



Loudspring Oyj: Q3 2022 Summary

Loudspring Oyj

Company release

26 October 2022 at 9:00 (EET)

Please note that this report is not a fully comprehensive report of all events, nor is it in any way a financial performance report. It is only a summary of the main events that have affected our business during the quarter and before the date of this report where separately indicated below.

In the quarterly report we only comment highlights during the period. To get a comprehensive overview of the company's businesses one should review additional documents such as the company description and the supplement to the company description that were published in 2016, as well as the latest annual and semi-annual reports. These documents are available at loudspring.earth.

Loudspring Q3 summary

During the period, Loudspring continued the transformation process into an industrial company through Eagle Filters. The demand for Eagle's products has remained strong. However, the company has experienced challenges related to material sourcing and production, which has affected revenue negatively. Eagle has made significant increases in its production capacity to facilitate customer needs going forward. The offer pipeline remains strong and Eagle has several large cases under final negotiations.

During Q3, Loudspring carried out a direct share issue of EUR 1.4 million. Eagle Filters announced the premature termination of its corporate restructuring program. To support the growing working capital needs, Loudspring needs to either continue to divest other holdings or raise additional funding in order to secure liquidity. In addition, Loudspring may renegotiate the repayment schedule of its debt obligations.

After the review period Loudspring's board has called for an EGM and proposes to the shareholders that the trade name of the company be changed to Eagle Filters Group Oyj.

Eagle Filters Oy

Highlights of the quarter

- Revenue during Q1-Q3 2022 amounted to EUR 2.6 MEUR, a 9% growth from corresponding period in 2021.
- Order backlog at the end of Q3 amounted to EUR 1.4 million.
- The demand environment for Eagle's products remains strong.
- Production capacity has been significantly increased during Q3.

- Eagle Filters corporate restructuring program ended in September 2022. The program lasted for over six years and Eagle Filters paid in full all restructuring debt in advance to the initial payment schedule.

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. On the other hand, the ongoing energy crisis has increased interest in energy efficiency technologies.

RISKS AND UNCERTAINTIES

Loudspring Oyj (the "Company"), its subsidiary and other 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 all 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 or at all..
- 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 or at all.
- 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

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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

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