

OCT 1st – DEC 31st 2018

- Net sales amounted to EUR 6 908 thousand (6 123), a 12.8 percent increase
- EBITDA of EUR 329 thousand (333) and EBITDA margin of 4.8 percent (5.4)
- EBIT of EUR 230 thousand (220) and EBIT margin 3.3 percent (3.6)
- Loss after tax of negative EUR 687 thousand (-175)

JAN 1st – DEC 31st 2018

- Net sales amounted to EUR 24 363 thousand (16 379), a 48.7 percent increase
- EBITDA of EUR 1 068 thousand (359) and EBITDA margin of 4.4 percent (2.2)
- EBIT of EUR 733 thousand (193) and EBIT margin 3.0 percent (1.2)
- Loss after tax of negative EUR 974 thousand (-404)

OCTOBER - DECEMBER KEY DEVELOPMENTS

- Revenue and operational profit back on track again
- Clean-up of legacy Network Services business and increased focus on niche business
- Good progress in the development of environment IoT solutions, inhouse and with new partners
- USD 5 million contract signed between Ericsson and Talkpool Saudi Arabia
- Talkpool and its partners launched the world's first smart floor drain
- First IoT pilot installation in a Saudi Arabian hospital
- JoorsChain listed on cryptocurrency exchange based on Talkpool technology
- IoT test installation for Shell on a floating oil platform outside the Norwegian coast

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

In the fourth quarter Talkpool returned to its growth path and generated an all-time-high Revenue of EUR 6.9 million as several market units overperformed on their sales target, among them Sweden, Netherlands and Uganda. This a 13% increase compared to Q4 2017 and 18% increase compared to Q3 2018. In most markets Gross Margin returned to the levels of Q1 and Q2 2018 and the group reached an average Gross Margin of 23,1%. The Selling, General and Administration costs were still relatively high due to restructuring activities, but sunk compared to Q3. The good progress in several markets allowed for an overall operational result (EBITDA) of EUR 0.3 million. Restructuring costs and write offs in some of our low performing countries combined with extraordinary currency losses and financing costs resulted in net earnings of negative EUR 0.7 million.

IoT

Talkpool's position and reputation as one of the leading providers of IoT solutions for indoor and outdoor environment quality control was proven in several customer projects in Q4. Not only were several of our Smart buildings and Smart Cities solutions industrialized and put into commercial service in live customer projects in Sweden. The first steps towards an IoT breakthrough in the Middle Eastern market were also taken as Talkpool made a pilot installation of an indoor environment control solution in a hospital in Saudi Arabia.

As already communicated in Q3, Talkpool has insourced its IoT server software development Talkpool Pakistan in line with our plan to utilize the skilled staff of Talkpool Pakistan to support the business units and the market units in the group with internal services, product development and service delivery. The next step in our IoT development strategy is to establish a cooperation with Swiss universities in the area of IoT solutions for environmental control. The cooperation with technical faculties at universities has been part of Talkpool's business model for a long time and we are now planning to make use of this competence source and involve skilled individuals and institutions in our IoT development process to take our solutions to the next level.

In December Talkpool launched the world's first smart floor drain. The IoT solution is built on wireless water leakage detectors and addresses the 5 billion SEK annually cost from water damages in Sweden that can be substantially reduced if detected early. Our solution detects moist in the wet seal that can lead to costly damages and it has the potential to create significant values for organizations such as insurance companies and property owners.

The smart floor drain has been developed in co-operation with three strategic partners. The leading manufacturer of sanitaryware for bathrooms and kitchens, Sweden's leading company in building environment services and one of Sweden's largest insurance companies. On average, the water damages that are addressed with this solution cost insurance companies 70.000 SEK per case. This cost will be significantly reduced if the damage is detected early. After pilot installations in buildings during Q4 2018 and Q1 2019, Talkpool and partners will industrialize the solution and target a commercial launch during 2019.

In 2016 Talkpool invested in the Swiss workspace management company Sparkzone. The company had developed an IoT based solution for office space management aiming at customers like Regus and Hotel chains. As it gradually turned out that Sparkzone's solution did not develop in the same direction as Talkpool's overall IoT strategy, Talkpool decided to cut further investments in Sparkzone. In Q4 we decided to definitely write off our stake in Sparkzone, which had a negative impact on our net profit.

Network Services

As Talkpool communicated in its 5 years Grand Master plan the target is to increasingly focus on niche services in the area of Network Services and gradually move out of the network installation volume business. In particular from development countries where the price competition is fierce and competence and quality is secondary. Throughout the second half of 2018 Talkpool conducted a number of internal improvement projects around the world, including restructuring and divestment of non-profitable or non-strategical projects and companies.

These activities took their toll on the net result in the second half of 2018, but the improvement of the profit margins could be registered already in Q4 and not only will these actions free up money for IoT and niche Network services activities, they will also free up management time that will be invested in the development of new business in profitable growth areas.

In October Talkpool Saudi Arabia signed a major deal with Ericsson Saudi for deployment and integration of the mobile networks in KSA. There was little initial activity in Q4, but the project will continue over several years.

Q1 2019

The expansion of the Nordic IoT (NIoT) LoRa Network in Sweden made good progress when Tele2 and Talkpool transferred the common Gothenburg LoRa network to NIoT. The addition of the Tele2/Talkpool Gothenburg network is a great boost to the total IoT infrastructure that Nordic IoT Networks manages, and it fits well with the company's new Shared Network Operators (SNO) strategy. A further step towards collaboration in the area of IoT networks in Sweden was taken as Talkpool started a collaboration with "StadshubbsAlliansen". StadshubbsAlliansen is an initiative by Öresundskraft, which, through collaboration between municipal urban networks, promotes sustainable digitalisation of the smart society.

As earlier stated we believe that 2019 will be a breakthrough year for IoT and we are confident that we will be able to continue delivering on our projected growth targets for 2021.

Erik Strömstedt, CEO

6.9

Net sales, MEUR

23%

Gross margin

4.8%

EBITDA margin

FINANCIAL DEVELOPMENT

KEY FIGURES

| | Q4'18 | Q4'17 | FY'18 | FY'17 |
|--------------------------|-------|-------|--------|--------|
| Sales, € thousand | 6'908 | 6'123 | 24'363 | 16'379 |
| Sales growth in % | 12.8% | 69.1% | 48.7% | 41.6% |
| Gross profit, € thousand | 1'598 | 1'093 | 5'782 | 3'390 |
| Gross margin | 23.1% | 17.8% | 23.7% | 20.7% |
| EBITDA, € thousand | 329 | 333 | 1'068 | 359 |
| EBITDA margin | 4.8% | 5.4% | 4.4% | 2.2% |
| EBIT, € thousand | 230 | 220 | 733 | 193 |
| EBIT margin | 3.3% | 3.6% | 3.0% | 1.2% |

SALES AND GROSS MARGIN

October - December

Net sales increased with 12.8 percent to EUR 6 908 thousand (6 123) year-on-year. This is the highest net sales number Talkpool has achieved in a quarter. Both the IoT and Network Services businesses delivered healthy organic growth over the period. Gross margins expanded 5.3 percentage points to 23.1 percent compared to the same quarter last year.

January – December

For the full year 2018 net sales amounted to EUR 24 363 thousand corresponding to an increase of 48.7% percent compared to last year. The gross margin expanded year-on-year with 3 percentage points to 23.7 percent thanks to increased exposure to IoT and niche network services projects.

EBITDA

October - December

EBITDA for the period remained more or less flat year-on-year with EUR 329 thousand compared with EUR 333 thousand in Q4 2017.

January – December

The EBITDA for the full year 2018 amounted to EUR 1 068 thousand compared to EUR 359 the full year 2017. This is primarily a consequence of increased sales and higher gross margins. Selling, general and administration expenses as a proportion of revenues remained stable over the period.

NET PROFIT/LOSS

October - December

The net loss in Q4 2018 amounted to negative EUR 688 thousand compared to negative EUR 175 thousand in Q4 2017. Key drivers of the increased net loss include, unrealized foreign exchange losses, depreciations and write-offs, as well as tax expense.

January – December

Over the full year 2018, the net profit amounted to negative EUR 973 thousand.

FINANCIAL POSITION AND CASH FLOW

KEY FIGURES

| | Q4'18 | Q4'17 | FY'18 | FY'17 |
|---------------------------------|--------|--------|--------|--------|
| Equity ratio | 4.5% | 13.9% | 4.5% | 13.9% |
| Adjusted equity ratio* | 16.5% | 27.5% | 16.5% | 27.5% |
| Return on equity | -32.4% | -1.9% | -45.1% | -14.7% |
| Net cash/debt, € thousand | -4'713 | -2'935 | -4'713 | -2'935 |
| Operating cash flow, € thousand | -475 | -1'752 | -596 | -1'939 |

* Calculated as if goodwill was capitalized and amortized.

BALANCE SHEET AND FINANCIAL POSITION

31 December 2018

As of December 31st, cash amounted to 794 and net debt to EUR -4 713 thousand. The equity ratio has decreased year-on-year to 4.5 percent. Adjusted equity ratio, calculated as if goodwill was capitalized and amortized, amounted to 16.5 percent.

CASH FLOW AND INVESTMENTS

October - December

The cash flow from operating activities over Q4 2018 amounted to negative EUR 475 thousand. The negative operating cash flow can be explained by a net loss combined with working capital investments. Net cash flow from investing activities amounted to negative EUR 548 thousand over the quarter as a result of investments primarily related to an IoT system for fuel monitoring. Net cash flow from financing activities was EUR 227 thousand reflecting a slight increase in borrowing.

January – December

For the full year 2018 the Group generated an operating cash flow amounting to negative EUR 596 thousand. Over the first six month the operating cash generation was strong thanks to a reduction in working capital, this trend was reversed in Q3, where investments in working capital increased until year end.

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 2017.

RISKS

For information regarding risks please refer to page 24-26 in the Talkpool prospectus from September/October 2017.

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, 29 March 2019

Erik Strömstedt
CEO Talkpool AG

SUMMARY OF FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

| EUR | Oct-Dec | | Jan-Dec | |
|--|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net revenue from goods and services | 6'908'216 | 6'122'915 | 24'363'273 | 16'379'437 |
| Cost of sales | -5'310'554 | -5'030'140 | -18'581'202 | -12'989'110 |
| Gross profit | 1'597'662 | 1'092'775 | 5'782'071 | 3'390'327 |
| Selling expenses | -147'339 | -128'932 | -613'065 | -215'073 |
| Administrative expenses | -1'175'676 | -861'064 | -4'056'797 | -2'780'170 |
| Other operating income & expenses | -44'635 | 117'404 | -378'807 | -202'078 |
| Operating result | 230'011 | 220'182 | 733'402 | 193'006 |
| Financial net | -687'759 | -301'013 | -1'258'889 | -440'573 |
| Profit/loss before income taxes | -457'748 | -80'831 | -525'487 | -247'567 |
| Income taxes | -229'543 | -94'079 | -447'903 | -156'233 |
| Net profit/loss | -687'291 | -174'910 | -973'390 | -403'800 |
| Net income attributable to: | | | | |
| Stockholders of the parent company | -677'948 | -40'208 | -943'045 | -307'419 |
| Minority interests | -9'344 | -134'702 | -30'346 | -96'381 |
| Other information | | | | |
| Average number of shares | 4'930'784 | 4'287'098 | 4'930'784 | 3'315'941 |
| Earnings per share (no dilutive effects) | -0.14 | -0.01 | -0.19 | -0.09 |
| Number of shares, end of period | 4'930'784 | 4'930'784 | 4'930'784 | 4'930'784 |
| Earnings per share (no dilutive effects) | -0.14 | -0.01 | -0.19 | -0.06 |

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

CONSOLIDATED BALANCE SHEET

| EUR | December 31 | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| ASSETS | | |
| <i>Current assets</i> | | |
| Cash | 794'388 | 940'063 |
| Trade receivables | 4'371'983 | 4'657'990 |
| Other current receivables | 2'258'999 | 2'518'700 |
| Inventories and unvoiced services | 4'165'217 | 4'898'768 |
| Prepaid expenses and accrued income | 619'219 | 265'582 |
| Total current assets | 12'209'806 | 13'281'103 |
| <i>Non-current assets</i> | | |
| Financial assets | 460'720 | 664'944 |
| Intangible assets | 406'450 | 245'452 |
| Property, plant and equipment | 1'036'752 | 790'279 |
| Total non-current assets | 1'903'922 | 1'700'675 |
| TOTAL ASSETS | 14'113'728 | 14'981'778 |
| LIABILITIES AND EQUITY | | |
| <i>Current liabilities</i> | | |
| Trade payables | 2'569'777 | 3'060'515 |
| Current interest-bearing liabilities | 1'673'136 | 2'421'390 |
| Other current liabilities | 1'259'582 | 895'801 |
| Accrued expenses and deferred income | 3'735'273 | 4'495'796 |
| Total current liabilities | 9'237'768 | 10'873'502 |
| <i>Non-current liabilities</i> | | |
| Non-current interest-bearing liabilities | 3'834'495 | 1'453'814 |
| Provision | 438'945 | 507'016 |
| Total non-current liabilities | 4'273'440 | 1'960'831 |
| Total liabilities | 13'511'208 | 12'834'333 |
| Equity | | |
| Stockholders' equity | 632'517 | 2'089'748 |
| Minority interest in equity of subsidiaries | -29'997 | 57'697 |
| Total equity | 602'520 | 2'147'445 |
| TOTAL LIABILITIES AND EQUITY | 14'113'728 | 14'981'778 |

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

CONSOLIDATED CASH FLOW STATEMENT

| EUR | Oct-Dec | | Jan-Dec | |
|--|-----------------|-------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>Operating activities</i> | | | | |
| Net profit/loss | -687'291 | -174'910 | -973'390 | -403'800 |
| +/- adjustment for items not affecting cash flow | 437'946 | 146'215 | 778'345 | 337'807 |
| +/- increase/decrease of working capital | -225'365 | -1'723'182 | -401'143 | -1'873'436 |
| Net cash flow from operating activities | -474'710 | -1'751'877 | -596'188 | -1'939'429 |
| <i>Investing activities</i> | | | | |
| – purchase of property, plant and equipment | -602'956 | -34'422 | -681'638 | -113'985 |
| + sale/divestment of property, plant and equipment | 19'259 | - | 22'942 | - |
| – purchase of intangible assets | - | -28'388 | -191'288 | -28'388 |
| +/- inflow/outflow from change of financial assets | 35'652 | 38'228 | -9'961 | -72'564 |
| + sale of shares in subsidiaries | - | 50'000 | - | 50'000 |
| – acquisition of subsidiaries (added cash taken over) | - | -2'634'788 | -452'316 | -3'108'724 |
| Net cash flow from investing activities | -548'045 | -2'609'370 | -1'312'261 | -3'273'661 |
| <i>Financing activities</i> | | | | |
| + net proceeds from rights issue | - | 3'810'904 | - | 3'810'904 |
| +/- issuance/repayment of liabilities | - | -2'188'689 | - | - |
| +/- issuance/repayment of interest-bearing liabilities | 227'197 | -185'931 | 1'761'724 | 1'848'195 |
| Net cash flow from financing activities | 227'197 | 1'436'284 | 1'761'724 | 5'659'099 |
| Currency translation effects | 6'695 | 53'919 | 1'051 | 7'126 |
| Net change in cash | -788'863 | -2'871'044 | -145'674 | 453'135 |
| Cash, beginning of period | 1'583'252 | 3'811'107 | 940'063 | 486'928 |
| Cash, end of period | 794'388 | 940'063 | 794'388 | 940'063 |

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, 2017 | 107'553 | 1'939'699 | 483'705 | -253'020 | -945'540 | 1'332'398 | 61'385 | 1'393'783 |
| Share issue, 25 October | 73'815 | 3'133'246 | - | - | - | 3'207'061 | - | 3'207'061 |
| Share issue, 20 December | 9'202 | 594'640 | - | - | - | 603'843 | - | 603'843 |
| Net profit/loss | - | - | - | -307'419 | - | -307'419 | -96'381 | -403'800 |
| Transactions with minority | - | -105'722 | - | - | 133'423 | 27'701 | 22'299 | 50'000 |
| Acquisitions | - | 43'532 | - | - | - | 43'532 | 72'042 | 115'574 |
| Goodwill recognized in equity | - | - | - | - | -2'712'643 | - | - | - |
| Foreign currency differences | - | - | -104'725 | - | - | -104'725 | -1'648 | -106'373 |
| Dec 31, 2017 | 190'571 | 5'605'395 | 378'980 | -560'439 | -3'524'759 | 2'089'748 | 57'697 | 2'147'445 |
| 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 | - | - | - | - | -943'045 | -943'045 | -30'346 | -973'390 |
| Transactions with minority | - | - | - | - | - | 0 | -47'250 | -47'250 |
| Conversion adjustment | - | -66'734 | - | - | - | -66'734 | - | -66'734 |
| Goodwill recognized in equity | - | - | - | -96'644 | - | -96'644 | - | -96'644 |
| Foreign currency differences | - | - | -350'810 | - | - | -350'810 | -10'097 | -360'907 |
| Dec 31, 2018 | 190'571 | 5'538'661 | 28'170 | -657'083 | -4'467'804 | 632'516 | -29'997 | 602'520 |

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

SALES BY COUNTRY

| EUR | Oct-Dec | | Jan-Dec | |
|-----------------------------------|------------------|------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Haiti | 1'753'374 | 2'372'440 | 7'750'594 | 6'476'986 |
| Pakistan | 1'874'889 | 1'621'440 | 7'210'293 | 1'621'440 |
| Netherlands | 959'076 | 591'869 | 2'273'390 | 1'564'888 |
| Germany | 599'530 | 418'835 | 1'552'672 | 1'584'839 |
| Tanzania | 231'879 | 167'267 | 1'431'330 | 946'643 |
| Belgium | 259'266 | 483'563 | 1'360'640 | 1'787'925 |
| Uganda | 267'786 | 182'101 | 719'488 | 607'098 |
| Sweden | 279'477 | - | 727'485 | - |
| Saudi Arabia | 289'426 | - | 693'544 | - |
| Mauritius | 59'302 | -7'590 | 205'347 | 733'276 |
| Mexico | 166'019 | 155'184 | 225'330 | 422'720 |
| Botswana | 161'942 | 125'122 | 177'400 | 357'651 |
| Kenya | 0 | 0 | 13'994 | 8'436 |
| Other | 6'250 | 12'684 | 21'766 | 267'536 |
| Total net sales by country | 6'908'216 | 6'122'915 | 24'363'273 | 16'379'437 |

Currently the performance of the group is monitored on a country and region basis. The Board of Directors and management assess the business performance from a geographical point of view based on the country of each business operation, independent on legal entities. These segments are the basis of strategic decisions.

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

| | |
|---------------------------------------|------------------|
| Annual Report 2018 | 30 April 2019 |
| Annual shareholders' meeting 2018 | 24 May 2019 |
| Interim report January-March 2019 | 28 May 2019 |
| Interim report January-June 2019 | 29 August 2019 |
| Interim report January-September 2019 | 27 November 2019 |