



INTERIM REPORT

JANUARY – MARCH 2017

JAN 1st – MAR 31st 2017

- Net sales amounted to EUR 3 455 thousand (2 456), a 40.7 percent increase
- EBITDA of EUR -130 thousand (84) and EBITDA margin of -3.7 percent (3.4)
- EBIT of EUR -147 thousand (76) and EBIT margin -4.3 percent (3.1)
- Loss after tax of EUR -188 thousand (18)

JANUARY-MARCH HIGHLIGHTS

- Operational profit, including all new costs, in March for the first time since IPO
- Successful acquisition and good start for Technetix in Q1.
- Break through with the strategic FTTH project in Germany.
- Accelerating trends in terms of growth and profitability in line with plans.
- Smart building IoT innovation assignment in Zürich.
- Good progress in the negotiations with further acquisition candidates.
- Improved customer base and geographic spread.
- Significant reduction of extraordinary SG&A costs for IR, M&A etc.
- Several top scores in customer satisfaction and service quality evaluations.

This information is information that Talkpool is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 15:00 CET on 30 May 2017.

THIS IS TALKPOOL

Talkpool builds, maintains and improves telecommunication networks globally. Through its cutting-edge technical expertise, long experience and agile business model, Talkpool offers global telecom vendors and operators high-quality services on short notice no matter the location. Moreover, Talkpool is one of few companies with actual solutions and contracts in place in the exciting IoT-market.



CEO COMMENTS

In Q1 2017 the positive growth from Q4 2016 continued, in spite of the cost savings trend in the telecom market. Our second acquisition was completed on the 3rd of January when we finalized the take over of 100% of the shares of Belgium based Technetix NV from Technetix Group Ltd, a leading global broadband cable network transmission technology provider. Technetix NV is offering repair and reversed engineering of telecom and IT equipment to telecom operators, internet- and cable TV service providers and IT companies. Technetix NV and the repair service it offers has been part of Technetix for over a decade and has continued to progress successfully and is continuing to gain new customers. After a strategic review, it was determined that the repair business would be better suited to accelerate growth and serve its customers if it was part of company more focused on the renewable maintenance market, like Talkpool. As part of the agreement, Talkpool has also entered into a partnership agreement with Technetix, whereby Technetix will continue to utilise the services offered by Talkpool going forward.

Our efforts in Germany also started paying off in Q1 as the FTTH planning project finally started to gain speed at the end of the quarter. The federal government in Germany plans to roll out a gigabit internet service across the country by 2025. The €100bn project will focus on bandwidth, security and response times, and Talkpool will be a part of this project. Development, including virtual reality and the internet of things, will bring huge data growth and the need for more bandwidth, reliable real-time transmission and intelligent networks.

Talkpool Mexico had a slow start of 2017 with very little project activities due to a combination of seasonality and the Trump effect, which made investors hesitant. At the end of Q1 the market started moving again and Talkpool Mexico's investments in staff hiring, training and tools started to pay off.

During late 2016 and the beginning of 2017, Talkpool has celebrated break-throughs with several European network operators such as Deutsche Telekom, Belgacom, Vodafone and Orange – and order volumes have rapidly grown during the first months of 2017. This client segment, which represented no revenues a year ago, is now Talkpool's fastest growing customer group and biggest opportunity. Europe generated almost a third of Talkpool's overall orders in the first months of 2017".

Network services order volumes from Digicel in the Caribbean have remained unchanged during many years but its share of the total order intake has been reduced to 37%, down from over 50% a year ago, as business is growing from other clients. Orders from China-based equipment vendor Huawei continue to increase while the share of orders from Swedish Ericsson, with whom Talkpool has a close relation, is continuing to decline.

After the breakthrough year 2016 the IoT market continued its development in a highly positive direction and Talkpool received a wide range of strategical orders, however the order volumes are still modest. Among other, Talkpool AG and Sigen Engineering AG were awarded an IoT smart building assignment for real estate in Zürich, Switzerland, hosting a large search engine company and other prime tenants. The project is considered strategically important. The order value is initially limited but has good opportunities to be expanded. A number of customer orders for Talkpool's IoT temperature and humidity sensors were also received in Sweden. Furthermore, one of our Mexican customers awarded Talkpool an IoT project for monitoring.

Q1 is normally a slow period in the Telecom Network Services Business, when new projects are starting up after Christmas and new budgets are yet to be allocated. Although the planned projects for Q1 in Germany and Mexico were delayed in comparison to the original time plans of our customers, Talkpool nonetheless managed to secure a net sales growth of 41 percent in comparison to Q1 in 2016. The large increase is mainly explained by the acquisition of Camouflage in Q4 2016 and Technetix in Q1 2017, contributing with net sales in profitable niche network services areas of approximately EUR 590 thousand in Q1 2017.

Major investments, made to fuel the growth in Germany and Mexico, combined with currency losses higher than normal in January and February, had an adverse effect on the profit in Q1. Talkpool is working on currency hedging solutions to mitigate this exposure in the future. Although Talkpool has managed to significantly reduce the expenses for IR, M&A and other extraordinary costs compared to 2016, those costs were still relatively high during Q1. The cost reduction work will continue, but a certain permanent SG&A cost level increase compared to pre-IPO will have to be taken into account in order to grow according to plan with M&A and IoT and to manage IR. Hence, from now on those costs will not be separately declared as extraordinary cost. EBITDA amounted to EUR -130 thousand (84), equivalent to an EBITDA margin of -3.7 percent. EBIT for Q1 was EUR -147 thousand with an EBIT margin of -4.3 percent. EBIT. For Q1 2017 the net loss amounted to EUR -188 thousand, mainly caused by higher costs in relation to M&A activities and year-end impairment of deferred tax assets.

Q2 started positively and during the quarter a lot of focus will be on development of the new good opportunities in the BeNeLux, Germany and Mexico as well as in M&A. In IoT the delivery of ordered sensors and the related smart buildings solutions opportunities will be pursued.

Erik Strömstedt, CEO

3.5

Net sales, MEUR

41%

Net sales growth

-3.7%

EBITDA margin

FINANCIAL DEVELOPMENT

KEY FIGURES

EUR	Q1'17	Q1'16	FY'16
Sales, € thousand	3 455	2 456	11 571
Sales growth in %	40,7%	9,9%	11,8%
Gross profit, € thousand	670	551	2 142
Gross margin	19,4%	22,4%	18,5%
EBITDA, € thousand	-130	84	-364
EBITDA margin	-3,7%	3,4%	-3,1%
EBIT, € thousand	-147	76	-409
EBIT margin	-4,3%	3,1%	-3,5%

NET SALES

January - March

Net sales increased with 40.7 percent to EUR 3 455 thousand (2 456) in Q1 2017. The large increase is mainly explained by the acquisition of Camouflage in Q4 2016 and Technetix in Q1 2017, contributing with revenue of EUR 586 thousand in Q1 2017. Organic growth amounted to 16.8 percent, where Mauritius is contributing with net sales of EUR 394 thousand.

EBITDA AND EBIT

January - March

In Q1 2017 the EBITDA amounted to EUR -130 thousand (84), equivalent to an EBITDA margin of -3.7 percent. Major investments and ramp-up costs, made to fuel the growth in Germany and Mexico, combined with currency losses higher than normal in January and February, had an adverse effect on the profit in Q1. There was a significant reduction of extraordinary costs for IR, M&A etc., but still these costs amounted to EUR 20 thousand per month. The acquisitions of Camouflage in Q4 2016 and Technetix in Q1 2017 contributed positively to EBITDA in Q1.

EBIT for Q1 was EUR -147 thousand with an EBIT margin of -4.3 percent.

NET PROFIT/LOSS

January - March

For Q1 2017 the net loss amounted to EUR -188 thousand, mainly caused by ramp-up costs in Mexico and Germany and higher currency losses.

The group inter-company loans in USD are revalued at the end of the period, according to applied accounting principles. These valuation differences are mainly unrealized and thus not affecting cash flow.

FINANCIAL POSITION AND CASH FLOW

KEY FIGURES

	Q1'17	Q1'16	FY'16
Solidity	8,4%	20,3%	21,8%
Adjusted solidity*	24,1%	24,0%	31,7%
Return on equity	-43,0%	2,2%	-52,0%
Net cash/debt, € thousand	-985	-355	-886
Operating cash flow, € thousand	10	20	-1 337

* Calculated as if goodwill was capitalized and amortized.

BALANCE SHEET AND FINANCIAL POSITION

31 March 2017

As of 31 March 2017 the net debt was EUR -985 thousand, with cash amounting to EUR 457 thousand (731). The credit facility has increased in Q1 2017, from EUR -210 thousand as per 31 December 2016 to EUR -283 thousand.

The solidity amounts to 8.4 percent as per 31 March 2017, a decrease compared to 31 December 2016. The solidity calculated based on adjusted total assets and equity, as if goodwill was capitalized and amortized, amounts to 24.1 percent.

CASH FLOW AND INVESTMENTS

January - March

The cash flow from operating activities was positive by EUR 10 thousand, despite a negative result for Q1. This is explained by a positive change in working capital for the quarter. During Q1 2017 part of the purchase consideration for Technetix B.V., acquired as per 3 January 2017, was paid (net of cash taken over), in total EUR 76 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. The figures from previous quarters have been restated and adjusted accordingly. The effects of the theoretical capitalization and amortization, including any impairment from valuation assessments are shown in section "Change in accounting principle".

For further information regarding applied accounting principles please refer to page 24-27 in the Talkpool annual report 2016.

RISKS

For information regarding risks please refer to page 10-13 in the Talkpool annual report 2016.

EMPLOYEES

At March 31, the number of staff was 249 (226).

SIGNIFICANT EVENTS AFTER THE PERIOD

Talkpool reported increased order intake from large European telecom operators.

On an EGM held on May 24, the participating shareholders decided unanimously not to carry out any capital increase. The decision is adjourned to the ordinary shareholders meeting on the 21st of June 2017

CERTIFIED ADVISOR

Remium Nordic AB is Talkpool's Certified Advisor.

AUDITOR'S REVIEW

This interim report has not been audited by the company's auditors.

Chur, 30 March 2017

Erik Strömstedt, CEO, Talkpool AG

SUMMARY OF FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

EUR	Jan-Mar		Jan-Dec
	2017	2016	2016
Net revenue from goods and services	3 455 198	2 455 658	11 571 073
Cost of sales	-2 785 252	-1 904 817	-9 428 625
Gross profit	669 947	550 841	2 142 449
Selling expenses	-30 761	-29 445	-327 454
Administrative expenses	-684 631	-479 624	-2 261 847
Other operating income & expenses	-101 757	33 842	38 250
Operating result	-147 203	75 614	-408 602
Financial net	-52 571	-59 826	-261 448
Profit/loss before income taxes	-199 774	15 788	-670 050
Income taxes	11 518	2 402	5 717
Net profit/loss	-188 256	18 190	-664 333
Net income attributable to:			
Stockholders of the parent company	-205 828	18 190	-693 445
Minority interests	17 571	-	29 112
Other information			
<i>Average number of shares</i>	2 992 222	110 000	2 224 566
<i>Earnings per share (no dilutive effects)</i>	-0,07	0,17	-0,31
<i>Number of shares, end of period</i>	2 992 222	110 000	2 992 222
<i>Earnings per share (no dilutive effects)</i>	-0,07	0,17	-0,23

As per 31 December 2016, goodwill acquired is no longer capitalized and amortized, but offset against equity. The figures from previous quarters have been restated and adjusted accordingly. For the effects of the change in accounting principle, please see "Change of accounting principle".

The registered number of shares at the beginning and the end of the period were 2 992 000.

CONSOLIDATED BALANCE SHEET

EUR	March 31		December 31
	2017	2016	2016
ASSETS			
<i>Current assets</i>			
Cash	457 314	731 174	486 928
Trade receivables	2 318 121	1 341 138	2 394 658
Other short-term receivables	532 370	396 894	476 926
Inventories and unvoiced services	1 980 590	674 559	1 636 393
Prepayments and accrued income	326 213	336 853	167 061
Total current assets	5 614 608	3 480 618	5 161 965
<i>Non-current assets</i>			
Financial assets	616 772	472 134	580 568
Investments in associates and joint venture	103 199	6 748	107 633
Property, plant and equipment	274 531	146 452	253 307
Total non-current assets	994 503	625 334	941 509
TOTAL ASSETS	6 609 111	4 105 952	6 103 474
LIABILITIES AND EQUITY			
<i>Current liabilities</i>			
Trade payables	1 868 378	1 256 212	1 842 160
Short-term interest-bearing liabilities	282 607	278 603	210 024
Other short-term liabilities	818 325	510 880	559 676
Accrued liabilities and deferred income	1 921 660	379 405	1 046 501
Total current liabilities	4 890 969	2 425 100	3 658 360
<i>Non-current liabilities</i>			
Long-term interest-bearing liabilities	1 160 080	849 183	1 051 331
Total non-current liabilities	1 160 080	849 183	1 051 331
Total liabilities	6 051 049	3 274 283	4 709 691
Equity			
Stockholders' equity	478 492	831 669	1 332 398
Minority interest in equity of subsidiaries	79 570	-	61 385
Total equity	558 062	831 669	1 393 783
TOTAL LIABILITIES AND EQUITY	6 609 111	4 105 952	6 103 474

As per 31 December 2016, goodwill acquired is no longer capitalized and amortized, but offset against equity. The figures from previous quarters have been restated and adjusted accordingly. For the effects of the change in accounting principle, please see "Change of accounting principle".

CONSOLIDATED CASH FLOW STATEMENT

EUR	Jan-Mar		Jan-Dec
	2017	2016	2016
<i>Operating activities</i>			
Net profit/loss	-188 256	18 190	-664 333
+/- adjustment for items not affecting cash flow	45 319	8 193	117 539
+/- increase/decrease of working capital	152 758	-5 907	-790 127
Net cash flow from operating activities	9 821	20 476	-1 336 921
<i>Investing activities</i>			
- purchase of property, plant and equipment	-31 761	-22 558	-175 344
+/- inflow/outflow from change of financial assets	-74 757	-	-186 806
- acquisition of subsidiaries (added cash taken over)	-75 866	-	-508 475
Net cash flow from investing activities	-182 384	-22 558	-870 625
<i>Financing activities</i>			
+ net proceeds from rights issue	-	-	1 817 006
+/- issuance/repayment of interest-bearing liabilities	143 719	156 481	289 398
Net cash flow from financing activities	143 719	156 481	2 106 404
Currency translation effects	-769	-18 639	-7 346
Net change in cash	-29 613	135 760	-108 488
Cash, beginning of period	486 928	595 415	595 415
Cash, end of period	457 315	731 175	486 927

As per 31 December 2016, goodwill acquired is no longer capitalized and amortized, but offset against equity. The figures from previous quarters have been restated and adjusted accordingly. For the effects of the change in accounting principle, please see "Change of accounting principle".

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, 2016	71 645	158 601	428 660	440 425	-307 093	792 238	-	792 238
Net profit/loss	-	-	-	18 190	-	18 190	-	18 190
Foreign currency differences	-	-	21 241	-	-	21 241	-	21 241
Mar 31, 2016	71 645	158 601	449 901	458 615	-307 093	831 669	-	831 669
Jan 1, 2017								
Jan 1, 2017	107 553	1 939 699	483 705	-253 020	-945 540	1 332 398	61 385	1 393 782
Net profit/loss	-	-	-	-205 828	-	-205 828	17 571	-188 256
Transactions with minority	-	-	-	-	-	-	-	-
Goodwill recognized in equity	-	-	-	-	-662 087	-662 087	-	-662 087
Foreign currency differences	-	-	14 009	-	-	14 009	614	14 623
Mar 31, 2017	107 553	1 939 699	497 714	-458 847	-1 607 627	478 492	79 570	558 062

As per 31 December 2016, goodwill acquired is no longer capitalized and amortized, but offset against equity. The figures from previous quarters have been restated and adjusted accordingly. For the effects of the change in accounting principle, please see "Change of accounting principle".

SALES BY COUNTRY

EUR	Jan-Mar		Jan-Dec
	2017	2016	2016
Haiti	1 429 718	1 508 199	6 333 441
Benelux	586 054	-	96 868
Mauritius	394 266	-	1 170 970
Tanzania	354 367	348 288	1 166 369
Germany	350 326	238 707	1 394 592
Botswana	150 396	73 108	292 144
Uganda	118 367	134 170	726 138
Mexico	25 813	2 489	89 892
Kenya	-	150 697	162 918
Other	45 890	-	137 739
Total net sales by country	3 455 198	2 455 658	11 571 073

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.

CHANGE OF ACCOUNTING PRINCIPLE

From 2016, and with previous quarters restated and adjusted, goodwill is recognized directly in equity at the time of purchase of a subsidiary or an investment in an associated company. The theoretical capitalization of goodwill, based on a useful life of 5 years, would have the following impact on equity and net income:

IMPACT ON INCOME STATEMENT

EUR	Jan-Mar		Full-year
	2017	2016	2016
Operating result (EBIT), per income statement	-147 203	75 614	-408 602
<i>EBIT margin, %</i>	<i>-4,3%</i>	<i>3,1%</i>	<i>-3,5%</i>
Theoretical amortization of goodwill	-80 041	-14 987	-81 062
Theoretical EBIT after goodwill amortization	-227 244	60 627	-489 664
<i>EBIT margin after goodwill amortization, %</i>	<i>-6,6%</i>	<i>2,5%</i>	<i>-4,2%</i>
Net profit/loss, per income statement	-188 256	18 190	-664 333
Theoretical amortization of goodwill	-80 041	-14 987	-81 062
Theoretical net profit/(loss) after goodwill amortization	-268 297	3 203	-745 395

IMPACT ON BALANCE SHEET

EUR	March 31		December 31
	2017	2016	2016
Equity as per balance sheet	558 062	831 669	1 393 783
Theoretical capitalization of net book value of goodwill	1 364 004	201 094	787 116
Theoretical equity including net book value of goodwill	1 922 066	1 032 763	2 180 899
Adjusted total assets	7 973 115	4 307 046	6 890 590

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
Solidity	Equity in percentage of total assets
Adjusted solidity	Adjusted equity in percentage of total assets. Adjusted for goodwill as if it had been capitalized and amortized
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

TALKPOOL

Gäuggelstrasse 7
CH-7000 Chur
Switzerland

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

CALENDAR

Annual shareholders' meeting 2016	21 June 2017
Interim report January-June 2017	30 August 2017
Interim report January-September 2017	30 November 2017
Year-end report January-December 2017	30 March 2018