



INTERIM REPORT

JANUARY – SEPTEMBER 2019

JUL 1st – SEP 30th 2019

- Net sales amounted to EUR 5 186 thousand (5 830), an 11.0 percent decrease
- EBITDA of negative EUR 274 thousand (-144) and EBITDA margin of negative 5.3 percent (-2.5)
- EBIT of negative EUR 405 thousand (-198) and EBIT margin of negative 7.8 percent (-3.4)
- Net earnings after tax of negative EUR 418 thousand (-382)

JAN 1st – SEP 30th 2019

- Net sales amounted to EUR 16 339 thousand (17 455), a 6.4 percent decrease
- EBITDA of negative EUR 310 thousand (738) and EBITDA margin of negative 1.9 percent (4.2)
- EBIT of negative EUR 644 thousand (503) and EBIT margin of negative 3.9 percent (2.9)
- Net earnings after tax of negative EUR 1 572 thousand (-286)

JULY - SEPTEMBER KEY DEVELOPMENTS

- Reduced sales due to delays in project deployments, but turning point for the order intake
- Operating earnings negative, driven by increased costs due to political unrest in Haiti
- Net loss decreased to EUR -418 thousand
- Managed Services contract signed with the world's largest vendor in Pakistan
- Smart building contract signed with Sweden's biggest real estate company
- Development of new environment IoT products and solutions met set milestones
- Talkpool Mauritius sold as part of simplifying the corporate structure
- New senior country manager hired for Talkpool Germany

This information is inside information that Talkpool AG is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 CET on Nov 27, 2019.

THIS IS TALKPOOL

Talkpool enables the IoT ecosystem by offering professional services and solutions, comprising a comprehensive range of design, creation and realization of IoT solutions and products. Talkpool's core competences include telecom, radio and security and Talkpool has geographical reach in Europe, Latin America, the Middle East and Africa.



CEO COMMENTS

Talkpool is working on simplifying the group structure and further increasing the focus on the IoT portfolio and strategic markets. Increased focus and the ongoing negotiations related to the significant opportunity in the Middle East, that was disclosed earlier in October, provide Talkpool a strong position to return to a profitable growth track in 2020 despite the current pressure on earnings.

As part of the simplification program, operations with low profit contribution, that can be more valuable within someone else's business have been identified and discussions with potential buyers have been initiated. Talkpool Mauritius was one of the operations identified as subscale and non-strategic that has been sold.

Network Services

In Pakistan several new important customer contracts were signed and orders booked increased. The revenue did however come down compared to Q2 due to delays in some of the planned project deployments. In July it was communicated that Talkpool Pakistan won a contract with the world's largest telecom vendor for maintaining one of the major mobile networks in Pakistan. The order value amounts to approximately EUR 620 thousand per year with an initial contract of EUR 360 thousand for the first six months. This was the first Managed Services contract for Talkpool in the Middle East / Pakistan region and it will generate a sustainable revenue stream.

In Q2 a significant refurbishing project with a new organization, processes and tools was initiated in Haiti and it is expected to last until the end of the year. The

project made good progress in July and August and a major insourcing of the Operations and Maintenance services in Port au Prince and the South of Haiti were launched in August. In the middle of August, major demonstrations against the Haitian government and the rising fuel prices were ignited by the political opposition. Demonstrations are not unusual in Haiti and we have seen similar movements in e.g. France, Chile and Iraq lately. Mostly demonstrations in Haiti only last for a few days, but civil unrest has now lasted for over three months. The impact of the unrest on the daily operations during Q3 was significant and the local organization was under hard pressure to maintain the service level under very challenging conditions. Additional teams were brought in to support our customer in a critical situation and to offload our own organization. This investment put additional pressure on the already stressed operating profit margins in Haiti which led to a substantial force-majeur loss in Q3.

IoT

In July Talkpool won an important contract with one of Sweden's leading real estate companies for providing smart building solutions with several types of sensors to a new major development in Stockholm. The initial contract is worth approximately EUR 100 thousand. Potential add on orders for the complete property portfolio of this client will be significant.

This deal adds to a long list of contracts with important real estate and construction companies and it positions Talkpool as one of the leading Smart Buildings/Property Tech solutions providers in Sweden. Talkpool's smart building solutions make it possible to

measure and manage a range of different things in the building, from the consumption of energy, to the water consumption, air quality and heating. This allows the landlord to control and distribute costs, but also to maintain a certain level of service quality to the tenants, by making sure that e.g. ventilation and heating works the way it should. Talkpool has a strong portfolio of IoT-based real estate management solutions and works with both end-customers and solution integrators to deploy these solutions worldwide.

Customers such as Danish DS Energy and French Homey use Talkpool's technology to evaluate the energy efficiency of buildings. Read more under: <https://talkpool.io/multi-tenant-landlords-use-iot-solutions-in-building-management/>

4th Quarter 2019

In October Talkpool Pakistan signed a frame agreement for the provisioning of Solar hybrid solutions with one of the largest mobile operators in Pakistan. This contract which is initially for a period of 3 years has an indicative value of USD 3 - 3.5 millions. Talkpool Pakistan has been a front runner in solar based and other alternative energy deployments for a long time and has recently concluded a large contract with Telenor Pakistan with hundreds of sites.

Since several months Talkpool is in negotiation for a large project in the Middle East. If Talkpool wins the

contract, a separate company will be established and several thousand people will be employed. The project, which includes distribution, connectivity and operation of a new media network, is estimated to run for a period of at least 5 years. The yearly revenue from the new business is expected to exceed all Talkpool Group's other revenues combined.

In November a Swiss private investor with extensive experience within the global IT and Telecoms market agreed to grant Talkpool a EUR 2 million Euros convertible loan. The loan carries zero percent interest during the first two years and ten percent interest during the third and final year. The loan gives both the lender and the borrower the right to trigger a conversion as Talkpool's traded share reach SEK 20 over 10 trading days. A first down-payment of EUR 200 thousand will be made on the first of December 2019 and the remaining EUR 1.8 million will be paid in latest by mid-February 2020.

In spite of the challenges Talkpool's business has been facing during 2019, we are convinced that 2020 will be a year of significant growth both for IoT and for Network Services and we are still confident that we will reach the projected target of EUR 40 million revenue and 8-12 percent EBIT in 2021.

Erik Strömstedt, CEO

5.2

Net sales, MEUR

18%

Gross margin

-5.3%

EBITDA margin

FINANCIAL DEVELOPMENT

KEY FIGURES

	Q3'19	Q3'18	9 months'19	9 months'18	FY'18
Sales, € thousand	5'186	5'830	16'339	17'455	24'363
Sales growth in %	-11.0%	73.5%	-6.4%	70.2%	48.7%
Gross profit, € thousand	911	1'152	3'237	4'184	5'782
Gross margin	17.6%	19.8%	19.8%	24.0%	23.7%
EBITDA, € thousand	-274	-144	-310	738	1'069
EBITDA margin	-5.3%	-2.5%	-1.9%	4.2%	4.4%
EBIT, € thousand	-405	-198	-644	503	733
EBIT margin	-7.8%	-3.4%	-3.9%	2.9%	3.0%

SALES AND GROSS MARGIN

July - September

Net sales decreased with 11 percent to EUR 5 186 thousand (5 830) year-on-year. The decrease was driven by devaluations of local currencies and certain market units being sold over the year.

The gross margin shrank by 2.2 percentage points to 17.6 percentage compared to the same quarter last year. Also compared to Q2 2019, the gross margins decreased. The key driver behind the negative gross margin development over Q3, was increasing costs in Haiti as a result of the civil unrest. The decrease was further impacted by currency devaluations of local currencies and market units being sold over the year.

January - September

For the nine months 2019 net sales amounted to EUR 16 339 thousand corresponding to a decrease of 6.4 percent compared to last year. The net sales decrease over the first nine months can to a large extent be explained by currency devaluations of local currencies and market units being sold over the year.

EBITDA

July - September

EBITDA for the period decreased to negative EUR 274 thousand compared to negative EUR 144 thousand year-on-year. This mainly driven by gross margins coming down over the period.

January - September

EBITDA for the period decreased to negative EUR 310 thousand compared to EUR 738 thousand year-on-year.

NET PROFIT/LOSS

July - September

The net loss in Q3 2019 amounted to negative EUR 418 thousand compared to negative EUR 382 thousand in Q3 2018. A worse operating result being the key driver of the higher loss. Financial costs was lower than the average historic quarter.

January - September

Over the first nine months 2019, the net loss amounted to EUR 1 572 thousand compared to EUR 286 thousand first half-year 2018, this as a result of a weaker operating result and an increase of unrealized foreign exchange losses.

FINANCIAL POSITION AND CASH FLOW

KEY FIGURES

	Q3'19	Q3'18	9 months'19	9 months'18	FY'18
Equity ratio	-5.0%	10.2%	-5.0%	10.2%	4.5%
Adjusted equity ratio*	4.7%	20.5%	4.7%	20.5%	16.5%
Net cash/debt, € thousand	-5'425	-3'856	-5'425	-3'856	-4'713
Operating cash flow, € thousand	-607	-1'240	-656	-121	-747

* Calculated as if goodwill was capitalized and amortized.

BALANCE SHEET AND FINANCIAL POSITION

30 September 2019

As of 30 September, cash amounted to 901 thousand and net debt to EUR -5 425 thousand.

The consolidated net equity ratio was negative per end of the quarter due to the net loss. The retained losses sit in legacy entities within markets that allow negative equity positions. Talkpool AG, the group's Swiss holding had an equity ratio above 25 % per 30 September 2019.

An important driver of the low consolidated equity ratio is the approach of writing off goodwill at acquisition against equity.

CASH FLOW AND INVESTMENTS

July - September

The cash flow from operating activities over Q3 2019 amounted to negative EUR 607 thousand. This mainly due to a weaker operating profitability over the quarter.

Net cashflow from investing activities and financing activities did not together move in any material way.

January - September

Over the first nine month of 2019, there was a negative cashflow from operating activities of EUR 656 thousand, due to the weak cashflow over Q3.

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 page 23-27 in the Talkpool annual report 2018.

SIGNIFICANT EVENTS AFTER THE PERIOD

No significant events after the period.

CERTIFIED ADVISOR

FNCA Sweden AB is Talkpool's Certified Advisor.

AUDITOR'S REVIEW

The company's auditors have not audited this year-end report.

Chur, 27 November 2019

Erik Strömstedt
CEO Talkpool AG

SUMMARY OF FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

EUR	Jul-Sep		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Net revenue from goods and services	5'186'176	5'829'506	16'338'576	17'455'057	24'363'273
Cost of sales	-4'275'303	-4'677'729	-13'101'819	-13'270'648	-18'581'202
Gross profit	910'873	1'151'777	3'236'757	4'184'409	5'782'071
Selling expenses	-142'187	-186'821	-525'789	-465'726	-613'065
Administrative expenses	-1'110'716	-992'867	-3'196'032	-2'881'121	-4'056'797
Other operating income & expenses	-62'500	-170'428	-159'301	-334'171	-378'807
Operating result	-404'530	-198'339	-644'365	503'391	733'402
Financial net	-27'166	-166'553	-901'623	-571'130	-1'258'889
Profit/loss before income taxes	-431'696	-364'892	-1'545'988	-67'739	-525'487
Income taxes	14'151	-16'668	-26'332	-218'360	-447'903
Net profit/loss	-417'545	-381'560	-1'572'320	-286'099	-973'390
Net income attributable to:					
Stockholders of the parent company	-405'475	-409'967	-1'545'398	-265'097	-943'045
Minority interests	-12'070	-28'407	-26'922	-21'002	-30'346
Other information					
Average number of shares	4'930'784	4'930'784	4'930'784	4'930'784	4'930'784
Earnings per share (no dilutive effects)	-0.08	-0.06	-0.31	-0.05	-0.19
Number of shares, end of period	4'930'784	4'930'784	4'930'784	4'930'784	4'930'784
Earnings per share (no dilutive effects)	-0.08	-0.06	-0.31	-0.05	-0.19

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

CONSOLIDATED BALANCE SHEET

EUR	September 30		December 31
	2019	2018	2018
ASSETS			
<i>Current assets</i>			
Cash	900'864	1'583'252	794'388
Trade receivables	4'066'081	3'332'949	4'371'983
Other current receivables	3'112'560	3'124'489	2'258'999
Inventories and unvoiced services	3'853'395	4'362'777	4'165'217
Prepaid expenses and accrued income	803'562	916'307	619'219
Total current assets	12'736'462	13'319'774	12'209'806
<i>Non-current assets</i>			
Financial assets	857'314	727'036	460'720
Investments in associates and joint venture	10'769	2'806	-
Intangible assets	464'130	419'485	406'450
Property, plant and equipment	933'274	600'215	1'036'752
Total non-current assets	2'265'487	1'749'542	1'903'922
TOTAL ASSETS	15'001'949	15'069'316	14'113'728
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Trade payables	2'489'114	1'971'931	2'569'777
Current interest-bearing liabilities	2'293'487	1'574'049	1'673'136
Other current liabilities	1'401'293	1'806'779	1'259'582
Accrued expenses and deferred income	5'123'711	3'858'960	3'735'273
Total current liabilities	11'307'605	9'211'719	9'237'768
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	4'031'985	3'872'038	3'834'495
Provision	410'005	442'860	438'945
Total non-current liabilities	4'441'990	4'314'898	4'273'440
Total liabilities	15'749'595	13'526'617	13'511'208
Equity			
Stockholders' equity	-1'077'369	1'506'159	632'517
Minority interest in equity of subsidiaries	329'723	36'540	-29'997
Total equity	-747'646	1'542'699	602'520
TOTAL LIABILITIES AND EQUITY	15'001'949	15'069'316	14'113'728

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

CONSOLIDATED CASH FLOW STATEMENT

EUR	Jul-Sep		2019	Jan-Sep		Jan-Dec	
	2019	2018		2018	2018	2018	
<i>Operating activities</i>							
Net profit/loss	-417'545	-381'560	-1'572'320	-286'099	-973'390		
+/- adjustment for items not affecting cash flow	5'618	16'166	355'086	341'293	627'843		
+/- increase/decrease of working capital	-194'795	-874'513	561'665	-175'778	-401'143		
Net cash flow from operating activities	-606'722	-1'239'907	-655'569	-120'584	-746'690		
<i>Investing activities</i>							
- purchase of property, plant and equipment	2'947	-27'837	-200'026	-78'682	-531'137		
+ sale/divestment of property, plant and equipment	6'761	87	17'195	3'683	22'942		
- purchase of intangible assets	-27'891	-81'191	-149'759	-206'378	-191'288		
+/- inflow/outflow from change of financial assets	-6'652	-	-49'576	-45'613	-9'961		
+ sale of shares in subsidiaries	-	-	154'060	-	-		
- acquisition of subsidiaries (added cash taken over)	-	-	-	-438'120	-452'316		
Net cash flow from investing activities	-24'835	-108'941	-228'106	-765'110	-1'161'760		
<i>Financing activities</i>							
+/- issuance/repayment of interest-bearing liabilities	50'608	1'894'423	971'331	1'534'527	1'761'724		
Net cash flow from financing activities	50'608	1'894'423	971'331	1'534'527	1'761'724		
Currency translation effects	19'210	12'535	18'820	-5'644	1'051		
Net change in cash	-561'739	558'110	106'476	643'189	-145'675		
Cash, beginning of period	1'462'603	1'025'142	794'388	940'063	940'063		
Cash, end of period	900'864	1'583'252	900'864	1'583'252	794'387		

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

CHANGES IN EQUITY

	Share capital	Capital reserves	Cumulative foreign translation adjustment	Retained earnings	Goodwill recognized	Total equity excl. minority interests	Share of minority interests	Total equity incl. minority interests
EUR								
Jan 1, 2018	190'571	5'605'395	378'980	-560'439	-3'524'759	2'089'748	57'697	2'147'445
Net profit/loss	-	-	-	-265'097	-	-265'097	-21'002	-286'099
Conversion adjustment	-	-66'734	-	-	-	-66'734	-	-66'734
Goodwill recognized in equity	-	-	-	-	-79'179	-79'179	-	-79'179
Foreign currency differences	-	-	-172'580	-	-	-172'580	-154	-172'734
Sep 30, 2018	190'571	5'538'661	206'400	-825'535	-3'603'938	1'506'158	36'541	1'542'699
EUR								
Jan 1, 2019	190'571	5'538'661	28'170	-657'083	-4'467'804	632'515	-29'996	602'520
Net profit/loss	-	-	-	1'545'398	-	-	-26'922	-
Transactions with minority	-	-20'637	22'803	-110'007	103'505	-4'336	391'023	386'687
Goodwill recognized in equity	-	-	-	-	-	0	-	0
Foreign currency differences	-	-	-160'150	-	-	-160'150	-4'382	-164'532
Sep 30, 2019	190'571	5'518'024	-109'177	2'312'488	-4'364'299	1'077'369	329'723	-747'645

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

DEFINITION 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
Equity ratio	Equity in percentage of total assets
Adjusted equity ratio	Theoretical equity including net book value of goodwill in percentage of total assets
Return on equity	Net profit/loss in relation to equity
Net cash/debt	Net of interest-bearing liabilities minus cash and bank, excluding tax receivables/liabilities

FOR FURTHER INFORMATION, PLEASE CONTACT:

Erik Strömstedt, CEO

Telephone: +41 79 790 60 40
erik.stromstedt@talkpool.com

Andreas Öhrnberg, CFO

Telephone: +41 79 150 48 04
andreas.ohrnberg@talkpool.com

TALKPOOL

Gäuggelstrasse 7
CH-7000 Chur
Switzerland

Telephone: +41 81 250 20 20
Mail: info@talkpool.com
Web: www.talkpool.com

FINANCIAL CALENDAR

Year-end report January-December 2019	17 March 2020
Annual report financial year 2019	17 April 2020
Annual Shareholder's meeting 2019	15 May 2020