

# Year-End Report

Jan-Dec 2022



## Oct 1<sup>st</sup> – Dec 31<sup>st</sup> 2022

- Net sales amounted to EUR 6 785 thousand (6 606), a 2.7 percent increase
- EBITDA of EUR 533 thousand (288) and EBITDA margin of 7.9 percent (4.4)
- EBIT of EUR 495 thousand (156) and EBIT margin of 7.3 percent (2.4)
- Net earnings after tax of EUR 1 324 thousand (-164)

## Jan 1<sup>st</sup> – Dec 31<sup>st</sup> 2022

- Net sales amounted to EUR 25 478 thousand (24 502), a 4.0 percent increase
- EBITDA of EUR 922 thousand (1 139) and EBITDA margin of 3.6 percent (4.6)
- EBIT of EUR 569 thousand (727) and EBIT margin of 2.2 percent (3.0)
- Net earnings after tax of EUR 986 thousand (-334)

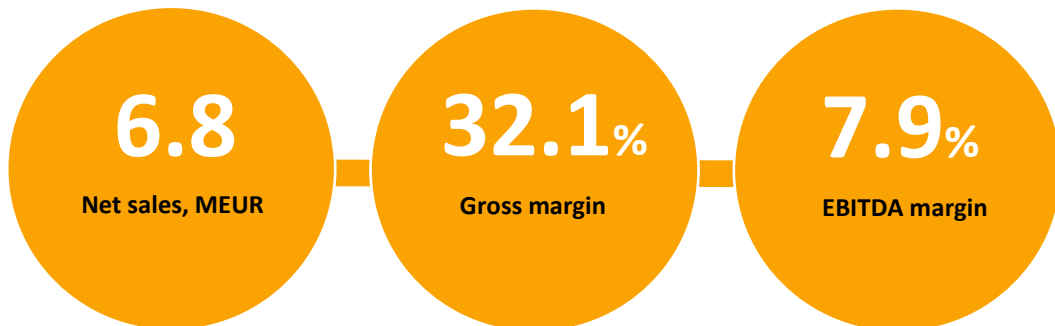
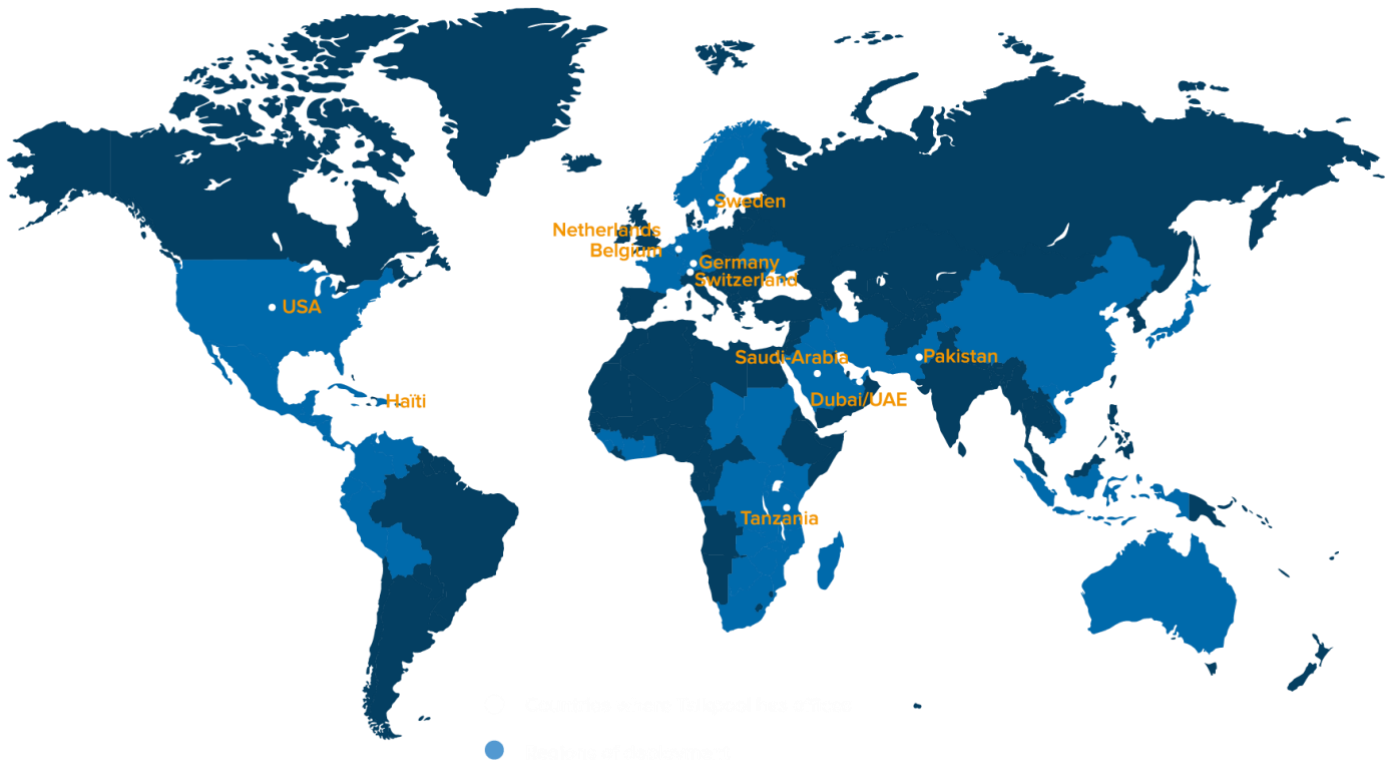
## October - December key developments

- All-time high quarterly Group Revenue of EUR 6 786 thousand
- All-time high quarterly Group Net Earnings of EUR 1 324 thousand
- Nordic Proptech all-time high revenue of EUR 1 790 thousand
- Talkpool Germany all-time high revenue of EUR 920 thousand
- Full repayment of the Nord SEK 24 million Bond loan
- Repayment of loans with NPTIS shares generated EUR 900 thousand profit
- Sale of Talkpool Netherlands with a total ROI of 320%
- Total debt reductions of EUR 3 500 thousand
- Total extraordinary gains of EUR 1 300 thousand
- Total yearly interest cost reductions of EUR 500 thousand
- Focus on debt reduction and financing through asset realization
- Talkpool Pakistan overachieved revenue and earnings budgets

*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 March 10, 2023.*

# 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

The fourth quarter of 2022 was one of the most important in Talkpool's history. Not only can Talkpool report an all-time high group revenue of EUR 6 786 thousand. The company also has the pleasure to report a net profit of EUR 1 324 thousand, which is by far the highest quarterly profit in Talkpool's history. The unaudited annual accounts show an all-time high revenue of EUR 25 478 and a net profit of EUR 986 thousand which is also an all-time high, and the first full year consolidated net profit after tax since Talkpool's IPO.

Even more importantly, Talkpool made a giant leap in reducing debt and securing financing. Financial costs were also reduced significantly when costly loans were repaid and substantial gains were achieved as assets were realised.

In October Talkpool AG signed a share purchase agreement for the sale of its shares in Talkpool Netherlands. Talkpool acquired the Dutch company, specialized in camouflaging mobile antenna sites, in October 2016 and developed the business towards tower and mobiles site implementation and maintenance services. In 2021 the revenue had grown from EUR 900 thousand in 2016 to EUR 3 730 thousand with 11% EBITDA. The transaction had a value of about EUR 1 300 thousand, which makes Talkpool's return on investment, including sales and operational profits since the acquisition exceed 320%. Talkpool AG used the proceeds partially to repay loans and partially to provide working capital.

In December Talkpool AG paid back the outstanding bond loan of SEK 24 000 thousand plus interest to Nord in good order. Talkpool performed a cash payment of SEK 7 million, that equals slightly more than half of the payment Talkpool AG received from management buyouts in the Netherlands and Tanzania. The remaining amount was repaid in Nordic Prop Tech Investment Services shares at a post-value of SEK 86.3 million.

In total annual costs were reduced by approximately 1.0 million Euros while loans amounting to approximately 3.0 million were repaid to the lenders and assets worth of 3.8 million Euros were sold.

These transactions were a first step in Talkpool's medium-term strategy to deleverage and concentrate on growth areas which offer an attractive bottom line.

The extraordinary events also contribute to strengthening the year-end balance sheet and profit/loss account.

Despite the slowdown of the global economy, Talkpool AG continued to receive sizable requests for services and orders from the USA and Germany, which see a significant demand in 5G and Glass Fibre services.

Talkpool intends to maximise cashflow through further cost-cuts, continuing amortizing loans and rejecting cashflow-negative projects.

The mentioned asset sales combined with the focus on cash and profit margins lead to lower growth going forward. Talkpool's shareholding in the Swedish business with its technology and growing recurring revenues was reduced to approximately 19% in Q4.

Some of the missing top-line will be compensated by rapid growth in the German network planning business, which had over 60% organic growth of revenue and staff in 2022. Investments in recruitment, staff competence development and software tools to increase the fibre network planning capacity and quality were done without service delivery interruption or earnings reduction. On the contrary operational costs were reduced through reorganisation and outsourcing. The underlying market demand for broadband network services in Germany continued to grow and hence the potential for a continued stable and profitable growth for Talkpool with current and future customers is high.

Pakistan is the world's fifth-most populous country, with a population of almost 243 million people. Talkpool's Pakistan operations has continued to operate with high service quality, strengthening its position as Pakistan's market leader in telecom network services while generating similar or higher profit margins compared to previous years. In Q4 Talkpool Pakistan overperformed its targets despite the political and financial challenges in country.

An SPA for the sale of Talkpool's shareholding in Pakistan and Saudi Arabia was signed in Q1, but later not honoured by the buyer, ZT Group. Due to the challenges with the sale of the Pakistani entity, we started a process of finding buyers for alternative valuable assets to deleverage the balance sheet of Talkpool AG. Having succeeded with that, we will now revisit the idea of selling the shareholding in Pakistan.

The proceeds will be used to fuel a new growth phase in Talkpool Group with investments in organic growth as well as acquisitions of communication high tech companies, primarily in Europe and the USA. If a sale can be achieved before August 1, Talkpool is considering using its option to buy back shares in Nordic PropTech in Sweden.

The growth pace in the USA was lowered when the expected proceeds from the sale in Pakistan did not materialise. Ongoing projects continued whereas the mobilisation of resources for new projects was held back. We built relations to several new customer accounts in the USA throughout the year, and we will take care of strategic and profitable opportunities as far as the financing capacity admits.

In addition to the sale of shareholdings in Talkpool Netherlands and Nordic PropTech, with the purpose to realize valuable assets, the planned divestment of non-strategic businesses in development countries continued.

The high inflation continued to create challenges in several countries. High energy prices are increasing the operational costs for Talkpool and its customers, but it is also creating new opportunities for energy saving solutions for real estate owners, telecom operators and tower companies.

## IoT

The IoT solutions sales in Sweden soared in the fourth quarter and revenue reached an all-time high of EUR 1 910 thousand as the demand for Nordic PropTech's energy saving solutions and electrical car charging stations increased.

The primary market driving use cases are still submetering in real estate and smart metering by utility companies. Using smart meters for these applications allows for strengthened control of water management systems, including the detection of leakages and the invoicing service.

The sale of the energy optimization solution, developed together with AI partner Myrspoven, gained speed again also outside of the Nordic

countries. Promising discussions with interesting customers made good progress.

Outside of Sweden Talkpool's market units, on the US and European markets in particular, were pursuing local IoT opportunities and initial smaller orders started materialising.

## 1<sup>st</sup> Quarter 2023

In January a 2-year convertible loan with 8% annual interest rate and an option to convert the loan to shares at SEK 6 per share valuation was launched. Four convertible loan contracts, totalling approximately EUR 430 thousand were signed in February and the funds have been fully received. Talkpool's Chairman Magnus Sparrholm and CEO Erik Strömstedt contributed with more than half of the loan amount. The received cash from the convertible loan will mainly be used to amortize other loans according to existing agreements.

In March Talkpool AG signed an agreement to pay back a convertible loan of EUR 700 thousand plus interest to Matthias Winter. The whole amount will be repaid in Nordic Prop Tech Investment Services shares at a post-value of SEK 86.3 million. This transaction reduces the remaining debts and financial costs of Talkpool significantly and generates a capital gain of EUR 218 thousand.

After a period of focus on deleveraging and strengthening the company financially, the management and the board of Talkpool are now looking ahead, creating the strategy for an exciting future for Talkpool. See you there!



Erik Strömstedt, CEO

# Financial development

## Key figures

	Q4 22	Q4 21	FY 22	FY 21
Sales, € thousand	6'785	6'606	25'478	24'502
Sales growth in %	2.7%	4.2%	4.0%	15.5%
Gross profit, € thousand	2'175	1'602	6'561	5'770
Gross margin	32.1%	24.2%	25.8%	23.5%
EBITDA, € thousand	533	288	922	1'139
EBITDA margin	7.9%	4.4%	3.6%	4.6%
EBIT, € thousand	495	156	569	727
EBIT margin	7.3%	2.4%	2.2%	3.0%

## Sales and gross margin

### October - December

Primarily driven by high revenues in Sweden and Germany, net sales increased by 2.7 percent to EUR 6 785 thousand (6 606) compared to the same quarter last year. This despite curbing growth in the USA, exiting Africa in June, selling its Dutch subsidiary in October and ramping down in Saudi Arabia.

The gross margin increased by 7.9 percentage points to 32.1 compared to Q4 2021. Especially driven by high revenue and gross profit in Sweden and Germany.

### January – December

Net sales increased by 4.0 percent to EUR 25 478 thousand (24 502) compared to the same period last year.

The gross margin increased by 2.3 percentage points to 25.8 compared to 2021.

## EBITDA

### October - December

EBITDA for the period ends up to EUR 533 thousand compared to EUR 288 thousand in Q4 2021.

### January – December

EBITDA for the year 2022 decreased to EUR 922 compared to EUR 1 139 thousand in the same period last year, mainly due to the low EBITDA in Q3 caused by high costs in Haiti.

## Net profit/loss

### October - December

The net earnings in Q4 2022 amounted to EUR 1 324 thousand compared to negative EUR 164 in Q4 2021. The high net profit was generated by a good EBITDA and significant extraordinary profits generated by the sale of shares in Camouflage and Nordic Proptech.

### January – December

The net earnings in 2022 amounted to EUR 986 thousand compared to negative EUR 334 in 2021.

# Financial position and cash flow

## Key figures

	Q4 22	Q4 21	FY 22	FY 21
Equity ratio	-14.5%	-30.6%	-14.5%	-21.3%
Return on equity	-96%	4.5%	-73.4%	13.8%
Net cash/debt, € thousand	-2'966	-5'654	-2'966	-5'674
Operating cash flow, € thousand	1 874	637	2 308	2'519

## Balance sheet and financial position

### 31 December 2022

As of 31 December, cash amounted to 1 527 thousand and net cash/debt to negative EUR 2 966 thousand. Loans amounting to approximately 3.0 million were repaid to the lenders and assets worth of 3.8 million Euros were sold.

The consolidated net equity ratio was negative 14.5 percentage points at the end of the last quarter.

All Talkpool's shares in Camouflage were sold in October and the company was not part of the Talkpool group from the 1st of November. The investment in Nordic Proptech changed from 51% to 19% by end of December. This is from now on shown as an investment and will not be consolidated anymore. These transactions had an impact on the assets and equity of the consolidated figures.

## Cash-flow and investments

### January – December

The cash flow from operating activities over 2022 amounted to EUR 2 308 thousand.

## 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 28-32 in the Talkpool annual report 2021.

## Significant events after the period

See CEO comments for Q1 2023 on page 4.

## Certified advisor

Erik Penser Bank is Talkpool's Certified Advisor.

## Auditor's review

The company's auditors have not audited this report.

Chur, 10 March 2023

Erik Strömstedt

CEO Talkpool AG

# Summary of financial reports

## Consolidated income statement

EUR	Oct – Dec 2022	Oct – Dec 2021	Jan – Dec 2022	Jan – Dec 2021
Net revenue from goods and services	6'785'145	6'605'821	25'478'188	24'501'565
Cost of sales	-4'609'919	-5'003'975	-18'917'286	-18'731'757
<b>Gross profit</b>	<b>2'175'227</b>	<b>1'601'847</b>	<b>6'560'902</b>	<b>5'769'808</b>
Selling expenses	-336'186	-345'275	-1'273'791	-851'7992
Administrative expenses	-1'289'990	-1'191'300	-4'680'146	4'518'079
Other operating income & expenses	-54'336	90'498	-37'473	327'423
<b>Operating result</b>	<b>494'715</b>	<b>155'769</b>	<b>569'492</b>	<b>727'360</b>
Financial net	938'590	-275'890	793'619	-806'137
<b>Profit/loss before income taxes</b>	<b>1'433'304</b>	<b>-120'120</b>	<b>1'363'112</b>	<b>-78'776</b>
Income taxes	-109'256	-43'802	-377'020	-255'694
<b>Net profit/loss</b>	<b>1'324'049</b>	<b>-163'922</b>	<b>986'091</b>	<b>-334'471</b>
<b>Net income attributable to:</b>				
Stockholders of the parent company	1'148'607	-166'513	879'000	-494'873
Minority interests	175'441	2'591	107'092	160'403
<b>Other information</b>				
Average number of shares	6'778'097	6'778'097	6'778'097	6'682'883
Earnings per share (no dilutive effects)	0.17	-0.02	0.13	-0.07
Number of shares, end of period	6'778'097	6'778'097	6'778'097	6'778'097
Earnings per share (no dilutive effects)	0.17	-0.02	0.13	-0.07

# Consolidated balance sheet

EUR	Dec 31 2022	Dec 31 2021
<b>ASSETS</b>		
<i>Current assets</i>		
Cash	1'526'855	1'509'324
Trade receivables	1'447'271	2'788'789
Other current receivables	1'748'141	2'121'354
Inventories and unvoiced services	1'153'275	2'197'473
Prepaid expenses and accrued income	230'656	388'124
<b>Total current assets</b>	<b>6'106'197</b>	<b>9'005'064</b>
<i>Non-current assets</i>		
Financial assets	27'964	520'570
Investments in associates and joint venture	1'123'694	8'449
Intangible assets	132'004	743'144
Property, plant and equipment	881'650	1'387'006
<b>Total non-current assets</b>	<b>2'165'311</b>	<b>2'659'170</b>
<b>TOTAL ASSETS</b>	<b>8'271'509</b>	<b>11'664'234</b>
<b>LIABILITIES AND EQUITY</b>		
<i>Current liabilities</i>		
Trade payables	1'312'422	2'410'782
Current interest-bearing liabilities	1'984'089	4'431'728
Other current liabilities	824'893	1'203'453
Accrued expenses and deferred income	2'260'968	2'927'238
<b>Total current liabilities</b>	<b>6'382'372</b>	<b>10'973'201</b>
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	2'509'472	2'751'263
Provision	404'270	428'904
<b>Total non-current liabilities</b>	<b>2'913'742</b>	<b>3'180'167</b>
<b>Total liabilities</b>	<b>9'296'114</b>	<b>14'153'368</b>
<i>Equity</i>		
Stockholders' equity	-1'197'081	-3'579'069
Minority interest in equity of subsidiaries	172'475	1'089'936
<b>Total equity</b>	<b>-1'024'606</b>	<b>-2'489'134</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8'271'509</b>	<b>11'664'234</b>

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



# Consolidated cash flow statement

EUR	Oct – Dec 2022	Oct – Dec 2021	FY 2022	FY 2021
<i>Operating activities</i>				
Net profit/loss	1'324'049	-111'025	986'091	-334'471
+/- adjustment for items not affecting cash flow	708'100	339'083	549'012	800'141
+/- increase/decrease of working capital	-157'735	409'116	773'209	2'053'466
<b>Net cash flow from operating activities</b>	<b>1'874'414</b>	<b>637'174</b>	<b>2'308'310</b>	<b>2'519'136</b>
<i>Investing activities</i>				
Investments in property, plant and equipment	-65'436	-218'247	-83'634	-997'960
Sale/divestment of property, plant and equipment	-	-	-	7'484
Investments in intangible assets	-27'463	-285'270	-	-361'504
Inflow/outflow from change of financial assets	-492'606	-	-492'606	-334'042
Dividends paid to minority	-	-35'069	-59'835	-74'136
Acquisition of subsidiaries	1'381'847	-	1'278'948	-7'306
<b>Net cash flow from investing activities</b>	<b>796'342</b>	<b>-538'586</b>	<b>642'873</b>	<b>-1'767'464</b>
<i>Financing activities</i>				
Net proceeds from share issue	-	-	-	867'103
Net issuance (repayment) of interest-bearing liabilities	-2'439'013	-86'488	-2'714'064	-1'156'333
<b>Net cash flow from financing activities</b>	<b>-2'439'013</b>	<b>-86'488</b>	<b>-2'714'064</b>	<b>-289'230</b>
Currency translation effects	-223'255	25'768	-219'589	-25'918
<b>Net change in cash</b>	<b>8'488</b>	<b>37'868</b>	<b>17'530</b>	<b>436'524</b>
Cash, beginning of period	1'518'366	1'471'054	1'509'324	1'072'799
Cash, end of period	1'526'855	1'508'921	1'526'855	1'509'324

# 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
<b>Jan 1, 2021</b>	<b>257'725</b>	<b>7'501'119</b>	<b>-712'076</b>	<b>-5'963'661</b>	<b>-3'363'031</b>	<b>-2'279'924</b>	<b>631'800</b>	<b>-1'648'124</b>
Net profit/loss	-	-	-	-334'471	-	-334'471	-160'403	-494'873
Share issue	18'010	4'383'414	-	-	-	4'401'424	-	4'401'424
Acquisition of subsidiaries	-	-	-	-	-5'398'946	-5'398'946	618'538	-4'780'408
Foreign currency differences	-	-	32'847	-	-	32'847	-	-527'472
<b>Dec 31, 2021</b>	<b>257'725</b>	<b>11'884'533</b>	<b>-679'229</b>	<b>-6'298'132</b>	<b>-8'761'977</b>	<b>-3'579'070</b>	<b>1'089'935</b>	<b>-2'489'134</b>
<b>Jan 1, 2022</b>	<b>275'735</b>	<b>11'884'533</b>	<b>-679'229</b>	<b>-6'298'132</b>	<b>-8'761'977</b>	<b>-3'579'070</b>	<b>1'089'935</b>	<b>-2'489'135</b>
Net profit/loss	-	-	-	986'091	-	986'091	-107'092	878'999
Share issue	-	-	-	-	-	-	-	-
Disposal of subsidiaries/change in investments	-	-3'501'402	-621'347	-886'911	6'405'558	1'395'898	-810'367	585'531
Foreign currency differences	-	-	-	-	-	-	-	-
<b>Dec 31, 2022</b>	<b>275'735</b>	<b>8'383'131</b>	<b>-1'300'576</b>	<b>-6'198'952</b>	<b>-2'356'419</b>	<b>-1'197'081</b>	<b>172'475</b>	<b>-1'024'606</b>

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
Equity ratio	Equity 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

## Further information

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## Financial calendar

Audited annual report January - December 2022 .....	21 Apr 2023
Annual Shareholder's meeting.....	16 May 2023
Interim report January - March 2023.....	25 May 2023
Interim report January - June 2023.....	31 Aug 2023
Interim report January - September 2023 .....	17 Nov 2023