



The quarter in brief

JAN 1ST – MAR 31ST 2024

- Net sales of EUR 3 974 thousand (compared to EUR 3 672 thousand in Q1 2023)
- EBITDA of EUR 434 thousand (162) and EBITDA margin of 10.9 % (4.4 %)
- EBIT of EUR 390 thousand (128) and EBIT margin of 9.8 % (3.5 %)
- Net Earnings After Tax of EUR 166 thousand (247) and net EAT margin of 4.2% (6.7%)

JANUARY – MARCH KEY DEVELOPMENTS

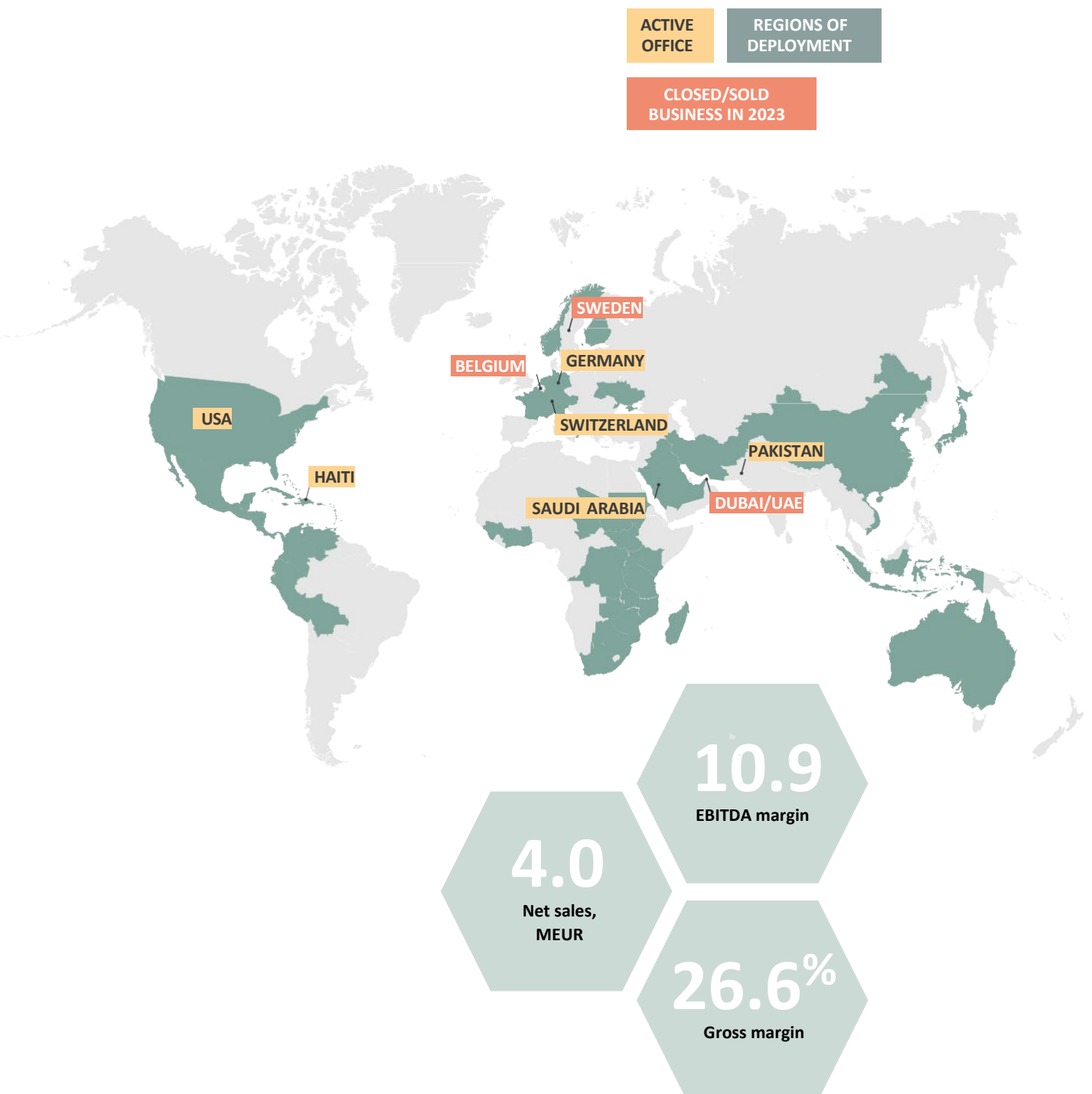
- Business as usual with no significant events or extraordinary influence. The first quarter is often the slowest period of the year
- The companies in Germany and Switzerland overperformed compared to the internal budget
- Launching “Reduce to the MAX” annual motto with an aim to increase efficiency and prepare for future growth. Simplification and alignment of the business to its original competence
- Continued cashflow pressure in all companies
- Talkpool received a binding bid for its Pakistani and Saudi businesses, but the bid expired in May 2024
- A share options scheme was launched in March. The scheme runs until 2031 with a first phase until mid-2025, and intends to incentivize key staff and improve long-term profit margins

This report contains insider information that Talkpool AG is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 08:30 o'clock Central European Time on Friday the 31st of May 2024.

This is Talkpool

Talkpool works behind the scenes to plan, build and improve large communication networks. The company has relinquished its pioneering role in Internet of Things (IoT) and its attempt to develop own software and hardware. Instead, Talkpool intends to partner with Original Equipment Manufacturers to distribute, integrate and maintain technology that enhances telecommunication infrastructure.

Talkpool has global geographical reach and experience, but it has reduced its geographical focus to western Europe. Competences include planning, implementation, project management, optimization and maintenance of fixed and mobile telecom networks. After a turnaround period that has taken several years, a smaller and more focused business is now emerging.



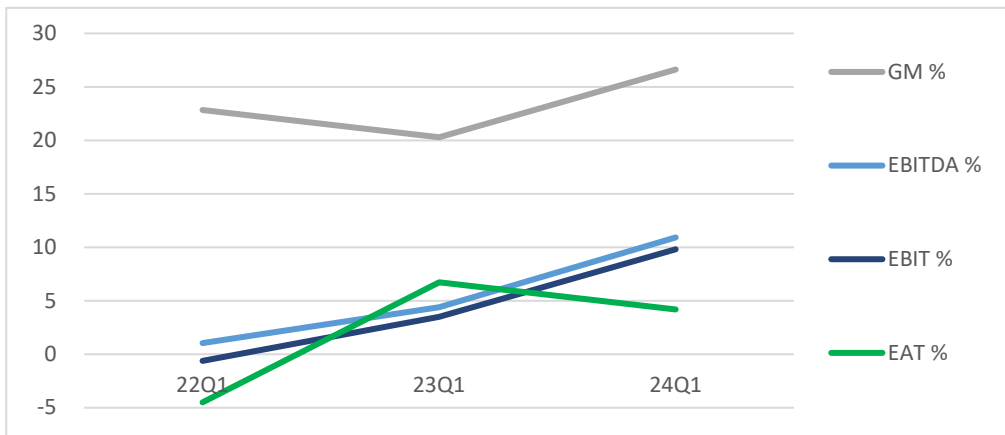
Management Comments

The business is now in a stabilization phase after pivoting back to its core competency. The cashflow generated by the operation continued to increase in the beginning of 2024, and the operational trend has been positive for several years. Cash management continues to be in focus as the cash generated by the organisation is used to reduce loans, restructuring the business and do small investments.

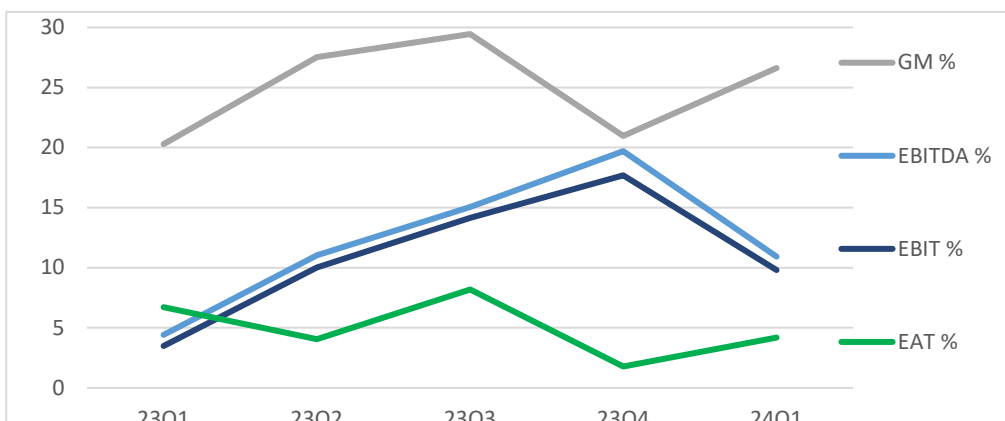
Almost no new client contracts were signed, so the organisation could continue delivering ongoing business. The German fixed network planning operation continued to impress, and reached its best month ever in March 2024 thanks to increasing volumes of large planning projects work. The German organisation was reinforced with additional capacity during the quarter.

We're now preparing to integrate the Pakistani business into Talkpool as we still haven't been able to sell the Pakistani company.

We've made the first steps towards establishing a new strategy. We're planning to spend considerable time this year to create a German-centric overall growth strategy for Talkpool's global business. New long-term guidance targets and detailed information about how to reach the targets will be communicated as the business plan develops.



Profit margin development



Financial development

KEY FIGURES

	Q1 2024	Q1 2023	FY 2023
Sales, € thousand	3'974	3'672	15'607
Sales growth in %	8.2%	-40.2%	-38.8%
Gross profit, € thousand	1'058	745	3'822
Gross margin	26.6%	20.3%	24.5%
EBITDA, € thousand	434	162	1'980
EBITDA margin	10.9%	4.4%	12.7%
EBIT, € thousand	390	128	1'806
EBIT margin	9.8%	3.5%	12%

SALES AND GROSS MARGIN

January - March

Revenues grew slightly to EUR 3'974 thousand compared to EUR 3'672 thousand in the same period last year although we're not attempting to grow this year. The growth came despite closing business in Belgium and ramping down in the USA and Saudi.

The gross margin increased to 26.6%. This is much better than 20.3% in the same period last year and 21.2% in the last quarter of 2023. We're targeting to continue improving margins to hopefully peak at 30% Gross Margin, 15% earnings before interest, tax, depreciation and amortization (EBITDA) and 10% earnings after tax (EAT) during a quarter this year.

EBITDA

January - March

EBITDA and EBIT are much higher compared to same period last year but lower compared to the last quarter last year. Talkpool's business has a cyclical characteristics with a slow start and a strong finish of the year. The operational margins are approximately twice the budgeted values.

NET PROFIT

January - March

The net earnings after tax (EAT) in Q1 2024 amounted to EUR 166 thousand compared to EUR 247 thousand in the same quarter 2023. The higher net earnings in 2023 were generated by an extraordinary one-off event resulting in a financial net amounting to EUR 228 thousand, which can be compared to a financial net of negative EUR 59 thousand in Q1 2024.

The depreciation was increased to EUR 44 thousand, up from EUR 33 thousand in Q1 last year. Tax payments increased to EUR 166 thousand, substantially more than the EUR 109 thousand paid in Q1 2023. Increased profitability is the main reason for higher taxes. Most of the taxes are paid in Germany and Pakistan.

Financial position and cash flow

KEY FIGURES

	Q1 2024	Q1 2023	FY 2023
Equity ratio	4.6%	-20.0%	1.4%
Return on equity	102.3%	-19.4%	-1'450%
Net cash/debt, € thousand	-1'918	-1'988	-2'071
Operating cash flow, € thousand	-96	1'370	-32

BALANCE SHEET AND FINANCIAL POSITION

31 March 2024

The balance sheet continued to strengthen. The equity reached EUR 311 thousand. The consolidated Equity reached above zero at the end of last year after many years of negative equity. Past years' negative equity of several million Euros was mainly caused by Talkpool's unusual accounting practice to offset goodwill against equity. The deleveraging combined with improved financial performance has led to a positive equity development.

The net debt was reduced to negative EUR 1'918 thousand, down from negative EUR 2'071 thousand at the end of last year and over EUR 6'000 thousand in mid-2022. The operating cashflow is calculated as EAT + write-offs + Working Capital change from 1st of January 2024 until 31st of March 2024.

CASH-FLOW AND INVESTMENTS

January - March

Cash increased to EUR 1'361 thousand at the end of March 2024, from EUR 1'035 thousand at the end of last year. The operating cashflow of negative 96 thousand is a sign that the ongoing amortization of loans and settlement payments is putting substantial pressure on the cashflow. We turn down most new client business and cash-consuming activities remain closed in order to maximise cashflow.

OTHER DISCLOSURES

Accounting principles

The consolidated interim report is based on uniform accounting principles for all group companies. The parent company, Talkpool AG, is a Swiss company and is governed by Swiss law and accounting principles. The consolidated interim report has been prepared in compliance with the Swiss Code of Obligations (Art. 957 to 963b CO).

As per 31 December 2016, the group changed its goodwill accounting from capitalization and amortization to offsetting against equity. For further information regarding applied accounting principles please refer to the Talkpool annual report 2023.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events after the period.

CERTIFIED ADVISOR

Swedish North Point Securities AB is Talkpool's Certified Advisor.

AUDITOR'S REVIEW

The company's auditors have not audited this report.

Chur, 31 May 2024
Magnus Sparrholm
Interim CEO Talkpool AG

Summary of financial reports

CONSOLIDATED INCOME STATEMENT

EUR	Jan - Mar		Jan - Dec	
	2024	2023	2023	2022
Net revenue from goods and services	3'973'729	3'671'712	15'606'987	25'497'641
Cost of sales	-2'916'123	-2'927'119	-11'784'690	-19'031'310
Gross profit	1'057'606	744'593	3'822'297	6'466'331
Selling expenses	-83'323	-95'691	-352'004	-1'246'994
Administrative expenses	-595'422	-523'578	-2'436'185	-4'554'320
Other operating income & expenses	11'338	2'915	771'947	-62'222
Operating result	390'199	128'239	1'806'056	602'795
Financial net	-58'520	228'451	-486'773	1'180'433
Profit before income taxes	331'679	356'689	1'319'282	1'783'228
Income taxes	-165'988	-109'461	-531'090	-543'091
Net profit	165'691	247'228	788'193	1'240'137
Net income attributable to:				
Stockholders of the parent company	164'324	261'538	790'705	1'222'802
Minority interests	1'367	-14'309	-2'512	17'335
Other information				
<i>Average number of shares</i>	<i>6'778'097</i>	<i>6'778'097</i>	<i>6'778'097</i>	<i>6'6778'097</i>
<i>Earnings per share (no dilutive effects)</i>	<i>0.02</i>	<i>0.04</i>	<i>0.12</i>	<i>0.18</i>
<i>Number of shares, end of period</i>	<i>6'778'097</i>	<i>6'778'097</i>	<i>6'778'097</i>	<i>6'778'097</i>
<i>Earnings per share (no dilutive effects)</i>	<i>0.02</i>	<i>0.04</i>	<i>0.12</i>	<i>0.18</i>

Consolidated balance sheet

EUR	March 31 2024	March 31 2023	December 31 2023
ASSETS			
<i>Current assets</i>			
Cash	1'361'178	1'170'170	1'035'045
Trade receivables	1'195'570	1'002'393	1'550'295
Other current receivables	1'533'710	1'411'383	1'187'972
Inventories and unvoiced services	1'271'400	1'076'728	1'168'190
Prepaid expenses and accrued income	275'056	243'960	70'719
Total current assets	5'636'914	4'904'633	5'012'221
<i>Non-current assets</i>			
Other financial assets	6'968	24'106	6'759
Investments in associates and financial assets	478'235	467'774	501'589
Intangible assets	82'672	125'578	605'917
Property, plant and equipment	624'526	613'364	116'453
Total non-current assets	1'192'401	1'230'822	1'230'718
TOTAL ASSETS	6'829'315	6'135'455	6'242'939
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Trade payables	1'215'029	1'134'430	1'180'967
Current interest-bearing liabilities	1'997'536	1'246'064	1'766'856
Other current liabilities	508'960	644'803	415'781
Accrued expenses and deferred income	1'224'040	2'096'964	1'359'253
Total current liabilities	4'945'564	5'122'261	4'722'587
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	1'281'263	1'912'198	1'338'765
Provision	291'549	330'606	91'716
Total non-current liabilities	1'572'813	2'242'805	1'430'480
Total liabilities	6'518'377	7'365'066	6'153'067
<i>Equity</i>			
Stockholders' equity	160'676	-1'350'098	-54'540
Minority interest in equity of subsidiaries	150'262	120'487	144'411
Total equity	310'938	-1'229'611	89'871
TOTAL LIABILITIES AND EQUITY	6'829'315	6'135'455	6'242'939

As per 31 December 2016, goodwill acquired is no longer capitalized and depreciated, but offset against equity.

Consolidated cash flow statement

EUR	Jan - Mar		Jan - Dec	
	2024	2023	2023	2022
<i>Operating activities</i>				
Net earnings	165'691	247'228	788'193	1'240'137
+/- adjustment for items not affecting cash flow	44'889	704'510	-75'535	-1'087'168
+/- change in working capital	-306'532	418'043	-744'865	-46'257
Net cash flow from operating activities	-95'952	1'369'781	-32'207	106'712
<i>Investing activities</i>				
Investments in property, plant and equipment	-	-	-109'199	-206'645
Sales/divestment of property, plant and equipment	24'913	274'172	196'462	-
Investments in intangible assets	-	-	-12'621	-53'763
Sales/divestment of intangible assets	33'781	33'960	42'473	-
Inflow/outflow from change of financial assets	23'145	17'793	892'101	102'966
Dividends paid to minority	-	-	-	-59'835
Sales of subsidiaries	-	-	-	1'277'762
Net cash flow from investing activities	81'839	325'925	1'009'216	1'060'485
<i>Financing activities</i>				
Net Issuance (repayment) of interest-bearing liabilities	373'281	-2'211'644	-1'463'968	-1'012'753
Net cash flow from financing activities	373'281	-2'211'644	-1'463'968	-1'012'753
Currency translation effects	-33'035	159'253	-4'851	-136'914
Net change in cash	326'133	-356'685	-491'810	17'530
Cash, beginning of period	1'035'045	1'526'855	1'526'855	1'509'324
Cash, end of period	1'361'178	1'170'170	1'035'045	1'526'855

Changes in equity

EUR	Share capital	Capital reserves	Cumulative foreign translation adjustment	Retained earnings	Retained earnings - Goodwill recognized directly in equity	Total equity excl. minority interests	Share of minority interests	Total equity incl. minority interests
Jan 1, 2023	275'735	8'383'131	-1'773'186	-5'075'333	-3'136'239	-1'325'889	169'752	-1'156'136
Net earnings	-	-	-	261'538	-	261'538	-14'309	247'228
Foreign currency differences	-	-	389'683	-	-675'429	-285'746	-34'956	-320'702
Mar 31, 2023	275'735	8'383'131	-1'383'503	-4'813'792	-3'811'668	-1'350'095	120'487	-1'229'611
Jan 1, 2024	275'735	8'383'131	-1'773'186	-4'466'068	-2'474'152	-54'540	144'411	89'871
Net earnings	-	-	-	164'324	-	164'324	1'367	165'691
Foreign currency differences	-	-	50'893	-	-	50'893	4'484	55'377
Mar 31, 2024	275'735	8'383'131	-1'722'293	-4'301'744	-2'474'152	160'676	150'262	310'938

As per 31 December 2016, goodwill acquired is no longer capitalized and depreciated, but offset against equity.

Definitions of key indicators

Earnings per share	Period net profit/loss in relation to average number of shares for the period
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
EBIT	Earnings Before Interest and Tax
EAT	Earnings After Tax
Equity ratio	Equity in percentage of total assets
Return on equity	Net earnings in relation to equity
Net cash/debt	Net of interest-bearing liabilities minus cash and bank, excluding tax receivables/liabilities
24Q1	The first quarter of year 2024

Further information

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Financial calendar

Annual Shareholder's Meeting	25 June 2024
Interim report January – June 2024	30 August 2024
Interim report January – September 2024	28 November 2024
Year-end report January – December 2024	14 March 2025