



**loudspring**

# **Financial statement bulletin for 1 January – 31 December 2021: Transformation into an industrial company well underway**

Loudspring Oyj  
Company release  
31 March 2022 at 9:00 (EET)

[The full financial statement bulletin 2021 report in PDF can be found here.](#)

## **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.

## **HIGHLIGHTS OF THE REVIEW PERIOD**

### **JANUARY – DECEMBER 2021**

*Figures below are unaudited estimates.*

- Loudsprings' subsidiary Eagle Filters' revenue was EUR 2.9 million (27% growth)
- Loudspring sold its ownership of 24.0% in ResQ Club Oy. The sales price was EUR 1.5 million and the impact on the result for the period was EUR -76 thousand.
- Loudspring increased its ownership in Eagle Filters to 100% in H2 2021.
- Loudspring executed a directed share issue of EUR 0.9 million in Q4 2021.
- Net loss for the review period was EUR 1.6 million
- After the review period, Loudspring executed a rights issue of EUR 2.5 million and sold almost half of its ownership in Nuuka for EUR 2.0 million. The transaction is expected to have a positive impact of approximately EUR 1.0 million on Loudspring's 2022 result

## KEY FIGURES

EUR '000	1–12 / 2021	1–12 / 2020	1–12 / 2019
	(unaudited)		
Turnover	180	185	204
Operating result	-671	-820	-913
Result for the financial period	-1 617	-1 338	-4 151
Operating result / turnover (%)	Neg.	Neg.	Neg.
Cash at the end of the period	43*	650	450
Shareholders' equity at the end of the period	9 498	10 215	6 606
Return on equity (%)	-16.4%	-15.9 %	-49.1 %
Head count at the end of the review period	4	5	5
Salaries	264	290	356

*\*After the review period Loudspring executed a rights issue of approximately EUR 2.5 million and entered into an agreement to sell 18,1% ownership in Nuuka in February 2022 for EUR 2.0 million.*

## CEO'S REVIEW

During 2021 we made the strategic decision to focus and transform Loudspring from an investment company to an industrial company built around Eagle Filters. This decision means that gradually all the available resources will be used to support growth of Eagle Filters. To put it more clearly, it means selling the other ownerships in a reasonable timeframe.

After making this strategic decision we have sold all of our ownership in ResQ Club, and after the end of the year also almost half of our ownership in Nuuka Solutions. These actions along with share issuances have freed up capital to support Eagle Filters.

Capital that has been freed up this way will be used to support Eagle Filters in three ways: i.) investments to increase manufacturing capacity, ii.) investments to increase production of own filter materials, and iii.) regular operating capital. Beyond investments, operating capital is needed as Eagle Filters' customers are large energy companies whose payment schedules are typically long. In other words, payments are certain but, in many cases, slow.

On top of slow payment schedules, which is the norm, we have had challenges with material and component sourcing and transfer logistics. Also costs of materials and logistics have risen significantly. The driver for these is the still on-going pandemic that has affected global logistics chains considerably. Earlier on one could rely on just in time delivery, the new normal requires holding larger inventories to guarantee availability. All this ties up more capital.

Financial support to Eagle Filters during 2021 put heavy pressure on Loudspring's available financial resources. After the end of the year we decided to conduct a rights issue to bring in additional capital from the market. As you are now reading this, the rights issue is over and oversubscribed without guarantors. Well done in these market conditions I must say!

## OUTLOOK FOR 2022

Year 2022 will present the completion of Loudspring's transformation into an industrial company Eagle Filters. Many of the activities have already been completed but work remains in the area of governance and market visibility and communication.

We target strong growth for Eagle Filters starting point being the strong backlog of signed agreements along with an all time high sales pipeline. Recent share issuance and partial sale of Nuuka Solutions have significantly improved our cash balance and thus our ability to support growth.

Nuuka Solutions is on a good growth track with the vast majority of growth coming from existing signed agreements. This year will also show whether Sofi Filtration is able to realize significant growth from existing sales pipeline, which is also at an all time high level.

During 2022 we will continue to focus our impact reporting on CO2 emission reduction only. Reason for this available better measurement data to guarantee more accurate outcome of the calculations.

## CORE HOLDINGS

Loudspring's effective ownership in its core holdings 31.12.2021.

Core Holdings	Effective ownership*
Eagle Filters Oy	100.0 %
Nuuka Solutions Oy	42.3 %**
Sofi Filtration	19.6%
Enersize Oyj	7.1 %

*\*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.*

*\*\* After the review period Loudspring agreed to sell a part of its ownership in Nuuka for EUR 2 million. After completion of the transaction the remaining ownership in Nuuka Solutions is 24.2%*

## EAGLE FILTERS OY

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.

Loudspring has increased its ownership in Eagle Filters to 100.0% during the review period and made a strategic decision to transform into an industrial company through Eagle Filters as its core business.

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 previously reported in semi-annual and annual reports of Loudspring have been estimates of the combined Eagle companies' revenues.

## BUSINESS UPDATE

Key highlights:

- Revenue 2021 grew appx 27% to EUR 2.9 million (unaudited estimate)
- The sales and order backlog for 2022 was EUR 2.1 million at the time of reporting
- After the reporting period, Eagle received a 4-year order from a South-America utility, totalling appx EUR 0.75 million (out of which EUR 0.25 million is expected revenue recognition for 2022)
- Advances in material development enabled increased margins in late 2021 and further improvements in margins and product performance are targeted during 2022
- The production of industrial products was moved in-house
- Eagle's quality system was issued ISO 9001 and 14001 certifications.

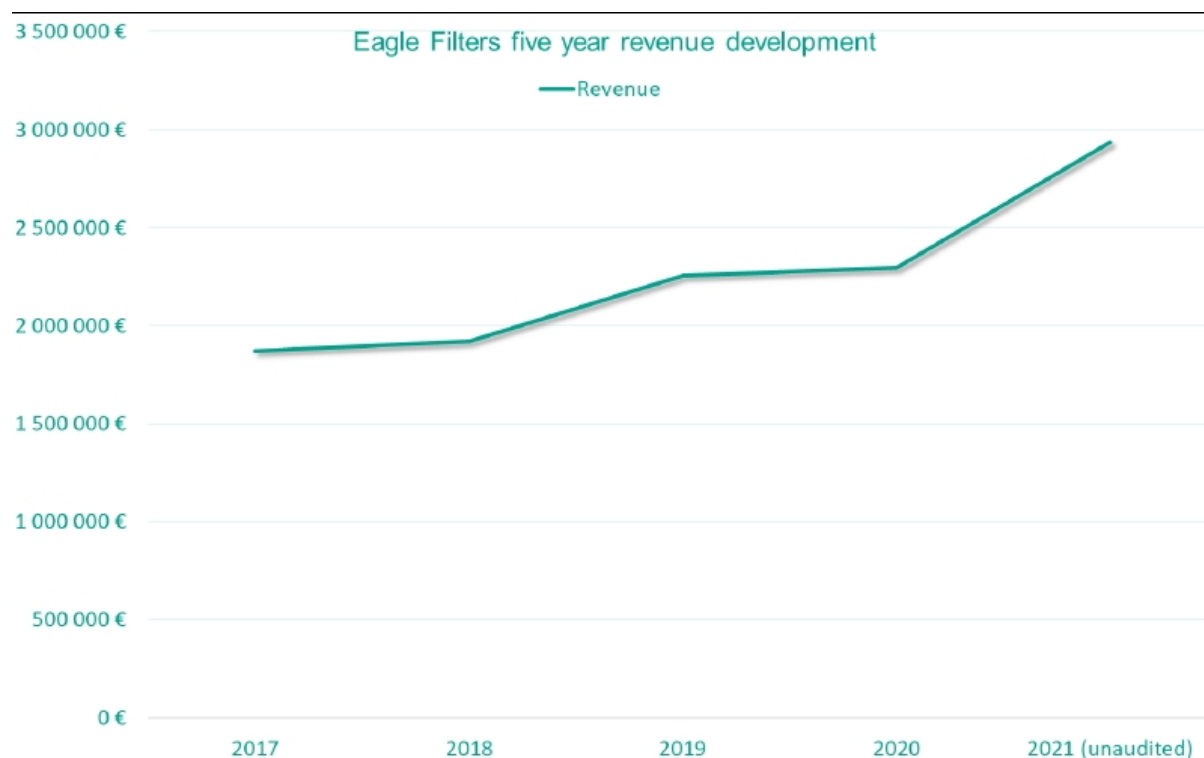
## KEY FIGURES AND FINANCIAL PERFORMANCE

Key figures (EUR '000)	1-12/2021 (unaudited)	1-12/2020
Revenue	2 925	2 295
<i>Revenue growth</i>	27,4 %	1,9 %
EBITDA	-2 413	-1 556

In 2021, Eagle Filters Oy's revenue increased by approximately 27% compared to 2020. Revenue in 2021 was lower compared to targets due to a delay of one EUR 0.5 million customer delivery from December to Q1 2022, and overall difficulties in sourcing materials. However, the revenue grew to approximately EUR 2.9 million in 2021 (unaudited estimate). Eagle Filters Oy's production costs have been higher than expected in 2021 due to high one-time costs related to ramping up own production, as well as heightened material and logistics costs due to the pandemic. These costs coupled with a growing order book have increased the need for working capital.

In 2021 Eagle Filters Oy's EBITDA was EUR -2.4 million (unaudited estimate), improving from EUR -1.5 million in H1 to EUR -0.9 million in H2. Almost EUR 1.0 million of the negative EBITDA was due to investments and expenses related to the respirator business. The sales and order backlog for 2022 was on the date of this report EUR 2.1 million and the offers and qualified sales pipeline for 2022 is significantly higher than at the same time during the previous year. Eagle has been able to improve its sales margins during H2 2021 and aims to improve sales margins

further, which will alongside targeted revenue growth lead towards positive EBITDA.



## TARGETS AND OUTLOOK FOR 2022

The target for 2022 is EUR 4.5-6.0 million revenue. Towards the higher end of the target range, also positive EBITDA is targeted.

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.

Revenue targets for 2022 (EUR '000)	
Revenue high target	6 000
Revenue low target	4 500

## NUUKA SOLUTIONS OY

Nuuka is a Finnish PropTech 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 and energy systems using AI and machine learning. Furthermore, Nuuka's solution is hardware agnostic, having the capability to execute the solution across various systems in all existing and new buildings alike.

Nuuka delivers lifecycle value to owners of commercial and public building portfolios, with instant return on investment. Nuuka has proven in 8 million square meters, in 8

countries, in various kinds of public and commercial buildings. Its technology with cities including the City of Helsinki with over 1000 buildings, large real estate owners like Varma and developers of the smartest and most sustainable buildings such as YIT and Edge Technologies.

## BUSINESS UPDATE

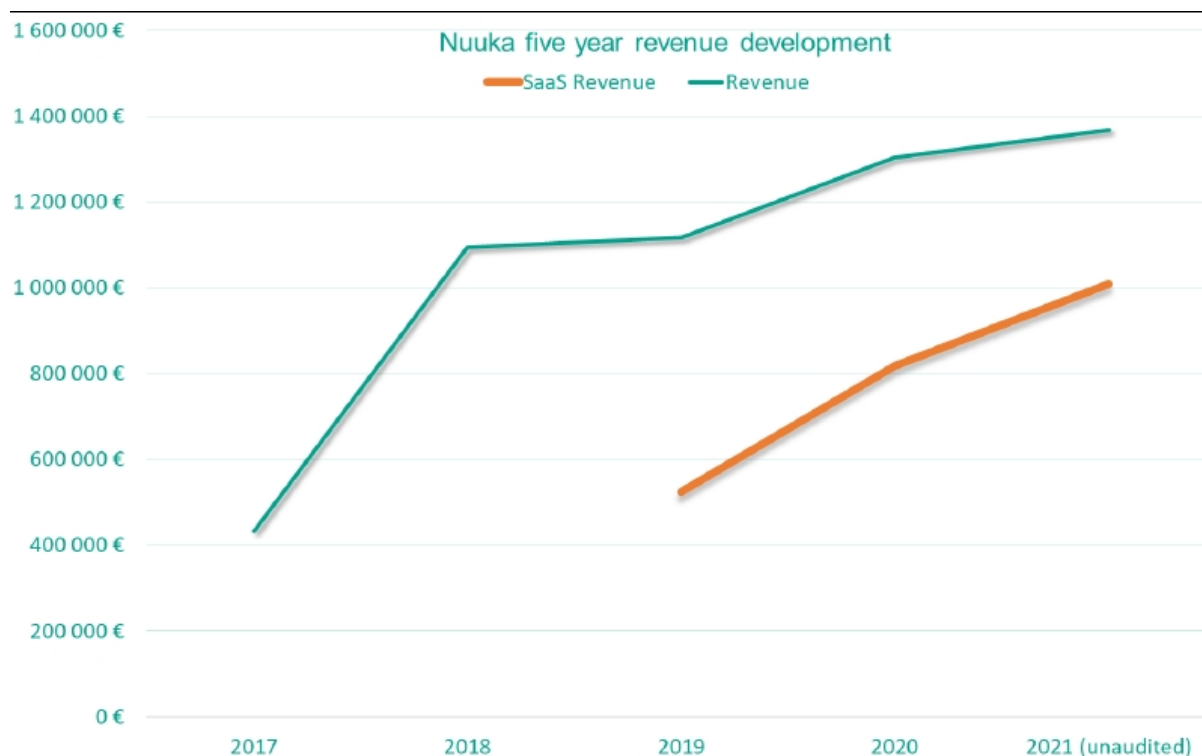
Key highlights:

- SaaS revenue grew 23% to EUR 1.0 million and total revenue grew 5% to EUR 1.37 million (unaudited estimates)
- In February 2022, Nuuka's SaaS invoicing was EUR 94 thousand
- The importance and value of digital and sustainable solutions is increasing for real estate owners
- Sharply increased energy prices accelerate this development further
- Nuuka continues to invest in R&D with the target of being a forerunner in building AI

## KEY FIGURES AND FINANCIAL PERFORMANCE

Key figures (EUR '000)	1-12/2021 (unaudited)	1-12/2020
Revenue	1 370	1 310
<i>Revenue growth-%</i>	5%	17%
SAAS-revenue	1 010	827
<i>SaaS-revenue growth-%</i>	23%	57%
EBITDA	-1 409	-586

Despite the pivot and the pandemic, Nuuka's total SaaS revenue 2021 is estimated to have grown 23% to EUR 1.0 million. Total revenue 2021 is estimated to have grown to EUR 1.4 million (+5%) (unaudited estimate). Total revenue growth was slightly below target due to the pandemic and the pivot to the new offering, and as Nuuka withdrew completely from higher churn and cost residential markets. As an outcome, substantial onboarding revenues from residential markets were no longer generated. Nuuka has now focused solely on public and commercial buildings that drive higher deal size, growth and margin.



During Q4 Nuuka's total quarterly revenue grew 50% to EUR 460 thousand compared to Q3. Growth was driven by new products and largely based on onboarding revenue growth which will secure further Monthly Recurring Revenue ("MRR") growth in H1-2022 as onboarding precedes SaaS revenue. As a result, in February 2022 MRR grew to EUR 94 thousand. During the last six months, Nuuka has signed and agreed ten new customers, including e.g., signing a gross area of almost 200.000 m<sup>2</sup> during the first days of 2022.

## FINANCIAL TARGETS AND OUTLOOK 2022

Full year 2022 Nuuka drives ambitious growth targets for ARR (Annual Recurring Revenue) to reach EUR 1.6 million. Total revenue is targeted to grow to EUR 2.5 million (+80%). Nuuka is confident of reaching this target as 85% of the SaaS target will come from existing customer contracts, agreed current customer extensions and small planned upsell to current customers.

Revenue targets for 2022 (EUR '000)	
Revenue high target	2 500
Revenue low target	2 000
Annual recurring revenue	1 600

Loudspring owned at year end 2021 42.3% of Nuuka issued shares, and 37.3% fully diluted. Loudspring sold 18.1% ownership in Nuuka in February 2022 for EUR 2.0 million. The transaction is expected to have 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%.

## 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

Key highlights:

- Sofi Filtration's revenues in 2021 were EUR 115 thousand (unaudited estimate). Revenues decreased by 19% compared to 2020.
- The pandemic has had a significant negative impact on Sofi as existing and potential new customer deliveries have been stalled.
- Sofi has agreed a sale of a filtration system to a new customer in the USA. The delivery is scheduled for H1/2022. This is the first significant order for Sofi since COVID-19 froze the market.
- Sofi has started development of a larger scale system. First customer pilots are targeted to start in Q2/2022 in the USA.
- The number of laboratory tests, field pilots and customer negotiations are increasing.

### KEY FIGURES AND FINANCIAL PERFORMANCE

Key figures (EUR '000)	1-12/2021 (unaudited)	1-12/2020	Change (%)
Revenue	115	142	-19%
EBITDA	-420	-584	28%

### FINANCIAL TARGETS AND OUTLOOK

Loudspring does not set its own revenue targets for Sofi Filtration.

## ENERSIZE

Enersize offers energy saving services, with a focus on industrial compressed air systems. Enersize has developed a measurement and data collection system that allows the electricity consumption of industrial compressed air systems to be reduced by as much as 30%. Enersize is listed on Nasdaq First North Sweden.

### 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 2021 had a market value of EUR 0.4 million.



## OTHER HOLDINGS

Loudspring's other effective ownerships 31.12.2021.

Other holdings	Effective ownership*
Aurelia Turbines Oy	0.3 %
Metgen Oy	1.8%
Sansox Oy	10.3 %
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.*

## RESULT FROM BUSINESS OPERATIONS

The company's revenue for the review period 1 January to 31 December 2021 was EUR 180 thousand (1-12/2020: EUR 185 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 1 January to 31 December 2021 amounted to EUR 264 (328) thousand. The decline in personnel expenses is mainly due to the decrease in persons working for the company.

The company's operating loss for the review period 1 January to 31 December 2021 was EUR 671 (820) 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 1 January to 31 December 2021 was a total of EUR 122 (378) thousand, mainly related to received interest from loans to portfolio companies and received dividends from subsidiaries. The financial expenses, amounting to EUR 1 068 (896) thousand, comprise of a EUR 525 thousand impairment of Enersize Oyj.

The net loss of the review period 1 January to 31 December 2021 was EUR 1 617 (1 338) thousand.

## SIGNIFICANT INVESTMENTS AND DIVESTMENTS DURING THE REVIEW PERIOD

**Eagle Filters Oy:** During H2 2021 Loudspring acquired 15% of Eagle Filters shares from the company's founder Mr. Juha Kariluoto, increasing Loudspring's ownership in

Eagle Filters from 85% to 100%. The purchase price for the acquired shares is tied to the future EBIT and revenue development of Eagle Filters during 2022-2024 and will be paid in tranches during 2023-2025. Loudspring has a right to pay up to 50% of the purchase price with Loudspring shares. At maximum, Loudsprings liability amounts to EUR 3.0 million, which would require that Eagle's cumulative revenue during 2022-2024 reaches EUR 44.4 million or that the aggregate of Eagle's positive annual EBITs during the same period reaches EUR 8.9 million. At year-end 2021 Loudspring has recognised EUR 0.8 million of the possible future purchase price as shares in group companies and long term liabilities.

**Enersize Oyj:** Loudspring sold stocks in Enersize decreasing its ownership from 19.2% to 13.2%.

**ResQ Club:** Loudspring sold its ownership of 24.0% in ResQ Club Oy to a consortium of Finnish private investors. The sales price was EUR 1.5 million and the impact on the result for the period was EUR -76 thousand.

## FINANCIAL POSITION

Balance sheet total at the end of the review period was EUR 15 446 thousand (14 340), of which equity accounted for EUR 9 498 thousand (10 215). The equity ratio amounted to 61.5% (72.2%).

At the end of the review period, the company's net debt amounted to EUR 4 406 thousand (EUR 3 250 thousand). Loans from credit institutions at the end of the review period were EUR 4 449 thousand of which EUR 1 649 thousand are short term loans. Cash and cash equivalents at the end of the period amounted to EUR 43 thousand (EUR 650 thousand).

During H1 2021 Loudspring negotiated the repayment schedule of the NEFCO loan, delaying the first amortization from May 2021 to May 2022. Repayments for the NEFCO loan are made from May 2022 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 Oy, Nuuka Solutions Oy and Sofi Filtration Oy. The NEFCO loan agreement also includes the following financial covenants: minimum 3 month cash runway; and a solidity ratio of not less than 35%. Loudspring is compliant with the loan covenants.

To execute Eagle Filters growth-strategy, management are actively evaluating ways for more effective use of capital. Therefore, the company may renegotiate the repayment schedule of its debt obligation and may raise additional funding to further accelerate growth.

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

- Cash EUR 194 thousand, taking into account EUR 151 thousand (current) untapped credit limit from Nordea.
- Listed shares in Enersize Oyj with a fair value 31.12.2021 of EUR 0.4 million\*.

*\*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.*

During February 2022 Loudspring entered into an agreement to sell 18.1% ownership in Nuuka for EUR 2.0 million. After completion of the transaction the remaining shareholding of Loudspring in Nuuka Solutions is 24.2%. In March 2022 loudspring executed a rights issue of EUR 2.5 million and the board resolved on a directed share

issue of EUR 0.6 million. After these events Loudspring estimates that it has sufficient working capital for its business operations for at least the next 12 months.

## **PERSONNEL, MANAGEMENT AND GOVERNANCE**

The company went through the following personnel changes during the review period: Anders Lundström resigned from the board on 12th of August.

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 and Johan Strömberg. Loudspring employed on average 3 persons during the review period and 4 persons at the end of the period.

## **ANNUAL GENERAL MEETINGS**

The Annual General Meeting of Loudspring was held on the 23rd of April 2021 in Helsinki. The Annual General Meeting adopted the annual accounts for 2020 and resolved that the net loss of EUR 1 338 484,81 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 2020. 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. 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 five 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, Mr. Anders Lundström and Mr. Johan Strömberg as members of the Board of Directors for a term ending at the closing of the Annual General Meeting of year 2022.

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 Extraordinary General meeting was held on 25th of February 2021 in Helsinki. The EGM authorized the Board of Directors to decide, in one or more transactions, on issuance of class A shares and issuance of options and other special rights entitling to shares referred to in Chapter 10 Section 1 of the Companies. The authorization cancels the corresponding authorization granted by the annual general meeting on 3rd of August 2020.

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 47 761 691 shares, divided into 4 308 594 series K shares each having 20 votes at shareholders' meetings, and 43 453 097 series A shares each having one vote at shareholders' meetings.

Loudspring board members and the management team owned on 31.12.2021 a total of 10 426 338 Series A shares, 3 331 110 Series K shares and options that give a right to subscribe 989 886 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 24,75% of the company's all outstanding shares registered on 31.12.2021 in the trade register and 57,95% of the voting rights of the shares.

Loudspring had 4 638 registered shareholders according to the share register on 31st of December 2021. Euroclear Finland had 3 575 shareholders and Euroclear Sweden 1 063 shareholders.

The number of class A shares, which are traded on First North, at the end of the financial period was 43 453 097 and the market cap on 31st of December 2021 EUR 7.4 million. When taking into account also the class K shares, which are not subject to multilateral trading, the market cap was EUR 8.1 million. Closing price of the company's class A share on 31st of December 2021 was EUR 0.17 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 EUR 0.41, the lowest EUR 0.16, and the volume-weighted average EUR 0.28 per share.

The company has a liquidity provision agreement with Pareto Securities that fulfills Nasdaq Stockholm AB's Liquidity Providing (LP) requirements. Loudspring's shares traded on First North Finland are not covered by the liquidity provision agreement.

### **Stock option program 2/2016**

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

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

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

The share subscription period shall not begin for stock option 2-2016A prior to the trade volume weighted average quotation of the company's class A share on First North Finland has been not less than EUR 1.75 during four (4) consecutive weeks, for stock

option 2-2016B prior to the trade volume weighted average quotation of the company's class A share on First North Finland has been not less than EUR 2.25 during four (4) consecutive weeks, and for stock option 2-2016C prior to the trade volume weighted average quotation of the company's class A share on First North Finland has been not less than EUR 3.00 during four (4) consecutive weeks.

The share subscription price based on these options is EUR 1.00 per share. The subscription price will be recorded into 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.

## RISKS AND UNCERTAINTIES

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

- The Portfolio Companies of the Company are start-up and growth companies, and Company’s value depends heavily on the future development of these companies and the Company’s ability to realize the value of its investments. The Company and the Portfolio Companies are associated with significant risks and uncertainties including but not limited to: 1) risks related to financial position and availability of additional financing that they dependent on, 2) risk related to Portfolio Companies’ acquisitions, expansions and ability to sustain growth, 3) risks related to competition and technological development, 4) risks related to protection of intellectual property rights, 5) dependence on a limited number of key employees, 6) various business related risks, such as dependence on a limited number of clients, technical and warranty risks, credit loss risk and currency fluctuation risk, 7) insurance risks and 8) economic, political and regulatory risks in various markets.
- There can be no assurance that the Company or its Portfolio Companies will become profitable, which could impair the Company’s and the Portfolio Companies’ ability to sustain their operations or obtain any required additional financing. Even if the Company or its Portfolio Companies would become profitable in the future, they may not necessarily be able to deduct the previous losses in taxation and sustain profit in subsequent periods.
- Amendments to the laws and regulations and interpretations of laws and regulations relating to the Company’s or Portfolio Company’s business may involve negative effects to the Company or to the Portfolio Company in question. In the event of any litigation, authoritative or administrative proceedings, risks related to financial sanctions and/or limitation of business opportunities may occur.

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.
- 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.

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 not be 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.

## EVENTS AFTER THE REVIEW PERIOD

After the review period the following events have taken place:

- Loudspring arranges a rights issue of approximately EUR 2.5 million to strengthen Eagle Filters' financial position. The rights issue was oversubscribed, and the subscriptions amounted to 124% of the offered amount.
- The board also resolved on a directed share issue of EUR 0.6 million.
- Loudspring entered into an agreement to sell 18,1% ownership in Nuuka in February 2022 for EUR 2 million. After completion of the transaction the remaining shareholding of Loudspring in Nuuka Solutions is 24,2%.
- Eagle Filters received the FFP2 certification for its Saana 300 product line.
- Russia's attack on Ukraine may have negative effects on Eagle Filters material sourcing, customers and financing. Although the company does not have any assets nor significant customers in Russia/Ukraine, the general disturbance to the global energy market may affect customer demand. Also, the disturbances in material prices and availability may have an impact on production and margins.

## GENERAL MEETING AND FINANCIAL COMMUNICATION 2022

The 2021 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 the end of April 2022.

The Annual General Meeting will be held on 20 June 2022 in Helsinki. The invitation to the General Meeting will be published separately.

The half-year report for the period 1 January – 30 June 2022 will be published on Wednesday 31 August 2022. Q1 summary for the period 1 January – 31 March 2022 will be published on Tuesday 26 April 2022 and Q3 summary for the period 1 July – 30 September 2022 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 2020 and 2021 and full year figures for 2021 of the review have not been audited. The full year figures for 2020 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 is regarded as a minor group in accordance with Finnish Accounting Act chapter 1 § 6 a.

## INCOME STATEMENT

EUR '000

1–12 /  
2021

1–12 /  
2020

7–12/ 2021 7–12/ 2020

<b>Turnover</b>	<b>180</b>	<b>185</b>	<b>90</b>	<b>90</b>
Materials and services	-75	-11	-29	-2
Personnel expenses	-264	-327	-121	-155
Depreciation and amortizations	-2	-33	-1	-1
Other operating expenses	-510	-634	-206	-338
<b>Operating loss</b>	<b>-671</b>	<b>-820</b>	<b>-267</b>	<b>-406</b>
Financial income and expenses	-946	-518	-393	-433
<b>Result before taxes</b>	<b>-1 617</b>	<b>-1 338</b>	<b>-660</b>	<b>-839</b>
Taxes	0	0	0	0
<b>Result for the financial period</b>	<b>-1 617</b>	<b>-1 338</b>	<b>-660</b>	<b>-839</b>
Basic earnings per share (EUR)	-0.04	-0.04	-0.01	-0.02
Diluted earnings per share (EUR)	-0.04	-0.04	-0.01	-0.02

## BALANCE SHEET

EUR'000	31.12.2021	31.12.2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible assets	11	12
Investments		
Holdings in group undertakings	6 323	5 531
Holdings in participating interests	4 931	6 538
Other shares and similar rights of ownership	374	1 336
Receivables from group undertakings	3 624	0
<b>Total non-current assets</b>	<b>15 263</b>	<b>13 418</b>
<b>Current assets</b>		



Long term receivables		
Receivables from participating interests	40	40
Short term receivables		
Accounts receivables	37	161
Loan receivables	0	3
Other receivables	60	56
Accrued income and prepaid expenses	2	12
Cash and cash equivalents	43	650
<b>Total current assets</b>	<b>182</b>	<b>922</b>
<b>TOTAL ASSETS</b>	<b>15 446</b>	<b>14 340</b>

EUR '000	31.12. 2021	31.12. 2020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	80	80
Revaluation reserve	1 958	1 958
Fund for invested unrestricted equity	23 862	22 962
Retained earnings	-14 786	-13 447
Result for the financial period	-1 617	-1 338
<b>Total equity</b>	<b>9 498</b>	<b>10 215</b>

<b>Liabilities</b>		
Non-current liabilities		
Loans from financial institutions	2 800	2 800
Other long term liabilities	792	0
Current liabilities		
Loans from financial institutions	1 649	1 100
Accounts payable	18	50
Other liabilities	552	67
Accrued expenses and deferred income	137	108
<b>Total liabilities</b>	<b>5 948</b>	<b>4 125</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15 446</b>	<b>14 340</b>

## STATEMENT OF CASH FLOW

EUR '000	31.12. 2021	31.12. 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Result before taxes	-1 617	-1 338
Adjustments		
Depreciation and amortization	2	33
Financial income and expenses	946	518
Non-cash transactions	82	0
Changes in working capital		
Change in interest free accounts receivable and other receivable	124	190
Change in accounts payable and other liabilities	-45	-192
Paid interests and other financial items	-416	-279
<b>Cash flow from operating activities</b>	<b>-924</b>	<b>-1 068</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in tangible and intangible assets	0	0

Investments in shares of group undertakings	0	-2 657
Investments in shares of participating companies	-21	-1 164
Granted loans	-3 518	-258
Repayments of loan receivables	0	0
Proceeds from sale of shares	1 991	0
Received interest from investments	0	0
Received dividend from investments	15	0
<b>Cash flow from investing activities</b>	<b>-1 533</b>	<b>-4 078</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share issue against payment	800	4 947
Withdrawals of long term interest-bearing loans	0	1 000
Repayment of long term interest-bearing loans	0	-100
Withdrawals of short term interest-bearing loans	1 299	0
Repayment of short term interest-bearing loans	-250	-500
<b>Cash flow from financing activities</b>	<b>1 849</b>	<b>5 347</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the beginning of the period	650	450
Cash and cash equivalents at the end of the period	43	650

## STATEMENT OF CHANGES IN EQUITY

EUR'000	Share capital	Revaluation reserve	Unrestricted equity reserve	Retained earnings	Result for the financial period	Total
<b>Shareholders' equity January 1, 2021</b>	<b>80</b>	<b>1 958</b>	<b>22 962</b>	<b>-14 785</b>	<b>0</b>	<b>10 215</b>
Share issue	0	0	900	0	0	900
Result for the financial period	0	0	0	0	-1 617	-1 617
<b>Shareholders' equity December 31, 2021</b>	<b>80</b>	<b>1 958</b>	<b>23 862</b>	<b>-14 785</b>	<b>-1 617</b>	<b>9 498</b>

EUR'000	Share capital	Revaluation reserve	Unrestricted equity reserve	Retained earnings	Result for the financial period	Total
<b>Shareholders' equity January 1, 2020</b>	<b>80</b>	<b>1 958</b>	<b>18 015</b>	<b>-13 447</b>	<b>0</b>	<b>6 606</b>
Share issue	0	0	4 947	0	0	4 947
Result for the financial period	0	0	0	0	-1 338	-1 338
	<b>80</b>			<b>-13 447</b>	<b>-1 338</b>	<b>10 215</b>

## DEFINITIONS

EBITDA	Operating profit before depreciation and amortization
Equity ratio (%)	(Total equity x 100) / total assets
Net debt	Current and non-current loans from credit institutions, less cash and cash equivalents.
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

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### **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.*

*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)

LinkedIn: <https://www.linkedin.com/company/loudspring/>

Twitter: [@loudspring](https://twitter.com/loudspring)

IG: [@loudspring\\_earth](https://www.instagram.com/loudspring_earth)

FB: [@loudspringco](https://www.facebook.com/loudspringco)