

# Q3

## Interim Report January - September 2024

talkpool

## The quarter in brief

### JUL 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

- Net sales of EUR 4 128 thousand (compared to EUR 3 749 thousand in Q3 2023)
- EBITDA of EUR 523 thousand (564) and EBITDA margin of 12.7% (15.0%)
- EBIT of EUR 480 thousand (530) and EBIT margin of 11.6% (14.1%)
- Net Earnings After Tax of EUR 147 thousand (307) and net EAT margin of 3.6% (8.2%)

### JAN 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

- Net sales amounted to EUR 11 787 thousand (compared to EUR 11 333 in 2023)
- EBITDA of EUR 1 328 thousand (1 158) and EBITDA margin of 11.3% (10.2%)
- EBIT of EUR 1 198 thousand (1 050) and EBIT margin of 10.2% (9.3%)
- Net Earnings After Tax of EUR 463 thousand (712) and EAT margin of 3.9% (6.3%)

### JULY – SEPTEMBER KEY DEVELOPMENTS

- The overall results from June to September 2024 clearly exceeded Talkpool's internal expectations. Operational performance continued close to all-time high levels. The companies in Germany and Switzerland overperformed whereas the Pakistani business continued to underperform in the third quarter.
- A decision to initiate conversion of loans amounting to approximately EUR 465'000 into 877'482 shares was initiated. After completing the conversion, this will result in a EUR 465'000 reduction of debt for Talkpool AG and an increase of issued shares from 6'778'097 to 7'655'579 shares.
- Talkpool intensified contacts with clients, partners and advisors in an iterating work to find its path in the next years. The board of directors met for a September strategy work-shop in which several groundbreaking changes for Talkpool's industry were discussed. On the 30th of September, Talkpool's board of directors published a financial summary and a first indicative guidance to shareholders of the upcoming growth plans.

*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 Thursday the 28<sup>th</sup> of November 2024.*

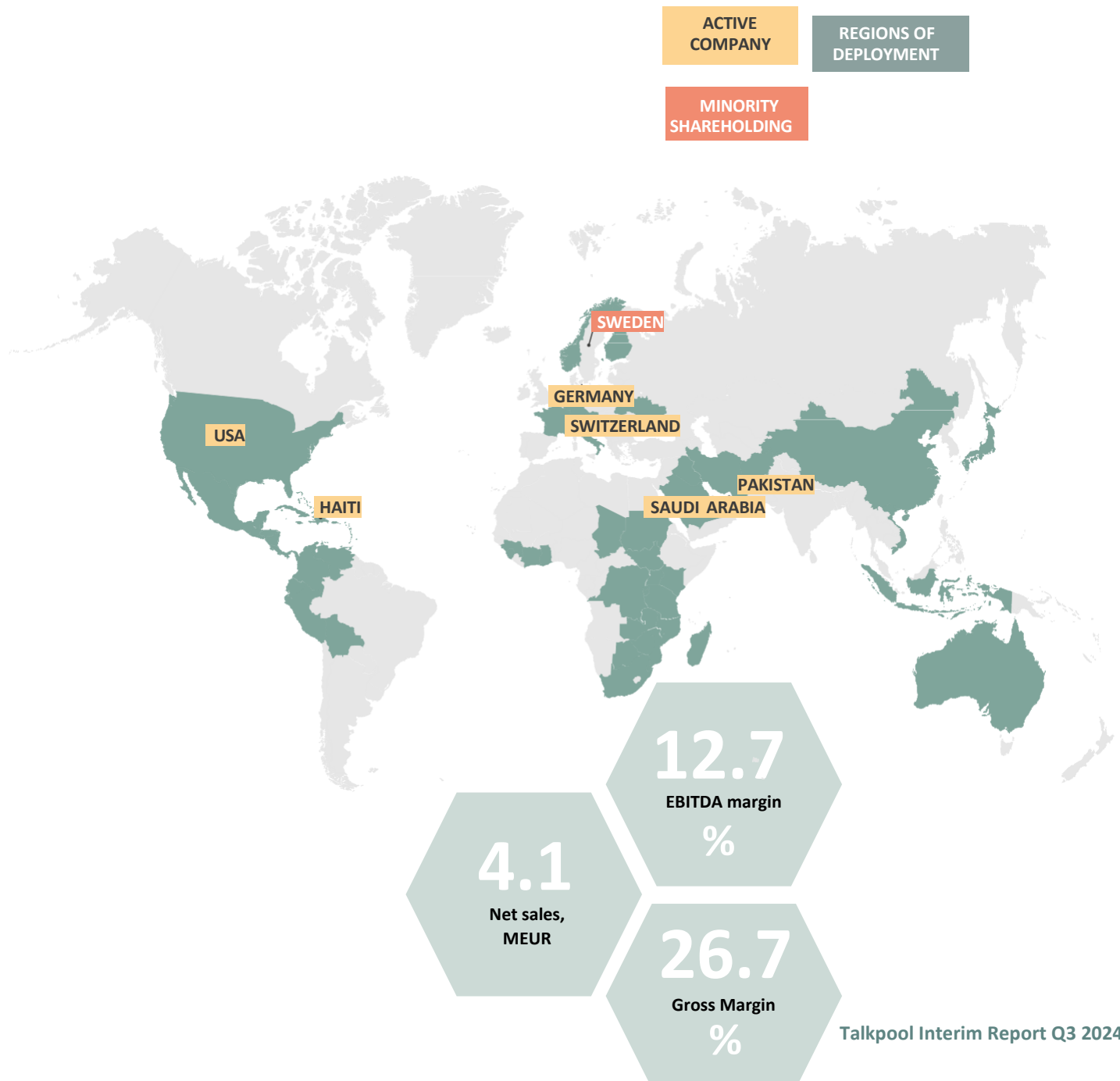
# This is Talkpool

Talkpool works behind the scenes to plan, build and improve large communication networks. Competences include Project Management, Human Resources Management, implementation of new technology including hardware and software. The company partners with Original Equipment Manufacturers to distribute, integrate and maintain technology that enhances telecommunication infrastructure.

Talkpool has global geographical reach and experience. The business has three main companies:

- Germany: Fixed network planning of fibre and Copper technology performed by 40 staff
- Switzerland: One large Operation and Maintenance project of a complete mobile and fixed network in the Caribbean performed by approx. 400 staff
- Pakistan: Market leader with 45 projects to plan, implement, integrate, optimize and refurbish telecom sites performed by almost 1'000 staff

Talkpool also owns businesses in the USA, Saudi Arabia and Sweden. The company is traded in Stockholm (Nasdaq First North) and Frankfurt (Deutsche Börse). The business has Swedish roots, is majority-owned by Swedish shareholders and managed by a Swedish team. A streamlined and efficient business is now emerging after a turnaround period that has taken several years.



# Management Comments

The streamlining of Talkpool continued in the third quarter of 2024, as the company maintained a steady course. In addition to continuing delivering good service quality in existing markets, a growth initiative was initiated after the summer of 2024.

The operations in Pakistan and Saudi Arabia are going through big changes. As a first step, a sales effort to increase revenues, primarily from clients outside Pakistan was ramped up during the 3<sup>rd</sup> quarter. The following new contracts have been signed:

- A first small project for remote mobile network optimization was successfully carried out in Iraq
- Preparations were made to start a new long-term field maintenance contract for 2'000 mobile telecom sites on the 1<sup>st</sup> of October
- One order and positive feedback from several clients on proposals for enhancing productivity by implementing Artificial Intelligence technology

As part of the change, the company in Pakistan has changed name from LCC to Talkpool Pakistan Ltd and a new auditor has been elected. The turnaround in Pakistan and Saudi Arabia lags behind that of other markets, but there's a positive trend and a small profit is expected in Pakistan for the full-year 2024.

Talkpool follows a motto to "reduce to the MAX" this year, but further reductions can be achieved. As an example, Talkpool can reduce its taxation. In Q3 a 65% tax (EUR 268'937) was paid on profits before tax of EUR 416'105. There is room for improvement and actions are required.

As a goodwill gesture, Talkpool has invested considerable effort to claim a tax refund from old bond

interest payments. The claim is to the benefit of 66 Swedish investors that two years ago received shares in Nordic Propeye AB as repayment for a bond.

Talkpool's growth journey in Germany continued during the quarter and the company exceeded all expectations for the seventh consecutive quarter. Talkpool's role as a strategic service partner to Deutsche Telekom was further strengthened during the quarter.

Also Talkpool's Haitian operations continued to overperform. In Haiti, Talkpool invested in tools and staff to ensure the quality of the 24/7 network operations and maintenance services for Digicel's network that Talkpool has been providing for 18 years.

Looking ahead, the business is entering into a growth phase as more resources will be allocated to sales, business development, strategic planning, and crafting a new business plan



# Strategic Guidance

Talkpool is currently reviewing its strategy and business plan. The board of directors made a first press release at the end of September and a second press release with more detailed information about the future plans is due in December 2024. The following text is extracted from the first press release:

Mon, Sep 30, 2024 08:30 CET

Talkpool AG (Nasdaq First North: TALK), a prominent player on the telecommunication network services market, today announced its readiness to enter a new growth phase following a highly successful two-year stabilization period.

The company has dramatically improved its financial position, setting the stage for strategic expansion and increased market presence in the evolving telecom landscape.

## Financial Highlights:

- Net debt reduced by 73%, from -€6.20 million in mid-2022 to -€1.65 million by mid-2024
- Equity improved by over €4.0 million, from -€3,576,884 in mid-2022 to €89,871 by mid-2024
- EBIT margin increased from approximately 2% to 10% over the same period
- Stable annual revenues of around €16 million maintained throughout 2023 and 2024, following divestments in 2021 and 2022

Erik Strömstedt, COO, stated, "Our team's dedication and strategic focus over the past two years have transformed our financial landscape. We've not only significantly reduced our debt but also substantially improved our profitability and equity position. This positions us strongly for our next phase of growth in the dynamic telecom sector." The company's successful stabilization strategy included:

1. Streamlining operations
2. Optimizing cost structures
3. Strengthening the German business
4. Focusing on high-margin services

"We now have the financial flexibility to invest in growth opportunities. Our improved financial health and profitability create a solid foundation for sustainable growth and increased shareholder value in the rapidly evolving telecom market." Looking ahead, Talkpool plans to leverage its strengthened financial position to:

- Grow its existing business with maintained tight cash flow management
- Launch new service offerings based on technological innovation

## Forward guidance from Talkpool's Board of Directors

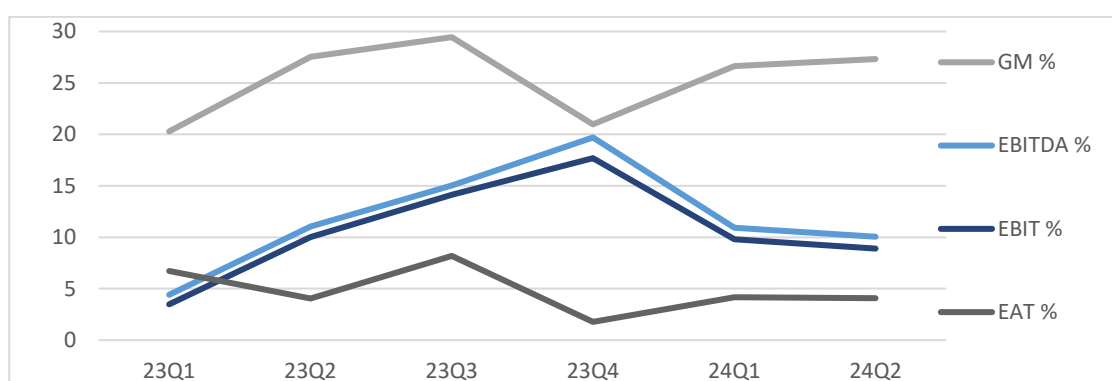
New technologies such as Artificial Intelligence and 5G Standalone networks are opening for efficiencies and innovation as well additional revenues for Communication Service Providers (CSP) and the wider Telecoms sector. Operators are tapping into important new pools of revenues, working closely with enterprise- and industry customers. They are expanding offerings from basic connectivity to more advanced services and business models. After evaluating Telecom industry trends and Talkpool's current positioning, the board believes that the company has substantial opportunities supporting this expansion.

The board of directors pledges to develop a new strategy and business plan during the coming months, with a commitment to communicate new future guidance to the market before the end of 2024. "The telecom industry is at a pivotal point with the advent of AI and pure 5G networks," said Magnus Sparrholm. "Talkpool's improved financial position and technical expertise place us in an excellent position to capitalize on these emerging opportunities and drive value for our shareholders."

# Financial development

## KEY FIGURES

	Q3 2024	Q3 2023	Jan-Sep 2024	Jan-Sep 2023	FY 2023
Sales, € thousand	4'128	3'749	11'787	11'333	15'607
Sales growth in %	10.1%	-35.3%	4.0%	-39.4%	-38.8%
Gross profit, € thousand	1'100	1'104	3'164	2'926	3'822
Gross margin	26.7%	29.4%	26.8%	25.8%	24.5%
EBITDA, € thousand	523	564	1'328	1'158	1'980
EBITDA margin	12.7%	15.0%	11.3%	10.2%	12.7%
EBIT, € thousand	480	530	1'198	1'050	1'806
EBIT margin	11.6%	14.1%	10.2%	9.3%	11.6%



Profit margin development

## SALES AND GROSS MARGIN

### JUL 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

Revenues in the third quarter increased by 10.1% compared to Q3 last year. This is a first sign that Talkpool has started to grow after several years of reducing and flat revenues.

The profit margins in the third quarter last year were exceptionally good. The 26.7% Gross Margin in Q3 2024 was in line with previous quarters, but much lower than the 29.4% GM in Q3 2023.

### JAN 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

Revenues for the first nine months of 2024 were slightly higher than those of the same period of 2023.

The gross margin in 2024 has been very stable around 27% throughout this year, with an average of 26.9%. This is 1% higher than the gross margin for the same period last year.

## EBITDA

### JUL 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

The EBITDA amounted to EUR 523 thousand, slightly less than EUR 564 thousand same period last year. Q3 2023 was a very good quarter with 15% EBITDA. The EBITDA margin in 2024 has been very stable, reaching 12.7% in Q3 2024.

### JAN 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

EBITDA increased to EUR 1'328 thousand, compared to EUR 1'158 thousand in the same period of 2023. The EBITDA margin for the first nine months of this year is hence somewhat better than the corresponding margin last year despite the strong third quarter of 2023.

## NET PROFIT

### JUL 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

Net Earnings After Tax (EAT) of EUR 147 thousand was in line with EAT in the previous quarters of 2024. The net profit is much lower than the EUR 307 thousand in Q3 last year, mainly due to EUR 101 thousand higher taxes in Q3 2024.

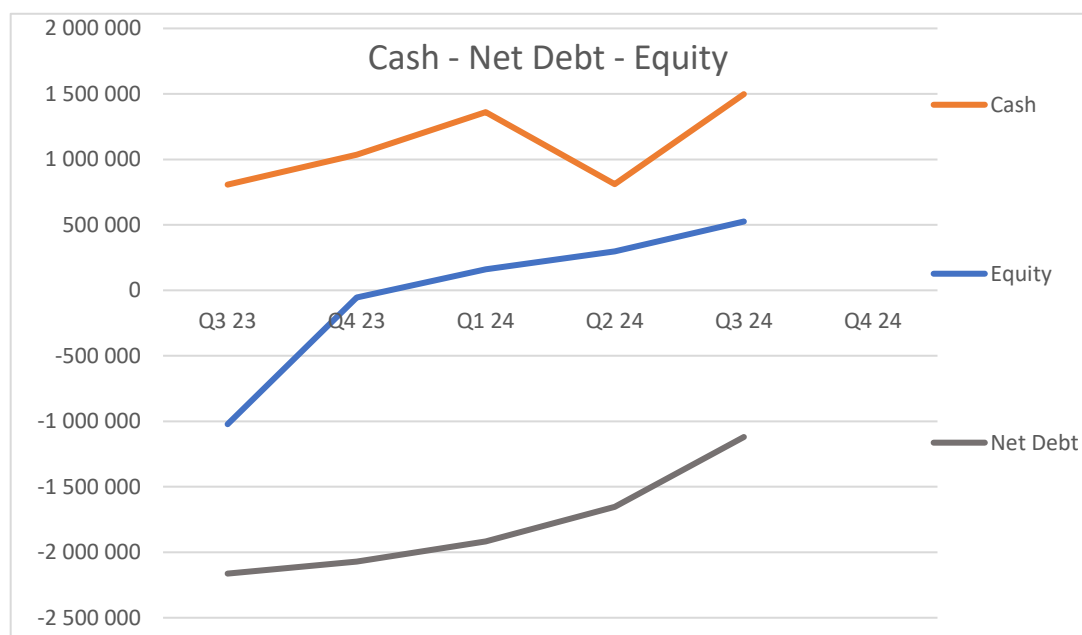
### JAN 1<sup>ST</sup> – SEP 30<sup>TH</sup> 2024

Net Earnings After Tax totaled EUR 463 thousand, much lower than the EUR 711 thousand in the first nine months of 2023. Net earnings have reduced despite EUR 148 thousand higher operational result in the first nine months of this year. Extraordinary financial impacts, higher taxes and increasingly conservative accounting practices have led to the reduced net earnings this year.

# Financial position and cash flow

## KEY FIGURES

	Q3 2024	Q3 2023	Jan-Sep 2024	Jan-Sep 2023	FY 2023
Equity ratio	10.4%	-14.2%	10.4%	-14.2%	1.4%
Return on equity	27.9%	-30.1%	87.5%	-71.3%	-1'450%
Net cash/debt, € thousand	-1'120	-2'163	-1'120	-2'163	-2'071
Operating cash flow, € thousand	541	60	943	1'429	-32



## BALANCE SHEET AND FINANCIAL POSITION

### SEPTEMBER 30<sup>TH</sup> 2024

The consolidated balance sheet continued to strengthen. Cash reached an all-time-high of EUR 1.48 million. Total Equity has been negative during many years and reached above zero at the end of 2023. The total equity has increased throughout 2024 to reach EUR 672 thousand at the end of Q3.

Net debt was further improved. Total interest-bearing liabilities decreased due to amortization of loans.

## CASH-FLOW AND INVESTMENTS

### JULY – SEPTEMBER 2024

The operating cashflow reached EUR 541 thousand, much higher than the EUR 60 thousand in Q3 last year, and higher than previous quarters. The improving cashflow trend is high-priority in Talkpool's strategy.

Working capital reached EUR 276 thousand in Q3 this year, and this can be compared with negative EUR 282 thousand in Q3 2023.

### JANUARY – SEPTEMBER 2024

The operating cash flow reached EUR 943 thousand for the first nine months 2024. Almost no extraordinary events have impacted the operating cash flow in 2024. The operating cashflow in 2023 was impacted by several extraordinary events as it reached EUR 1'429 thousand in the first nine months only to end below zero for the full year 2023.

## **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**

G&W Fondkommission is Talkpool's Certified Advisor.

## **AUDITOR'S REVIEW**

The company's auditors have not audited this report.

Chur, 28 November 2024  
Magnus Sparrholm  
Interim CEO Talkpool AG



# Summary of financial reports

## CONSOLIDATED INCOME STATEMENT

EUR	Jul - Sep		Jan - Sep		
	2024	2023	2024	2023	2023
Net revenue from goods and services	4'127'508	3'749'405	11'786'705	11'333'163	15'606'987
Cost of sales	-3'027'137	-2'645'287	-8'622'208	-8'407'563	-11'784'690
<b>Gross profit</b>	<b>1'100'371</b>	<b>1'104'117</b>	<b>3'164'497</b>	<b>2'925'600</b>	<b>3'822'297</b>
Selling expenses	-68'560	-76'626	-222'003	-265'713	-352'004
Administrative expenses	-579'846	-548'968	-1'793'803	-1'717'676	-2'436'185
Other operating income & expenses	28'420	51'314	49'557	107'888	771'947
<b>Operating result</b>	<b>480'385</b>	<b>529'836</b>	<b>1'198'249</b>	<b>1'050'100</b>	<b>1'806'056</b>
Financial net	-64'280	-54'963	-183'991	85'118	-486'773
<b>Profit before income taxes</b>	<b>416'105</b>	<b>474'874</b>	<b>1'014'258</b>	<b>1'135'218</b>	<b>1'319'282</b>
Income taxes	-268'937	-168'265	-551'108	-423'714	-531'090
<b>Net profit</b>	<b>147'168</b>	<b>306'608</b>	<b>463'151</b>	<b>711'504</b>	<b>788'193</b>
<b>Net income attributable to:</b>					
Stockholders of the parent company	147'083	307'926	460'388	729'226	790'705
Minority interests	85	-1'318	2'762	-17'722	-2'512
<b>Other information</b>					
<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>6'778'097</i>
<i>Earnings per share (no dilutive effects)</i>	<i>0.02</i>	<i>0.05</i>	<i>0.07</i>	<i>0.11</i>	<i>0.12</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>6'778'097</i>
<i>Earnings per share (no dilutive effects)</i>	<i>0.02</i>	<i>0.05</i>	<i>0.07</i>	<i>0.11</i>	<i>0.12</i>

# Consolidated balance sheet

EUR	September 30 2024	September 30 2023	December 31 2023
<b>ASSETS</b>			
<i>Current assets</i>			
Cash	1'498'127	807'384	1'035'045
Trade receivables	1'136'774	1'069'226	1'550'295
Other current receivables	1'379'152	1'708'842	1'187'972
Inventories and unvoiced services	1'119'929	1'293'819	1'168'190
Prepaid expenses and accrued income	200'378	188'021	70'719
<b>Total current assets</b>	<b>5'334'361</b>	<b>5'067'291</b>	<b>5'012'221</b>
<i>Non-current assets</i>			
Other financial assets	6'738	26'340	6'759
Investments in associates and financial assets	496'426	481'874	501'589
Intangible assets	71'797	113'082	605'917
Property, plant and equipment	543'982	659'796	116'453
<b>Total non-current assets</b>	<b>1'118'942</b>	<b>1'281'092</b>	<b>1'230'718</b>
<b>TOTAL ASSETS</b>	<b>6'453'304</b>	<b>6'348'383</b>	<b>6'242'939</b>
<b>LIABILITIES AND EQUITY</b>			
<i>Current liabilities</i>			
Trade payables	902'337	957'338	1'180'967
Current interest-bearing liabilities	1'535'845	1'124'323	1'766'856
Other current liabilities	462'305	575'153	415'781
Accrued expenses and deferred income	1'562'054	2'385'870	1'359'253
<b>Total current liabilities</b>	<b>4'462'541</b>	<b>5'042'685</b>	<b>4'722'587</b>
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	1'082'265	1'845'930	1'338'765
Provision	236'251	363'249	91'716
<b>Total non-current liabilities</b>	<b>1'318'517</b>	<b>2'209'179</b>	<b>1'430'480</b>
<b>Total liabilities</b>	<b>5'781'057</b>	<b>7'251'864</b>	<b>6'153'067</b>
<i>Equity</i>			
Stockholders' equity	525'594	-1'022'126	-54'540
Minority interest in equity of subsidiaries	146'653	118'645	144'411
<b>Total equity</b>	<b>672'246</b>	<b>-903'481</b>	<b>89'871</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6'453'304</b>	<b>6'348'383</b>	<b>6'242'939</b>

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

# Consolidated cash flow statement

EUR	Jul - Sep		Jan - Sep		
	2024	2023	2024	2023	2023
<i>Operating activities</i>					
Net earnings	147'168	306'608	463'151	711'504	788'193
+/- adjustment for items not affecting cash flow	117'223	35'888	368'648	782'508	-75'535
+/- change in working capital	276'396	-282'328	111'638	-65'235	-744'865
<b>Net cash flow from operating activities</b>	<b>540'787</b>	<b>60'168</b>	<b>943'437</b>	<b>1'428'777</b>	<b>-32'207</b>
<i>Investing activities</i>					
Investments in property, plant and equipment	-	-28'627	-33'347	-	-109'199
Sales/divestment of property, plant and equipment	9'747	-	-	302'325	196'462
Investments in intangible assets	-	-	-	-	-12'621
Sales/divestment of intangible assets	-	4'318	-	46'456	42'473
Inflow/outflow from change of financial assets	-12'288	-6'208	5'184	1'459	892'101
Dividends paid to minority	-	-	-	-	-
Sales of subsidiaries	-	-	-	-	-
<b>Net cash flow from investing activities</b>	<b>-2'541</b>	<b>-30'517</b>	<b>-28'163</b>	<b>350'240</b>	<b>1'009'216</b>
<i>Financing activities</i>					
Net Issuance (repayment) of interest-bearing liabilities	156'195	-174'133	-487'241	-2'399'652	-1'463'968
<b>Net cash flow from financing activities</b>	<b>156'195</b>	<b>-174'133</b>	<b>-487'241</b>	<b>-2'399'652</b>	<b>-1'463'968</b>
Currency translation effects	-6'215	-73'500	35'050	-98'836	-4'851
<b>Net change in cash</b>	<b>688'226</b>	<b>-217'982</b>	<b>463'083</b>	<b>-719'471</b>	<b>-491'810</b>
Cash, beginning of period	809'902	1'025'365	1'035'045	1'526'855	1'526'855
Cash, end of period	1'498'127	807'384	1'498'127	807'384	1'035'045

# 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, 2023</b>	275'735	8'383'131	-1'773'186	-5'075'333	-3'136'239	-1'325'889	169'752	-1'156'136
Net earnings	-	-	-	729'226	-	729'226	-17'722	711'504
Foreign currency differences	-	-	310'332	-	-735'795	-425'463	-33'385	-458'848
<b>Sep 30, 2023</b>	275'735	8'383'131	-1'462'854	-4'346'104	-3'872'034	-1'022'126	118'645	-903'481
<b>Jan 1, 2024</b>	275'735	8'383'131	-1'773'186	-4'466'068	-2'474'152	-54'540	144'411	89'871
Net earnings	-	-	-	460'388	-	460'388	2'762	463'151
Foreign currency differences	-	-	119'746	-	-	119'746	-520	119'226
<b>Sep 30, 2024</b>	275'735	8'383'131	-1'653'440	-4'005'680	-2'474'152	525'594	146'653	672'246

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

## Further information

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## Financial calendar

Year-end report January – December 2024

14 March 2025