



# ERIK PENSER BANK

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## Loudspring

### Report for H1'21

#### Eagle Filters grows y/y

Total revenue for the portfolio companies in H1 2021 were EUR 2.2 million, corresponding to 12% growth. H2 2021 sales for Eagle Filters were EUR 1.5 million (1.27). The relocation of production has delayed certain orders, and these have been shifted to H2 2021, while the company communicates that its order book is record-breaking.

#### Divestment of ResQ Club

During the period, Eagle Filters sold its 24% of ResQ Club to a private consortium for EUR 1.5 million. The transaction took place at a value that was lower than what we attributed to ResQ Club in our valuation, but it frees up capital that can be used to focus on Eagle Filters.

#### New fair value

We are lowering our fair value in light of the sale of ResQ Club. Although the settlement means that we do not see any need for a new issue in the autumn, we note that the sale of ResQ Club took place at a lower valuation than we had attributed to the company. Our new fair value is EUR 0.41–0.43 per share, corresponding to SEK 4.20–4.40 (previously EUR 0.53–0.55).

Estimate Changes (EUR)				Estimates (EUR)				Risk and Potential		
	Now	Before		20	21e	22e	23e	Motivated value	0.41 - 0.43	
EPS, adj 21e	-0.02	-0.02	0.0%	Sales,m	0	0	0	0	Current price	0.24
EPS, adj 22e	-0.02	-0.02	0.0%	Sales Growth	(6.9)%	5.3%	0.0%	-%	Risk level	Medium
EPS, adj 23e	-0.02	-0.02	0.0%	EBITDA, m	(0.8)	(0.8)	(0.8)	(0.8)	<b>One Year Performance Chart</b> 	
<b>Calendar Events</b>				EBIT, m	(0.8)	(0.8)	(0.8)	(0.8)		
Interim report Q3 2021		2021-10-29	EPS, adj	(0.03)	(0.02)	(0.02)	(0.02)			
<b>Key Figures (EURm)</b>				Equity/Share	0.0	0.2	0.2	0.2		
Number of Shares		43.3m	Dividend	0.00	0.00	0.00	0.00			
Market cap		10	P/Equity	47.2x	1.2x	1.1x	1.1x			
Net Debt		4	Dividend yield	0.0%	0.0%	0.0%	0.0%			
EV		14	Net Debt/EBITDA	(5.1)g	(4.2)g	(4.0)g	(3.7)g			
Free Float		77.20%								
Avg. No. of Daily Traded Sh.		59.1(k)								
Reuters/Bloomberg		LOUDS.ST/LOUDS.SS								

#### Analysts

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# Overview

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## Report for H1'21

### Investment Case

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*Loudspring is an investment company that aims to invest in and contribute to building profitable and competitive companies that promote more efficient use of natural resources and help to solve global challenges. The company focuses on investments in companies with major market impact and a scalable, capital-efficient business model. The portfolio consists of four core holdings plus a number of smaller holdings.*

#### Eagle Filters

Eagle Filters manufactures high-efficiency gas turbine filters for gas power plants that offer customers large savings with a very short payback period. Following the outbreak of the Covid-19 pandemic in 2020, the company has also adapted its operations to leverage its expertise in filters to start manufacturing respirator masks. The company reported revenue of EUR 2.5m in 2020, with EBITDA of -1.4m. Loudspring's ownership amounts to 85%.

#### Enersize

Enersize offers software-based analysis tools for energy saving in compressed air systems. The company reported revenues of EUR 0.4m in 2019, with EBITDA of -1.4m. Enersize is listed on Nasdaq First North, and Loudspring's ownership amounts to 13.2%.

#### Nuuka Solutions

Nuuka Solutions offers cloud-based property management solutions to major property managers, cities and retail chains. The addressable market is very large, and the business model is scalable. It reported revenues of EUR 1.3m in 2020, with EBITDA of -1.3m. Loudspring's ownership amounts to 42%. Other shareholders include YIT Ventures.

#### Sofi Filtration

Sofi Filtration specialises in industrial water treatment with a self-cleaning automatic microfiltration system that uses a cross-flow filtration technique for cost-effective filtration of large quantities of water. The company reported revenues of EUR 0.1m in 2020, with EBITDA of -0.6m. Loudspring's ownership amounts to 21%. Other shareholders include Emerald Technology Ventures.

### Valuation approach

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We see a fair value of EUR 0.41–0.43 per share, corresponding to SEK 4.20–4.40 per share (previously EUR 0.53–0.55), using a sum of the parts model (SOTP) based on Loudspring's communicated targets for the unlisted portfolio companies and with listed holdings valued at market value. We see a medium risk, which is mainly due to the fact that the portfolio companies are still small and have generally not reached stable profitability, meaning that additional financing needs may arise in the companies and also in Loudspring centrally.

## The quarter in detail

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Loudspring's holdings reported total revenue for H1 of EUR 2.2 million, corresponding to 12% growth. Eagle Filters was a strong contributor to y/y growth, with revenues of EUR 1.5 million. Companies in the energy sector have returned to implementing their investments in 2021 after a low investment rate in 2020. Eagle has seen limited growth in sales of its respirator masks in H1 2021, and has placed some restrictions on production at present. Mask sales are a factor we held expectations for in 2021, but the growth rate is still somewhat limited. The costs of moving the production of industrial products into its own organization have held back profits. Production ceilings are currently limiting rapid growth for the immediate future. However, Eagle Filters has a record-breaking order book and the total cumulative revenues and orders amounted to EUR 3.34 million when the report was released.

Nuuka Solutions reported sales that were mainly to existing customers, primarily SaaS revenues. Revenues for H1 2021 amounted to EUR 604,000 (644,000) with EBITDA of EUR -1,066,000 (-504,000). The weaker earnings can be linked to investments in growth during the quarter. The influx of new customers was rather limited due to restrictions on physical meetings. In the long term, however, we believe that Nuuka still has very good prospects for growth. Nuuka has recently quoted data on savings related to property optimization. For example, up to 50% of savings from ventilation energy use annually can be achieved with use of AI. Thus savings above 20% on annual basis is within reach by using Nuuka. We believe that these savings are good incentives for property owners and could drive long-term growth.

Sofi Filtration reported revenues of EUR 62,000 (60,000) and EBITDA of EUR -252,000 (-279,000). The company has experienced reduced activity during the pandemic, but Loudspring communicates that Sofi Filtration is gradually rebuilding its customer base. Its customers are found mainly in the oil, gas and steel industries.

Going forward, we see continued positive potential growth drivers in Eagle Filters, like the new COO who was previously CEO of Lifa Air. Respirator masks from Eagle Filters are also available from Etra, a large retail chain in Finland.

## Estimate revisions

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We lower our sales estimates for Eagle Filters for 2021 to 5,2 (6,2) primarily driven by our expectations on respirator masks for H2. We exclude the divested holding in ResQ Club. Additionally, we believe the ResQ Club divestment decrease the capital requirement, and we currently see no need for a share issue in H2. We believe that Nuuka may achieve the expected sales numbers of EUR 2m for 2021, and leave the estimates unchanged. Other estimates and left largely unchanged.

## Valuation

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The estimate adjustments mean that Eagle Filters is assigned a slightly lower value. We have also adjusted the multiple for Sofi Filters from 7x sales to 6.5x sales to reflect a lower valuation for sector companies. We are also adjusting the portfolio value to reflect the divestment of the holding in ResQ Club. In addition, the ownership share of Enersize has decreased to 13%. We are reducing our fair value to EUR 0.41–0.43 per share, corresponding to SEK 4.20–4.40 (previously EUR 0.53–0.55).

<b>Core holdings</b>	<b>EV/Sales 2022e</b>	<b>Equity value 100%</b>	<b>Loudspring stake</b>	<b>Value to Loudspring</b>
Eagle Filters	2,8x	19,1	85%	16,3
Enersize	n/a	3,0	13%	0,6
Nuuka Solutions	10,0x	18,4	42%	7,8
Sofi Filtration	6,5x	7,2	21%	1,5
<b>Sub-total</b>				<b>26,1</b>
<b>Other holdings</b>				<b>1,0</b>
<b>Gross asset value</b>				<b>27,1</b>
Net (debt) / cash + Additional capital requirement				(4,3)
Holding company costs*				(4,8)
<b>Net asset value</b>				<b>18,1</b>
Outstanding shares (million)				43,3
<b>NAV per share (EUR)</b>				<b>0,42</b>

\*Perpetual @ 20% discount rate. Implied NAV discount of 17%

### Income statement

	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>0,0</b>						
Other revenue	0,0	0,1	0,2	0,2	0,2	0,2	0,2
Cost of goods sold	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Gross profit</b>	<b>0,0</b>	<b>0,1</b>	<b>0,2</b>	<b>0,2</b>	<b>0,2</b>	<b>0,2</b>	<b>0,2</b>
Selling expenses							
Administrative expenses							
Research and development expenses	-1,2	-1,7	-1,0	-1,0	-1,0	-0,9	-0,9
Other operating income and expenses							
<b>EBITDA</b>	<b>-1,1</b>	<b>-1,7</b>	<b>-0,8</b>	<b>-0,8</b>	<b>-0,8</b>	<b>-0,8</b>	<b>-0,8</b>
Depreciation and amortization	-0,2	-0,2	-0,1	0,0	0,0	0,0	0,0
<b>EBIT (adjusted)</b>	<b>-1,3</b>	<b>-1,8</b>	<b>-0,9</b>	<b>-0,8</b>	<b>-0,8</b>	<b>-0,8</b>	<b>-0,8</b>
Items affecting comparability	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>EBIT</b>	<b>-1,3</b>	<b>-1,8</b>	<b>-0,9</b>	<b>-0,8</b>	<b>-0,8</b>	<b>-0,8</b>	<b>-0,8</b>
Financial income	0,3	0,3	0,1	0,3	0,1	0,2	0,2
Financial expenses	-0,6	-2,0	-3,3	-0,9	-0,3	-0,2	-0,2
<b>Earnings before tax</b>	<b>-1,6</b>	<b>-3,5</b>	<b>-4,2</b>	<b>-1,4</b>	<b>-1,0</b>	<b>-0,8</b>	<b>-0,8</b>
Tax	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net earnings (reported)</b>	<b>-1,6</b>	<b>-3,5</b>	<b>-4,2</b>	<b>-1,4</b>	<b>-1,0</b>	<b>-0,8</b>	<b>-0,8</b>
<b>Net earnings (adjusted)</b>	<b>-1,6</b>	<b>-3,5</b>	<b>-4,2</b>	<b>-1,4</b>	<b>-1,0</b>	<b>-0,8</b>	<b>-0,8</b>

## Balance Sheet

	2017	2018	2019	2020	2021E	2022E	2023E
<b>ASSETS</b>							
Goodwill	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other intangible assets	0,3	0,1	0,0	0,0	0,0	0,0	0,0
Tangible assets	0,0	0,0	0,0	0,0	0,0	0,0	-0,1
Financial assets	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Investments in shares and other participations	20,0	10,8	8,0	13,4	11,1	11,1	11,1
Other non-current assets	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total non-current assets</b>	<b>20,3</b>	<b>10,9</b>	<b>8,1</b>	<b>13,4</b>	<b>11,1</b>	<b>11,1</b>	<b>11,0</b>
Inventory	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Accounts receivable	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other current assets	1,0	1,6	2,0	0,3	1,7	1,7	1,7
Cash and cash equivalents	3,6	0,1	0,5	0,7	1,1	1,3	1,5
<b>Total current assets</b>	<b>4,6</b>	<b>1,6</b>	<b>2,4</b>	<b>0,9</b>	<b>2,7</b>	<b>3,0</b>	<b>3,2</b>
<b>TOTAL ASSETS</b>	<b>24,9</b>	<b>12,6</b>	<b>10,5</b>	<b>14,3</b>	<b>13,8</b>	<b>14,0</b>	<b>14,2</b>
<b>EQUITY AND LIABILITIES</b>							
Shareholders' equity	22,7	10,9	6,6	10,2	8,9	9,0	9,2
Non-controlling interest	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total equity</b>	<b>22,7</b>	<b>10,9</b>	<b>6,6</b>	<b>10,2</b>	<b>8,9</b>	<b>9,0</b>	<b>9,2</b>
Non-current debt	0,0	1,0	3,0	2,9	3,2	3,2	3,2
Provisions for post-employment benefits	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Provisions for deferred taxes	1,5	0,0	0,0	0,0	0,0	0,0	0,0
Other non-current liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total non-current liabilities</b>	<b>1,5</b>	<b>1,0</b>	<b>3,0</b>	<b>2,9</b>	<b>3,2</b>	<b>3,2</b>	<b>3,2</b>
Current debt	0,3	0,5	0,5	1,0	1,2	1,2	1,2
Trade payables	0,3	0,1	0,1	0,0	0,0	0,0	0,0
Tax liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other current liabilities	0,1	0,2	0,4	0,2	0,6	0,6	0,6
<b>Total current liabilities</b>	<b>0,6</b>	<b>0,7</b>	<b>0,9</b>	<b>1,2</b>	<b>1,8</b>	<b>1,8</b>	<b>1,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>24,9</b>	<b>12,6</b>	<b>10,5</b>	<b>14,3</b>	<b>13,8</b>	<b>14,0</b>	<b>14,2</b>

## Cashflow Statement

	2017	2018	2019	2020	2021E	2022E	2023E
Net earnings (reported)	-1,6	-3,5	-4,2	-1,4	-1,0	-0,8	-0,8
Adjustment for non-cash items	0,4	1,8	3,2	0,5	-0,1	0,0	0,0
Changes in working capital	0,1	-0,2	-0,1	0,1	0,0	0,0	0,0
<b>Cash flow from operating activities</b>	<b>-1,0</b>	<b>-1,9</b>	<b>-1,0</b>	<b>-0,8</b>	<b>-1,0</b>	<b>-0,8</b>	<b>-0,8</b>
Investments	-1,1	-3,6	-1,6	-4,4	0,6	0,0	0,0
Divestments	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Free cash flow</b>	<b>-2,1</b>	<b>-5,5</b>	<b>-2,6</b>	<b>-5,1</b>	<b>-0,5</b>	<b>-0,8</b>	<b>-0,8</b>
Dividends paid	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share issues / Share buybacks	5,0	0,0	1,0	4,9	0,0	1,0	1,0
Acquisitions	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net borrowings and other adjustments	0,3	2,0	2,0	0,4	0,9	0,0	0,0
<b>Cash flow for the period</b>	<b>3,1</b>	<b>-3,5</b>	<b>0,4</b>	<b>0,2</b>	<b>0,4</b>	<b>0,2</b>	<b>0,2</b>
Translation difference in cash and cash equivalents	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net debt</b>	<b>-3,3</b>	<b>1,4</b>	<b>3,1</b>	<b>3,3</b>	<b>3,3</b>	<b>3,1</b>	<b>2,9</b>

## Per share data

	2017	2018	2019	2020	2021E	2022E	2023E
EPS, reported	-0,07	-0,15	-0,16	-0,04	-0,02	-0,02	-0,02
EPS, adjusted	-0,07	-0,15	-0,16	-0,04	-0,02	-0,02	-0,02
FCF per share	n/a						
Dividend per share	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Equity per share	0,95	0,45	0,24	0,24	0,20	0,19	0,18
Shares outstanding after dilution at period end (million)	23,9	24,2	27,5	43,3	43,3	47,4	51,6

## Valuation

	2017	2018	2019	2020	2021E	2022E	2023E
P/E, adjusted	neg	neg	neg	neg	neg	neg	neg
P/BV	2,7x	0,7x	1,4x	1,9x	1,2x	1,3x	1,3x
P/FCF	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dividend yield	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Dividend payout ratio, adjusted	0%	0%	0%	0%	0%	0%	0%
EV/Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EV/EBITDA (adj)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EV/EBIT (adj)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Share price, end of period (EUR)	2,55	0,34	0,33	0,46	0,24	0,24	0,24
EV, end of period (EURm)	57,8	9,5	12,2	23,0	13,7	14,5	15,3

## Growth and margins

	2017	2018	2019	2020	2021E	2022E	2023E
Sales growth	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EBIT growth (adjusted)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EPS growth (adjusted)	24%	116%	10%	-76%	-43%	-19%	-8%
Gross margin	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EBITDA margin (adjusted)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EBIT margin (adjusted)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tax rate	0%	0%	0%	0%	0%	0%	0%

## Profitability and ratios

	2017	2018	2019	2020	2021E	2022E	2023E
ROE, adjusted	-7%	-21%	-48%	-16%	-10%	-9%	-9%
ROCE, adjusted	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ROIC	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Investments	1,1	3,6	1,6	4,4	-0,6	0,0	0,0
Investments / Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Selling and Administrative expenses / Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Inventory / Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Accounts receivable / Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Trade payables / Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Working capital / Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital turnover	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## Financials

	2017	2018	2019	2020	2021E	2022E	2023E
Net debt	-3,3	1,4	3,1	3,3	3,3	3,1	2,9
Equity ratio	91%	87%	63%	71%	64%	64%	65%
Net debt / Equity	-15%	13%	46%	32%	37%	34%	31%
Net debt / EBITDA (adjusted)	n/a	n/a	n/a	n/a	n/a	n/a	n/a



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