

Q4

Year-end Report

January - December 2023



The quarter in brief

OCT 1ST – DEC 31ST 2023

- Net sales of EUR 4 538 thousand (EUR 6 805 thousand in Q4 2022)
- EBITDA of EUR 848 thousand (589) and EBITDA margin of 18.7 percent (8.7%)
- EBIT of EUR 791 thousand (528) and EBIT margin of 17 percent (7.8%)
- Net earnings after tax of EUR 247 thousand (1 744) and net EAT margin of 5.4 percent (25.6%)

JAN 1ST – DEC 31ST 2023

- Net sales of EUR 15 871 thousand (EUR 25 497 thousand in 2022)
- EBITDA of EUR 2 006 thousand (1 020) and EBITDA margin of 12.6 percent (3.9%)
- EBIT of EUR 1 842 thousand (603) and EBIT margin of 11.6 percent (2.4%)
- Net earnings after tax of EUR 958 thousand (1 240) and net EAT margin of 6 percent (4.9%)

OCTOBER - DECEMBER KEY DEVELOPMENTS

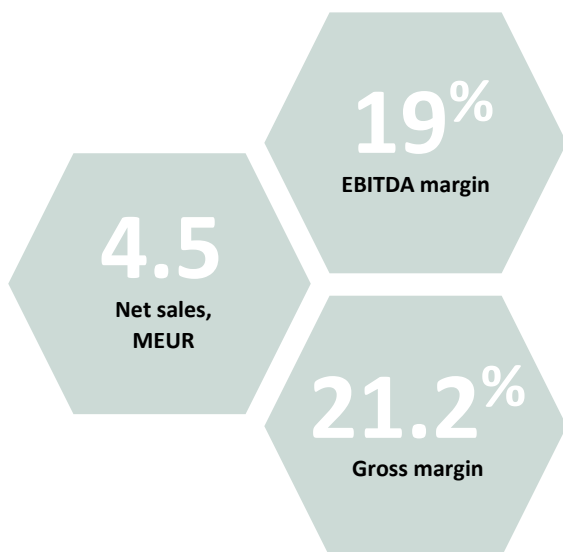
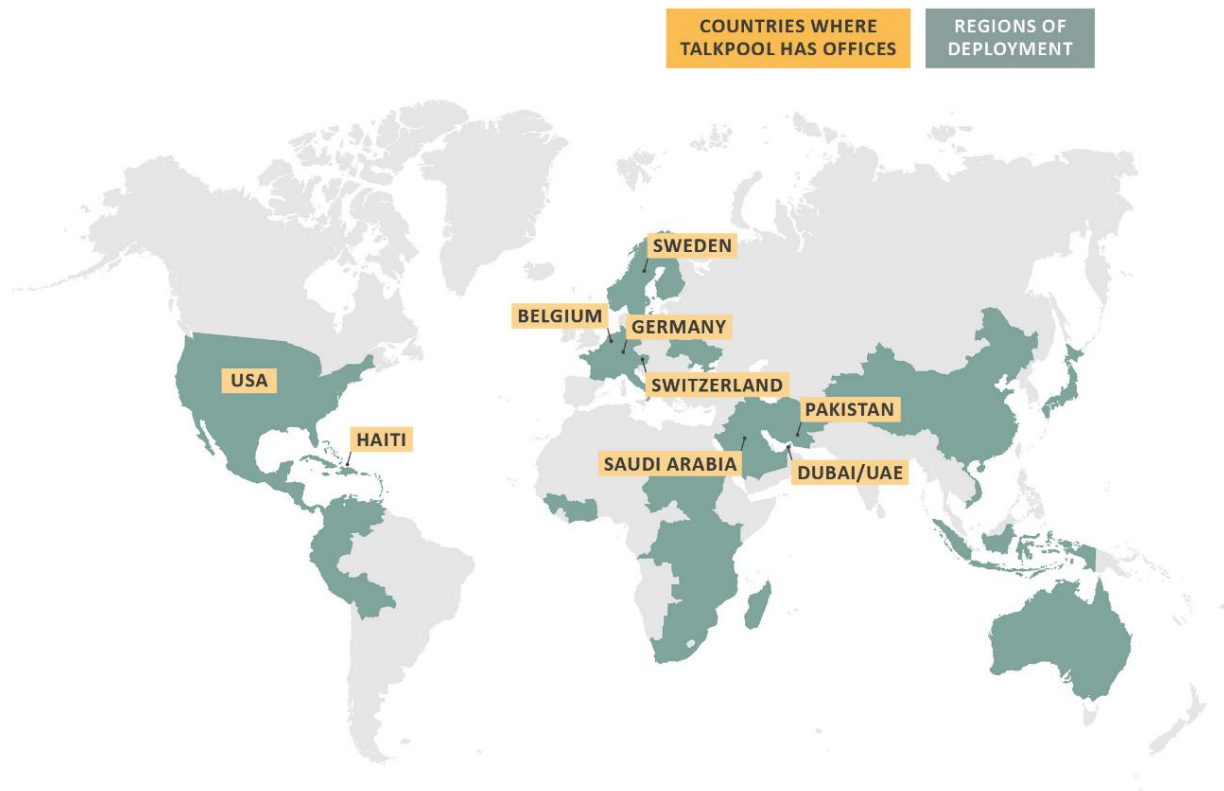
- Focus on cashflow and streamlining of business operations
- Approximately EUR 400 thousand amortization and settlement payments made in 23Q4
- Disruptions within the board of directors and management led to the Chairman stepping in as interim CEO in October
- All Talkpool's businesses performed well. The companies in Switzerland and Germany continued the positive trend. The business in Pakistan improved performance in Q4 after three poor quarters
- Earnings continue to improve: EBITDA, EBIT and EAT (Earnings After Tax)
- The process of selling our business in Pakistan has taken a very long time. A binding offer has been received but no agreement has been made and the outcome is still uncertain

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 Tuesday, 12 March 2024.

This is Talkpool

Talkpool has discontinued its growth path by selling and closing many businesses. The company has given up 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 network planning, 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.



CEO Comments

The company has during 2023 refocused its business on telecom network services while continuing the streamlining of its business. Operational performance improved and loans were reduced throughout 2023.

Profit and Loss Accounts as well as Balance Sheets continued to strengthen and shrink during the calendar year 2023. For the first time in many years, the:

- consolidated equity reached above zero
- Swiss headquarters reached a net profit in 23Q4 and for the full year 2023

Income from operations covered all HQ overhead costs including listing costs in Stockholm and Frankfurt.

The German fixed network planning operation continued to impress in the 4th quarter. In addition to the increasingly positive operational cashflow, the German business has received (mainly unused) bank credit lines amounting to a total of around EUR 900 thousand.

A major shareholder (MW) that has sold a large amount of TALK shares over the market from 2021 until 2023, has sold his last Talkpool shares, so the downward trade sale pressure from that investor has ended.

Traders in Frankfurt and Stockholm shied away from assisting Talkpool with launching a share buy-back scheme as they fear the regulator are likely to disapprove of purchases while the trading volumes are so low.

BEGINNING OF 2024

I'm filled with energy to take on any remaining challenges, trim our business further and prepare for a new dream. I believe this positive energy is starting to show results.

The sales attempts of the Pakistani business continue to drag on. Although an agreement with a buyer still isn't unlikely after receiving a binding offer and concluding Due Diligence, the delay in negotiations with interested buyers continues to be a major insecurity. A decision has been made to discontinue attempts to sell the Pakistani business if it hasn't been sold by the end of March 2024.

I'm very glad to announce that Erik Strömstedt has decided to stay with Talkpool as COO. Erik has been Talkpool's CEO for over 20 years, so he knows the business and the telecoms industry very well. After I complete my interim period as CEO, I hope that Erik will resume as CEO of a quality-centric telecom network business.

Preparations for the launch of a share options scheme are well underway and I hope to announce the launch in March 2024.

We've started to develop a new strategy in Germany. After a German-centric strategy has been found, we will create a new overall growth strategy for Talkpool's global business.



Magnus Sparrholm in Rosegtal on the 1st of March 2024 while cross-country skiing during 2 meter fresh snowfall

Financial development

KEY FIGURES

	Q4 2023	Q4 2022	FY 2023	FY 2022
Sales, € thousand	4'538	6'805	15'871	25'498
Sales growth in %	-33.3%	3%	-37.8%	4.1%
Gross profit, € thousand	964	2'081	3'890	6'466
Gross margin	21.2%	30.6%	24.5%	25.4%
EBITDA, € thousand	848	589	2'006	1'020
EBITDA margin	18.7%	8.7%	12.6%	4%
EBIT, € thousand	791	528	1'842	603
EBIT margin	17%	7.8%	11.6%	2.4%

SALES AND GROSS MARGIN

October - December

Net sales grew much faster than expected at the end of 2023, from EUR 3.8 million in the 3rd quarter of 2023 (23Q3) to EUR 4.5 million in the 4th quarter. We had expected revenues of approximately EUR 4.2 million, so the strong growth to EUR 4.5 million in 23Q4 came as a surprise. The revenues are however much lower than the EUR 6.8 million sales a year ago (in 22Q3) as revenues from Sweden, the Netherlands, Tanzania and Belgium (since August) no longer are consolidated.

The Gross Margin decreased to 21.2 percent in 23Q4. The low Gross Margin stems from accounting practices whereby some operational staff receive annual bonuses and extra payments every December. This accounting practice will change in 2024 so that the budgeted December costs are accrued over the whole year.

January – December

Net sales in 2023 decreased to EUR 15 871 thousand, from EUR 25 498 a year ago because four subsidiaries have been deconsolidated from the group.

The Gross Margin of 24.5 percentage points in 2023 was almost identical compared to GM in 2022.

EBITDA

October - December

Despite much lower revenues and unchanged gross margins, EBITDA for 23Q4 increased to EUR 848 thousand compared to EUR 589 thousand in the fourth quarter 2022.

January – December

EBITDA for 2023 doubled to EUR 2 006 thousand compared to EUR 1 020 thousand in 2022. Costs for Sales, General and Administration has been substantially reduced. Talkpool has during 2023 become much more efficient.

The EBITDA margin stemming from normal operations more than doubled during 2023, from approximately 4% in Q1 to 10% in Q4. Extraordinary one-time effects further increased the EBITDA margin to 19% in 23Q4.

NET PROFIT/LOSS

October - December

The net earnings after tax in Q4 2023 amounted to EUR 247 thousand compared to EUR 1 744 thousand in the same quarter 2022. The very high net earnings in 2023 were generated by an extraordinary one-off event.

The Pakistani company had its best quarter in a long time (with 12% EBITDA and 9% EAT in Q4), up from very weak results (with 4% EBITDA and -1% EAT) in Q3.

January – December

The net earnings after tax in 2023 amounted to EUR 958 thousand compared to EUR 1 240 thousand in 2022.

Over 80% of the net earnings in 2023 were generated by ongoing operational business. The net impact from extraordinary events reached EUR 170'000 for the whole year 2023. This is 10 times lower than the net impact from extraordinary events in 2022.

The bankruptcy in Belgium caused a negative extraordinary effect of EUR 533 thousand (goodwill recycling) plus an operational loss of around EUR 100 thousand in 2023.

Financial position and cash flow

KEY FIGURES

	Q4 2023	Q4 2022	FY 2023	FY 2022
Equity ratio	2.5%	-14.3%	2.5%	-14.3%
Return on equity	1070%	-86.6%	4438%	-92.2%
Net cash/debt, € thousand	-2'070	-3'186	-2'070	-3'186
Operating cash flow, € thousand	-757	-327	672	107

BALANCE SHEET AND FINANCIAL POSITION

31 December 2023

For the first time in many years, the consolidated Equity is now positive. Past years' negative equity was mainly caused by Talkpool's unusual accounting practice to offset goodwill against equity. The deleveraging combined with improved financial performance has brought the equity above zero, to EUR 166'130 at the end of 2023.

CASH-FLOW AND INVESTMENTS

January - December

As of 31 December, cash amounted to 1 035 thousand. The cash flow from operating activities over the year 2023 amounted to EUR 672 041 thousand. The ongoing amortization of loans and settlement payments has been and still is putting substantial pressure on Talkpool's cashflow. Liquidity was Talkpool's top priority during 2023 as business from clients was turned down, sales activities reduced to a minimum and all non-vital cash-consuming activities were closed.

The net debt was reduced to EUR 2 070 thousand at the end of 2023, down from over EUR 6 million in mid-2022.

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 2022.

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, 12 March 2024
Magnus Sparrholm
Interim CEO Talkpool AG

Summary of financial reports

CONSOLIDATED INCOME STATEMENT

EUR	Oct - Dec		Jan - Dec	
	2023	2022	2023	2022
Net revenue from goods and services	4'538'192	6'804'598	15'871'355	25'497'641
Cost of sales	-3'574'149	-4'723'943	-11'981'711	-19'031'310
Gross profit	964'043	2'080'655	3'889'644	6'466'331
Selling expenses	-85'655	-309'389	-351'367	-1'246'994
Administrative expenses	-791'434	-1'164'164	-2'509'109	-4'554'320
Other operating income & expenses	704'533	-79'085	812'421	-62'222
Operating result	791'488	528'017	1'841'588	602'795
Financial net	-421'083	1'325'404	-335'966	1'180'433
Profit before income taxes	370'404	1'853'421	1'505'622	1'783'228
Income taxes	-123'656	-109'256	-547'369	-543'091
Net profit	246'749	1'744'165	958'253	1'240'137
Net income attributable to:				
Stockholders of the parent company	231'549	1'148'607	960'775	1'222'802
Minority interests	15'200	595'558	-2'522	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>6'778'097</i>
<i>Earnings per share (no dilutive effects)</i>	<i>0.03</i>	<i>0.17</i>	<i>0.14</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>0.03</i>	<i>0.17</i>	<i>0.14</i>	<i>0.18</i>

Consolidated balance sheet

EUR	December 31 2023	December 31 2022
ASSETS		
<i>Current assets</i>		
Cash	1'035'045	1'526'855
Trade receivables	1'559'109	1'447'271
Other current receivables	1'394'100	1'607'669
Inventories and unvoiced services	1'168'190	1'157'331
Prepaid expenses and accrued income	117'933	187'291
Total current assets	5'274'377	5'926'416
<i>Non-current assets</i>		
Other financial assets	6'759	27'964
Investments in associates and financial assets	501'589	1'138'490
Intangible assets	116'453	159'538
Property, plant and equipment	617'621	854'116
Total non-current assets	1'242'421	2'180'107
TOTAL ASSETS	6'516'798	8'106'524
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Trade payables	1'225'786	1'312'880
Current interest-bearing liabilities	1'766'586	2'944'471
Other current liabilities	415'781	778'023
Accrued expenses and deferred income	1'282'003	2'032'349
Total current liabilities	4'690'156	7'067'724
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities	1'338'765	1'768'654
Provision	321'748	426'281
Total non-current liabilities	1'660'512	2'194'935
Total liabilities	6'350'668	9'262'660
<i>Equity</i>		
Stockholders' equity	21'650	-1'325'888
Minority interest in equity of subsidiaries	144'480	169'752
Total equity	166'130	-1'156'136
TOTAL LIABILITIES AND EQUITY	6'516'798	8'106'524

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	
	2023	2022	2023	2022
<i>Operating activities</i>				
Net profit/loss	246'749	1'744'165	958'253	1'240'137
+/- adjustment for items not affecting cash flow	-316'956	-914'380	465'552	-1'087'168
+/- increase/decrease of working capital	-686'529	-1'156'969	-751'764	-46'257
Net cash flow from operating activities	-756'736	-327'184	672'041	106'712
<i>Investing activities</i>				
Investments in property, plant and equipment	-259'240	-188'447	-	-206'645
Sale/divestment of property, plant and equipment	400'838	-	443'923	-
Investments in intangible assets	-46'456	-81'226	-	-53'763
Inflow/outflow from change of financial assets	-1'459	102'966	-	102'966
Dividends paid to minority	-	-	-	-59'835
Sale of subsidiaries	-	1'380'661	-	1'277'762
Net cash flow from investing activities	93'683	1'213'954	443'923	1'060'485
<i>Financing activities</i>				
Net Issuance (repayment) of interest-bearing liabilities	791'878	-737'702	-1'607'774	-1'012'753
Net cash flow from financing activities	791'878	-737'702	-1'607'774	-1'012'753
Currency translation effects	98'836	-140'580	-	-136'914
Net change in cash	227'661	8'488	-491'810	17'530
Cash, beginning of period	807'384	1'518'366	1'526'855	1'509'324
Cash, end of period	1'035'045	1'526'855	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, 2022	275'735	11'884'533	-679'229	-6'298'132	-8'761'977	-3'579'070	1'089'935	-2'489'135
Net earnings	-	-	-	1'222'802	-	1'222'802	17'335	1'240'137
Disposal of subsidiaries	-	-3'501'402	-1'093'957	-	5'608'403	1'013'044	-937'518	75'526
Foreign currency differences	-	-	-	-	17'335	17'335	-	17'335
Dec 31, 2022	275'735	8'383'131	-1'773'186	-5'075'333	-3'136'239	-1'325'889	169'752	-1'156'136
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	-	-	-	958'253	-	958'253	2'522	960'775
Liq. of subsidiary incl. foreign currency differences	-	-	620'952	-1'545'176	1'313'511	389'287	-27'794	361'493
Dec 31, 2023	275'735	8'383'131	-1'152'234	-5'662'253	-1'822'728	21'650	144'480	166'130

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 = Net Profit
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.
23Q4	The fourth quarter of year 2023.

Further information

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Financial calendar

Annual report 2023	30 April 2024
Interim report January – March 2024	31 May 2024
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