Result for the financial period	-1 355	-1 631
Operating result / turnover (%)	Neg.	Neg.
Net debt	751	1 365
Net working capital	1 829	295

BUSINESS UPDATE

Eagle Filters has three business areas: Clean Energy, Healthy & Safety, and Advanced materials.

Customers' interest in Eagle's high performance air filtration products (Clean Energy) increased notably and the company targets significant growth for 2022. Production, sourcing and logistics have been bottlenecks for growth. To be able to respond to the strong demand for Eagle's products, the company has invested in new production machinery, which have been installed after the review period. Eagle is also increasing the use of in-house materials, decreasing dependence on material suppliers.

Respirator sales (Health and Safety) have been limited during the review period. Eagle is in negotiations with some large potential customers, which may or may not result in significant revenue. The company has launched a new Saana 300 product line, that is among the most breathable products on the market, at a competitive cost.

Eagle Filters

First material sales (Advanced Materials) are targeted for H2 2022. The initial response from potential customers has been very positive for Eagle's filter materials that have high filtration performance and low pressure drop at low cost. If successful, the material products have a potential for rapidly growing sales at a healthy margin.

Total revenue and orders for 2022 amounted to EUR 3.9 million at the time of reporting (full year revenue 2021 was EUR 2.9 million). Offers submitted to potential customers during H1 were over EUR 14 million in total (appx EUR 6 million in H1 2021). This growing amount of offers submitted as well as several large cases under final negotiations support the company's growth targets for 2022 and beyond.

FINANCIAL PERFORMANCE

The operating environment in H1 2022 was extremely challenging. In H1 2022 Eagle filters Oy's revenue increased by approximately 5% compared to H1 2021 and amounted to EUR 1.6 million. Revenue in H1 was not satisfactory as the company experienced difficulties in material sourcing and logistics which led to delays in deliveries.

Eagle Filters Oy's EBITDA for H1 was EUR -1.0 million, improving from EUR -1.4 million in H1 2021. In addition to the below target revenue, the rise in material and freight costs affected Eagle's EBITDA negatively. Eagle Filters has responded to these issues with price increases and by investing significant amounts of working capital in inventories, to facilitate deliveries and material availability.

To achieve a positive EBITDA, Eagle requires larger volumes of sales to cover operating costs. The sales outlook is very good at the time of reporting and Eagle has carried out investments during H1 that will increase the production capacity during Q3. This targeted revenue growth in conjunction with targeted margin improvements aim to enable positive monthly EBITDA towards the end of 2022.

Eagle's net debt amounted to EUR 751 (1 586 as at year-end 2021) thousand as at H1 2022. After the review period Eagle has paid all remaining payments of the debts of its corporate restructuring program in advance to the repayment schedule. The company is applying for premature termination of the program to enable lower cost of working capital.

EAGLE SEMIANNUAL REVENUE DEVELOPMENT



Eagle Filters

TARGETS AND OUTLOOK FOR 2022

Eagle's sales outlook is very positive at the time of reporting. The current order backlog and high amount of offers out is a good basis for targeting significant growth for 2022.

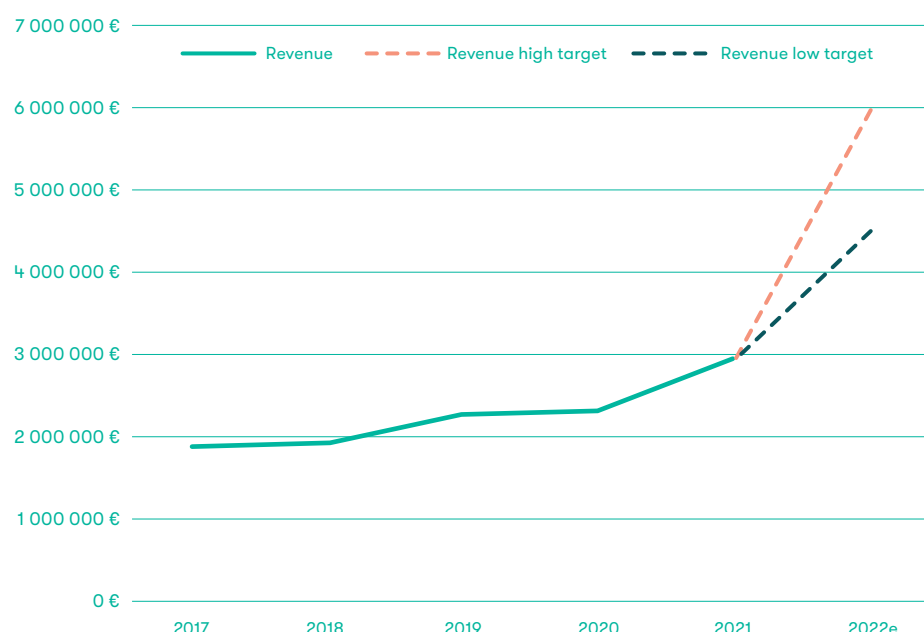
Russia's war on Ukraine and the disturbance in the global energy market is not expected to have a direct impact on Eagle's business operations as Eagle does not have any production facilities, customers or suppliers in Russia or Ukraine. The company has experienced indirect impacts through increased costs and delays in logistics and material sourcing.

The increased production capacity, improving margins and targeted revenue growth lead towards improved profitability. Further investments in production facilities as well as the need to facilitate raw material for increasing sales volumes are factors that may increase Eagle's need for additional working capital.

As reported in the financial statement bulletin 2021, Eagle Filters targets an average annual revenue growth of more than 30% and an average annual EBITDA-% of more than 20 % in the mid-to long term.

Loudspring maintains its revenue target range for Eagle between EUR 4.5-6.0 million for 2022.

EAGLE FILTERS OY



Revenue targets for 2022 (EUR '000)

Revenue high target	6 000
Revenue low target	4 500

Loudspring has provided high and low revenue targets for Eagle Filters and Nuuka Solutions Oy. 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.

Venture Holdings

In addition to Eagle Filters, Loudspring owns minority stakes in Finnish ventures that are focused on saving natural resources.

Effective ownerships as at 30.6.2022.

Venture holdings	Effective ownership*
Aurelia Turbines Oy	0.2 %
Enersize Oyj	4.2 %
Metgen Oy	1.3 %
Nuuka Solutions Oy	24.2%
Sansox Oy	10.3 %
Sofi Filtration Oy	19.6 %
Swap.com Services Oy	15.0 %

*Effective ownership takes into account both direct and indirect ownership in the portfolio firms. 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. Stock option plans and share issues may dilute ownership in the future.

Nuuka Solutions

Nuuka is a Nordic building performance software company helping major real estate owners and developers, retail chains, and whole cities to deliver a great indoor climate, save energy, reduce operating costs, cut emissions and increase property lifetime value.

The real estate industry has a major strategic drive to become carbon neutral. Therefore, the demand for novel digital solutions addressing sustainability is increasing rapidly. Nuuka diagnoses and optimizes HVAC automatically using AI and machine learning.

Nuuka delivers lifetime value to owners of commercial and public building portfolios. Nuuka is proven in millions of square meters, in 10 countries, in all kinds of public and commercial buildings, and on top of any BMS, energy system, sensor, and software protocol.

HIGHLIGHTS OF THE REVIEW PERIOD

(Figures below are unaudited)

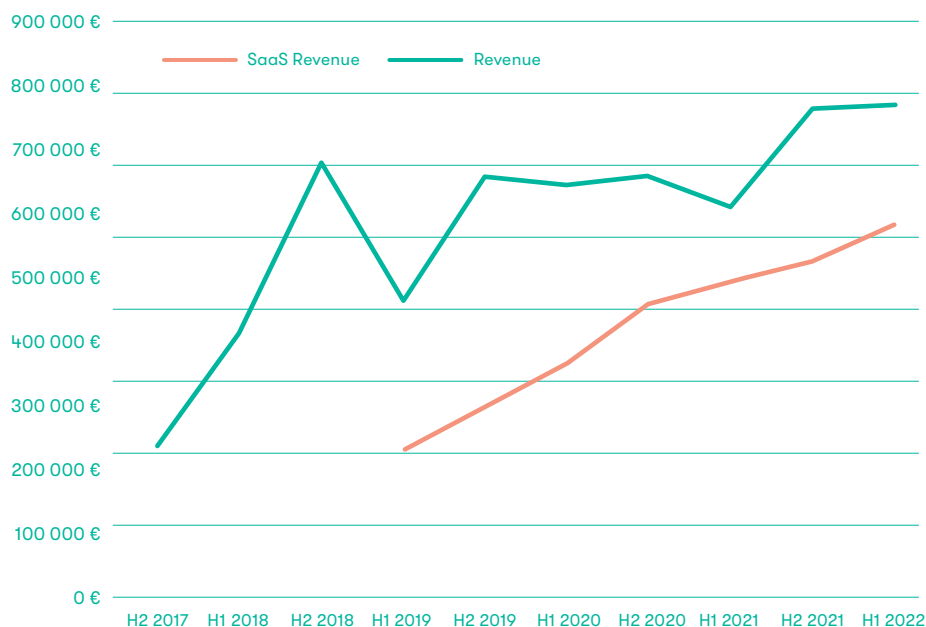
- H1 SaaS revenue grew 18% (compared to H1 2021) to EUR 0.6 million and total H1 revenue grew 26% to EUR 0.8 million
- Nuukas SaaS revenue surpassed EUR 100 thousand per month in June 2022
- Nuuka continues to focus on its building performance AI solution
- Rising energy prices are expected to speed up digitalization of real estate

KEY FIGURES AND FINANCIAL PERFORMANCE

(EUR '000)	1-6/2022 (unaudited)	1-6/2021 (unaudited)
Revenue	770	609
Revenue growth-%	26%	-6%
SAAS-revenue	581	492
SaaS-revenue growth-%	18%	35%
EBITDA	-781	-1 066

Despite the demanding operating environment, Nuuka's SaaS revenue for H1 grew by 18% compared to the corresponding period in the previous year, and amounted to EUR 581 thousand. Total revenues grew 26% compared to the corresponding period in the previous year, and amounted to EUR 770 thousand.

NUUKA SEMIANNUAL REVENUE DEVELOPMENT



Nuuka Solutions

H1 2022 growth was below targets mainly due to the transition into an AI solution business model. As the company is transitioning into an AI solution business model, some old segments and products will no longer be supported, which will lead to some churn in H2 2022. Therefore, Nuuka's H2 2022 SaaS revenue is expected to be flat or slightly down from H1 2022. Despite the transition and the current challenging operating environment, total revenues in H2 2022 are expected to increase compared to H1 2022.

The new AI solutions have proven to constantly deliver appx. 20-30% energy savings in public and commercial buildings and the rising energy prices are speeding up adoption of digital tools in real estate. Nuuka has signed a handful of new customers across public and commercial buildings (including major office buildings and also Nuuka's first municipality customer in Sweden) as well as started to experience demand from channel partners.

Loudspring sold 18.1% ownership in Nuuka in February 2022 for EUR 2.0 million. After the transaction, the remaining shareholding of Loudspring in Nuuka Solutions was 24.2%.

FINANCIAL TARGETS AND OUTLOOK 2022

The full year revenue is not likely to be in the target range initially communicated in conjunction with the financial statement bulletin 2021. Loudspring revises Nuukas revenue target range for 2022 from EUR 2 500-2 000 thousand to EUR 2 000-1 500 thousand. The annual recurring revenue target for 2022 has been revised from EUR 1 600 thousand to EUR 1 000 thousand.

EUR '000	Revised target for 2022	Initial target for 2022
Revenue high target	2 000	2 500
Revenue low target	1 500	2 000
Annual recurring revenue	1 000	1 600

Loudspring has provided high and low revenue targets for Eagle Filters and Nuuka Solutions Oy. 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.

Developments in Other Venture Holdings

Sofi Filtration Oy's H1 revenue remained limited and was EUR 55 thousand. Sofi conducted successful trials with customers during H1. Also a new large-scale field pilot began operations in the USA.

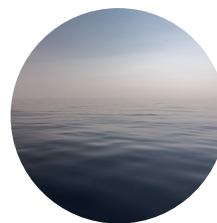
As a Nasdaq First North listed company, Enersize reports independently on its developments. Enersize's financial reports can be found on <https://enersize.com/>.

During H1 Loudspring sold stocks in Enersize, decreasing its ownership from 7.1% to 4.2 %.

Impact



Climate Change



Water



Natural resources

For 2021 the estimated overall CO₂ reduction impact for Eagle Filters is approximately 83 000 tons CO₂ (125 000 tons CO₂ in 2020). This is the estimated amount of CO₂ that was not emitted, but would have been emitted to the atmosphere without deploying Eagle's technology. The CO₂ reduction equates to the annual carbon footprint of 8 000 Finns. The CO₂ impact reduced 33,6% from previous year due to the mix of products sold.

Our core purpose is saving natural resources. All of our portfolio companies provide products and solutions that save energy or water for the customers. To assess our impact, we have estimated the global CO₂ impact of our subsidiary, Eagle Filters. We focus on providing an accurate estimate of Eagle Filters because the company's environmental impact outweighs the rest of the portfolio many fold, and furthermore, as the main owner of the company we can take full credit for its impact and avoid any possible double accounting. We focus on CO₂ impact because we can achieve much greater accuracy in our estimates as opposed to more complex calculations related to estimated water savings.

Eagle's high efficiency air filtration technology significantly increases the fuel efficiency up to 5% and on average appx 2% of gas turbines by keeping the compressor blades clean and avoiding friction caused by fouling. This translates into a vast opportunity for global CO₂ emission reduction, since over 20% of world electricity is produced with gas turbines. Natural gas alongside coal and petroleum are the primary sources of CO₂ and causes of global warming. The seemingly very large positive environmental impact to revenue ratio of Eagle Filters is explained by the fact that the company is alleviating the problem at its root and cutting emissions at the world's largest point emitters of CO₂.

We provide an estimate of the handprint of Eagle's products i.e. the CO₂ savings achieved by customers by using Eagle's products each year. Eagle's own emissions from production, subcontracting and travel are not included as the footprint is insignificant in comparison to the handprint and this would not significantly affect the end result.

To assess the CO₂ impact as accurately as possible we have, together with our customers, analyzed the gas turbines' operational data, and compared performance after installing Eagle filters to the previous baseline performance of the turbines. This gives a very accurate estimate of the real CO₂ savings achieved. A small part of the estimated savings is derived from smaller customer cases where data on pressure losses and/or fuel efficiency have not been available, but we have instead used actual operating hours and utilization rates to estimate the CO₂ savings by using conservative factors for efficiency improvement.



Result from Business Operations

(Comparison figures as at 30.6.2021)

Loudspring's revenue for the review period 1 January to 30 June 2022 was EUR 80 (90) 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.

Personnel costs during the review period amounted to EUR 147 (143) thousand. The company's operating loss for the review period was EUR 479 (404) thousand. Other operating costs include costs relating to the rights issue of approximately EUR 61 thousand. Due to the strategy of transforming into an industrial company through Eagle Filters, the cost structure is being evaluated and optimized accordingly.

Financial income in the review period was a total of EUR 1 076 (40) thousand, mainly affected by the EUR 1 048 thousand proceeds from the sale of Nuuka shares. The financial expenses, amounting to EUR 446 (593) thousand, comprise of a EUR 246 thousand impairment of Enersize Oyj.

The result of the review period was EUR 151 (-957) thousand.

Significant Investments and Divestments During the Review Period

Nuuka Solutions Oy: Loudspring sold 18.1% ownership in Nuuka in February 2022 for EUR 2.0 million. The transaction has a positive impact of approximately EUR 1.0 million on Loudspring's 2022 result. After the transaction, the remaining shareholding of Loudspring in Nuuka Solutions was 24.2%.

Enersize Oyj: Loudspring sold stocks in Enersize, decreasing its ownership from 7.1% to 4.2 %. The transaction resulted in a EUR 42 thousand loss.

Financial Position

(Comparison figures as at 31.12.2021)

The balance sheet total at the end of the review period was EUR 16 495 (15 446) thousand, of which equity accounted for EUR 12 218 (9 484) thousand. The equity ratio amounted to 74.1 % (61.4%). During the review period Loudspring executed a rights issue of EUR 2.5 million and a directed share issue of EUR 0.6 million. The proceeds have been recorded into the unrestricted equity fund.

At the end of the review period, the company's net debt amounted to EUR 2 884 (4 406) thousand. Loans from credit institutions at the end of the review period were EUR 3 150 (4 449) thousand of which EUR 700 (1 649) thousand are short term loans. Cash and cash equivalents at the end of the period amounted to EUR 266 (43) thousand.

To execute Eagle Filters growth-strategy, management is actively evaluating ways for more effective use of capital. To support the growing working capital needs of Eagle Filters, Loudspring needs to either continue to divest venture holdings or raise additional funding during H2 in order to secure liquidity.

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

Financial Position

- Cash EUR 266 thousand
- Listed shares in Enersize Oyj with a fair value at the end of the review period of EUR 68 thousand*.

*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.

General Meetings

The Annual General Meeting of Loudspring was held on the 20th of June 2022 in Helsinki. The Annual General Meeting adopted the annual accounts for 2021 and resolved that the net loss of EUR -1,630,544.11 be transferred to the accrued earnings account 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 2021. The Annual General Meeting resolved that the members of the Board of Directors be paid EUR 400 per month. In addition, the Chairman of the Board be granted 25,000, Vice Chairman 20,000 and other Board members 15,000 stock options as annual remuneration. The stock options will be issued based on 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 those five (5) members to be elected to the Board of Directors. The Annual General Meeting re-elected Mr. Matti Vuoria, Mr. Lassi Noponen and Mr. James Penney of the current members of the Board of Directors and elected Mr. Markku Hämäläinen and Mr. Jarkko Joki-Tokola as new members of the Board of Directors for a term ending at the closing of the Annual General Meeting of year 2023.

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.

Two 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.

The Extraordinary General Meeting of Loudspring Plc was held on 16th February 2022 in Helsinki. The Extraordinary General Meeting authorized the Board of Directors to decide, in one or more transactions, on the issuance of class A shares.

The AGM and EGM decisions are available in detail on the company website at: <https://www.loudspring.earth>

Share, Shareholders and Share-Based Incentive Schemes

At the end of the review period the company had a total of 77 737 471 shares, divided into 4 308 594 series K shares each having 20 votes at shareholders' meetings, and 73 428 877 series A shares each having one vote at shareholders' meetings.

At the end of the review period Loudspring board members and the management team owned a total of 15 147 867 Series A shares, 3 331 110 Series K shares and options that give a right to subscribe 959 886 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 23.77% of the company's all outstanding shares registered on 30th June 2022 in the trade register and 51.23% of the voting rights of the shares.

The number of registered shareholders at the end of the review period was 3 588, including nominee shareholders. Euroclear Finland had 4 582 shareholders and Euroclear Sweden 1 039 shareholders.

The number of class A shares, which are traded on First North, at the end of the review period was 73 428 877 and the market cap on 30th of June 2022 EUR 6.6 million. When taking into account also the class K shares, which are not subject to multilateral trading, the market cap was EUR 7.0 million. Closing price of the company's class A share on 30th of June 2022 was EUR 0.09 per share on First North Finland. During the review period the highest price paid for the company's class A share on First North Finland was EUR 0.205, the lowest EUR 0.085, and the volume-weighted average EUR 0.122 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 com-

Share, Shareholders and Share-Based Incentive Schemes

pany'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 the unrestricted equity fund of the company.

STOCK OPTION PROGRAM 1-2020

Based on the authorization granted by the Annual General Meeting on 3 August 2020, the Board of Directors has on 16 December 2020 decided on a stock option program for the key employees, under which a maximum 1,200,000 new class A shares can be subscribed. The share subscription period with 1-2020 stock options is 30 November 2020 – 30 November 2030.

On 3 August 2020, the Annual General Meeting resolved that the members of the Board of Directors that are not working for the company be granted stock options as annual remuneration as follows: The Chairman of the Board be granted 25,000, Vice Chairman 20,000 and other Board members 15,000 stock options. 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 per member of the Board of Directors per year 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.

Following current and former members of the Board of Directors received in total 250,000 stock options: Thomas Bengtsson (20,000 stock options), Peter Carlsson (10,000 stock options), James Penney (50,000 stock options), Matti Vuoria (70,000 stock options), Tiina Kähö (30,000 stock options), Johan Strömberg (30,000 stock options), Anders Lundström (15,000 stock options), Catharina Burch (15,000 stock options) and Gudrun Giddings (10,000 stock options).

The share subscription price based on these options is EUR 0.37 per share. The subscription price will be recorded into the unrestricted equity fund of the Company.

STOCK OPTION PROGRAM 1-2021

Based on the authorization granted by the Extraordinary General Meeting on 25 February 2021, the Board of Directors has on 19 April 2021 decided on a stock option program for the former holders of stock options belonging to the stock option program 2013, under which a maximum 1,439,680 new class A shares can be subscribed. The share subscription period with 1-2021 stock options is 19 April 2021 – 31 December 2030.

Former holders of stock options belonging to the stock option program 2013 have subscribed for the stock options as follows: Timo Linnainmaa (549 886 stock options), Tarja Teppo (449 886 stock options) and Feodor Aminoff (439 908 stock options).

The share subscription price based on these options is EUR 0.37 per share on the date when the stock options are subscribed. During the period of one (1) year beginning on the subscription date of the stock options, the share subscription price shall linearly lower to EUR 0.0001 per share. The subscription price will be recorded into the unrestricted equity fund of the Company.

Events After the Review Period

- Eagle filters has installed new production machinery for significantly increasing the output of industrial products. The company has also received several new orders from customers after the review period. The revenue and orders for 2022 totalled EUR 3.9 million at the time of reporting.
- After the review period Eagle has paid all remaining payments of the debts of its corporate restructuring program in advance to the repayment schedule. The company is applying for premature termination of the program to enable lower cost of working capital.

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, or financial sanctions, losses and/or limitation of business opportunities may occur.

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.
- 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 in Portfolio Companies quickly or without considerable extra costs.

Risks and Uncertainties

- The Company does not independently control its Portfolio Companies, other than its subsidiary 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.

As Loudspring is transforming into an industrial company through Eagle Filters, Loudspring is more dependent on the financial performance of Eagle Filters. Eagle filters' financial performance can be negatively affected by risks including but not limited to: 1) risks related to production, material sourcing & logistics 2) risks related to availability of additional funding 3) risk related to loss of significant customers and/or material changes in the demand environment 4) risk related to the dependency of key personnel.

Covid-19 pandemic and Russia's attack on Ukraine may cause severe negative effects to the Company and Portfolio Companies. These negative effects may include, but are not limited to, effects on operations, financing as well as negative effects on customers, suppliers, and partners. Furthermore, the pandemic and Russia's attack on Ukraine may cause completely unforeseeable negative effects.

Financial Communication 2022

Loudspring's Q3 summary for the period 1 July – 30 September 2022 will be published on Wednesday 26 October 2022.

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 2022 and 2021 of the review have not been audited. The full year figures for 2021 of the profit and loss statement, balance sheet and statement of cash flows are audited. The figures presented are rounded.

Eagle Filters Oy, Lumeron Oy and Loudspring Sweden AB were Loudspring's only subsidiaries at the end of the review period. Loudspring does not report consolidated accounts as Loudspring and its subsidiaries are regarded as a minor group in accordance with Finnish Accounting Act chapter 1§ 6 a.

Accounting Estimates and Management Judgement Made in Preparation of the Semi-Annual Accounts

The preparation of semi-annual accounts release information requires management to make accounting estimates and judgements as well as assumptions that affect the application of the preparation principles and the accounting estimates on assets, liabilities, income and expenses. Actual results may differ from previously made estimates and judgements.

Financial Information

Profit and Loss Statement

EUR '000	1-6 / 2022	1-6 / 2021	1-12 / 2021
Turnover	80	90	180
Materials and services	-12	-46	-75
Personnel expenses	-147	-143	-278
Depreciation and amortizations	-1	-1	-2
Other operating expenses	-400	-304	-510
Operating result	-479	-404	-685
Financial income and expenses	630	-553	-946
Result before taxes	151	-957	-1 631
Taxes	0	0	0
Result for the financial period	151	-957	-1 631
Basic earnings per share (EUR)	0.00	-0.02	-0.04
Diluted earnings per share (EUR)	0.00	-0.02	-0.04

Balance Sheet

EUR '000	6/2022	6/2021	12/2021
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	10	12	11
Investments			
Holdings in group undertakings	6 323	5 531	6 323
Holdings in participating interests	3 471	4 931	4 931
Other shares and similar rights of ownership	68	628	374
Receivables from group undertakings	6 176	500	3 624
<i>Total non-current assets</i>	16 048	11 601	15 262
CURRENT ASSETS			
Long term receivables			
Receivables from participating interests	40	40	40
Short term receivables			
Accounts receivables	37	179	37
Loan receivables	0	0	0
Receivables from group undertakings	29	1 272	2
Other receivables	65	369	60
Accrued income and prepaid expenses	10	4	2
Cash and cash equivalents	266	774	43
<i>Total current assets</i>	447	2 638	184
TOTAL ASSETS	16 495	14 239	15 446

EUR '000	6/2022	6/2021	12/2021
EQUITY AND LIABILITIES			
Equity			
Share capital	80	80	80
Revaluation reserve	1 451	1 958	1 958
Fund for invested unrestricted equity	26 953	22 962	23 862
Retained earnings	-16 416	-14 786	-14 786
Result for the financial period	151	-956	-1 631
<i>Total equity</i>	12 218	9 258	9 484
Liabilities			
Non-current liabilities			
Loans from financial institutions	2 450	3 150	2 800
Other long term liabilities	792	0	792
Current liabilities			
Loans from financial institutions	700	1 242	1 649
Accounts payable	16	31	18
Other liabilities	212	445	552
Accrued expenses and deferred income	107	114	151
<i>Total liabilities</i>	4 277	4 981	5 962
TOTAL EQUITY AND LIABILITIES	16 495	14 239	15 446

Cash Flow Statement

EUR '000	6/2022	6/2021	12/2021
CASH FLOW FROM OPERATING ACTIVITIES			
Result before taxes	151	-957	-1 631
Adjustments			
Depreciation and amortization	1	1	2
Financial income and expenses	-672	553	946
Non-cash transactions	42	76	82
Other adjustments	0	0	0
Changes in working capital			
Change in interest free accounts receivable and other receivable	-13	-17	124
Change in accounts payable and other liabilities	-36	-32	-31
Paid interests and other financial items	-207	-197	-416
Cash flow from operating activities	-734	-573	-924
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	0	0	0
Investments in shares of group undertakings	0	0	0
Investments in shares of participating companies	0	-21	-21
Granted loans	-2 552	-1 750	-3 518
Repayments of loan receivables	0	0	0
Proceeds from sale of shares	2 017	1 576	1 991
Received interest from investments	0	0	0
Received dividend from investments	0	0	15
Cash flow from investing activities	-535	-195	-1 533

EUR '000	6/2022	6/2021	12/2021
CASH FLOW FROM FINANCING ACTIVITIES			
Share issue against payment	2 591	0	800
Withdrawals of long term interest-bearing loans	0	0	0
Repayment of long term interest-bearing loans	-350	0	0
Withdrawals of short term interest-bearing loans	200	900	1 299
Repayment of short term interest-bearing loans	-949	-8	-250
<i>Cash flow from financing activities</i>	1 492	892	1 849
CHANGE IN CASH AND CASH EQUIVALENTS	223	123	-607
Cash and cash equivalents at the beginning of the period	43	650	650
Cash and cash equivalents at the end of the period	266	774	43

Statement Of Changes In 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, 2022	80	1 958	23 862	-16 416	0	9 484
Sale of Nuuka shares	0	-508	0	0	0	-508
Share issue	0	0	3 091	0	0	3 091
Result for the financial period	0	0	0	0	151	151
SHAREHOLDERS' EQUITY JUNE 30, 2022	80	1 451	26 953	-16 416	151	12 218
SHAREHOLDERS' EQUITY JANUARY 1, 2021	80	1 958	22 962	-14 786	0	10 215
Result for the financial period	0	0	0	0	-957	-957
SHAREHOLDERS' EQUITY JUNE 30, 2021	80	1 958	22 962	-14 786	-957	9 258
SHAREHOLDERS' EQUITY JANUARY 1, 2021	80	1 958	22 962	-14 786	0	10 215
Share issue	0	0	900	0	0	900
Result for the financial period	0	0	0	0	-1 631	-1 631
SHAREHOLDERS' EQUITY DECEMBER 31, 2021	80	1 958	23 862	-14 786	-1 631	9 484

Definitions

EBITDA	Operating profit before depreciation and amortization
Equity ratio (%)	$(\text{Total equity} \times 100) / \text{total assets}$
Net debt	Current and non-current loans from credit institutions, less cash and cash equivalents.
Net working capital	Inventories, trade and other receivables less trade and other payables.
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
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



Loudspring