

TalkPool grows substantially and becomes profitable through the acquisition of LCC Pakistan

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Press Release
21 June 2017

TalkPool almost doubles revenues through the acquisition of a leading telecom network services hub in the Middle East

Today, TalkPool AG ("TalkPool") announces the purchase of 100% of the shares in LCC Pakistan (Pvt) Ltd ("LCC PAK"). LCC PAK was founded in 2008 and has approximately 1,000 employees in Pakistan, which becomes TalkPool's largest market.

LCC PAK is performing similar kind of network services as TalkPool. LCC PAK has a history of stable financial performance, and has revenues of approximately EUR 10 million. TalkPool has good understanding of LCC PAK as its board member. Stan Schreuder worked for Lightbridge Communications Corporation (LCC) during the period 2002 until 2015.

LCC PAK has also developed an IoT-based solution for the management of telecom sites. LCC PAK's site solution manages the power from different sources such as solar panels, batteries, utility and generators in an efficient manner. Furthermore, the solution handles site access and surveillance. TalkPool has experience from implementation of sustainable energy site solutions and of IoT-integration from several markets. The acquisition of LCC PAK creates an opportunity for TalkPool to offer price-efficient telecom site services with IoT-functionality.

The acquisition fits well with TalkPool's strategy to grow through acquisitions of profitable network services companies that are well positioned to distribute, integrate and support IoT-solutions. TalkPool has previously worked in many countries in the Middle East including Pakistan with good results, and this acquisition marks a return to this region.

Stan Schreuder, who managed LCC in Europe and Middle East during several years, says that "the LCC hub in Pakistan is a very well-functioning unit in a fast-growing economy, with skilled staff, good client relations and strong finances with substantial assets, including Intellectual Property. I'm looking forward to work together with the team in Pakistan again". Stan has also committed to participate in the financing of the acquisition.

The transaction in detail

The transaction means that 100% of the shares in LCC PAK are being acquired for a total consideration of USD 5.2 million of which USD 4.0 million will be paid at closing. The remaining USD 1.2 million will be made in two instalments in 2018 and 2019 and will be financed through TalkPool's future cash flow.

The payment in connection with the closing will be financed through a rights issue amounting to 32.9 million SEK and a convertible loan amounting to 500,000 CHF. The rights issue is underwritten to 81 percent through subscription undertakings corresponding to SEK 17.8 million and guarantee agreements corresponding to SEK 9.0 million.

LCC PAK will be consolidated into TalkPool's financial reporting. Closing is expected to take place latest by 31st October, 2017 although we expect the closing to happen sooner. The closing is subject to regulatory approvals.

Advisors

G&W Fondkommission is financial advisors and Setterwalls Advokatbyrå AB is legal counsel to TalkPool in connection with the acquisition. Alpen Capital (ME) Limited acted as financial advisors for LCC PAK.

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About TalkPool

TalkPool AG is listed on NASDAQ First North. 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. Remium Nordic AB is TalkPool's Certified Advisor.

This information is inside information that TalkPool AG (publ) 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 09.00 CET on June 21, 2017.