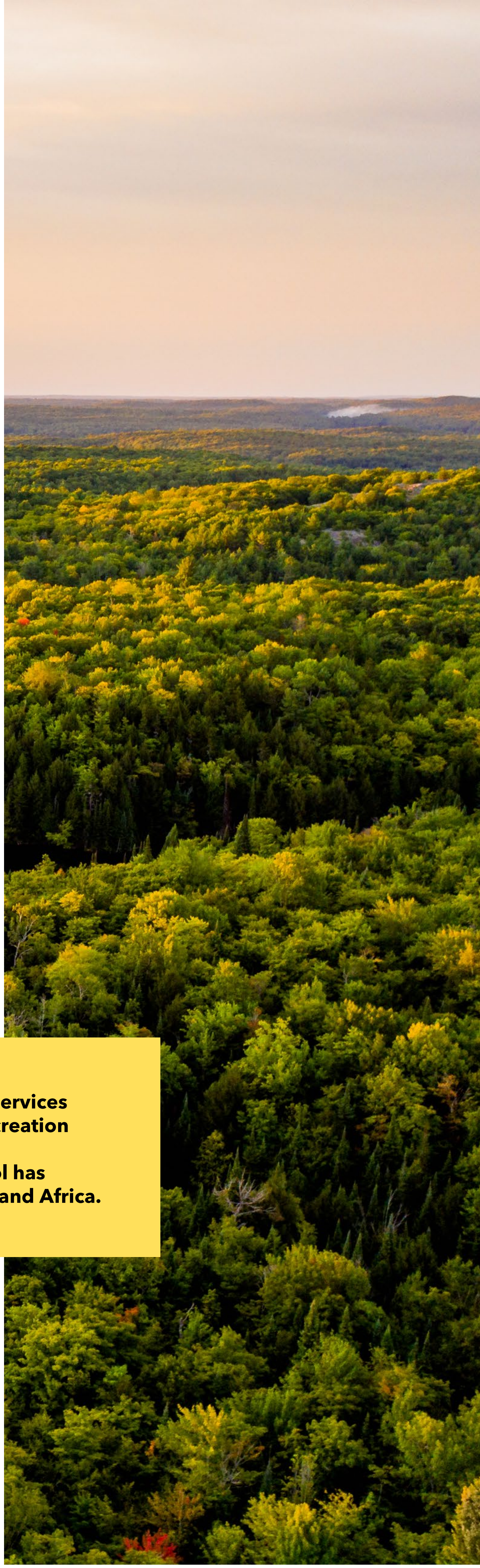
Annual Report 2020

talkpool

CONTENT

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.



TALKPOOL AT A GLANCE

Talkpool has a long history of building and maintaining large telecommunication networks. Millions of people in over 50 countries on all continents access internet and communicate through the fixed- and mobile networks built by Talkpool. Talkpool's role is limited to installing, integrating and optimizing the telecom equipment provided from equipment vendors. Since seven years, the company pioneers cumbersome "Internet of Things" development. Talkpool's technology development has lately increasingly focused on making buildings healthier and more sustainable. The proptech made by Talkpool achieved its breakthrough in 2020 with several important commercial agreements with leading real estate and construction companies in Scandinavia.

Telecom Network Services (TNS)

Talkpool offers a complete network life cycle from planning and implementation of new networks, on to operating and optimizing and finally repair and consulting. The service offering is designed to meet demand for efficient and flexible services from equipment vendors and telecom operators in Europe, Middle East, Africa and America.

The current client portfolio includes network operators such as Deutsche Telekom, Telenor and Digicel as well as equipment vendors such as Ericsson, Huawei and Nokia.

Talkpool primarily engages in recurring work, which produces a predictable and stable cashflow. For many years, Talkpool's Telecom Network Services business portfolio was geared towards developing markets. As part of Talkpool's ongoing business portfolio management, the geographic focus is shifting towards developing markets, primarily in Europe.

Internet of Things (IoT)

The IoT offering spans end-to-end solutions including software, hardware, cloud and App for Smart Buildings. Design and integration of complete IoT solutions include end-devices with sensors, a platform with graphical user interface and a network back-end system. In addition to in-house developments, Talkpool has started to integrate modules made by other companies into its offering. This includes new technology such as artificial intelligence and blockchain.

The current client portfolio includes real estate, construction, insurance, meter manufacturing and integrator companies.

In 2020 Talkpool expanded IoT activities from its base in Scandinavia into Germany, where Talkpool already has an autonomously growing business. Furthermore, a shift from engineering towards business development (of proven solutions) has been initialized.

THE YEAR IN BRIEF

21.2
Net sales, MEUR

25.5
Gross margin

4.5%
EBITDA margin

JAN 1st – DEC 31st 2020

- Net sales amounted to EUR 21 221 thousand (21 233)
- EBITDA of EUR 957 thousand (-593) and EBITDA margin of 4.5 percent (-2.8)
- EBIT of EUR 467 thousand (-1 055) and EBIT margin of 2.2 percent (-4.9)
- Negative earnings after tax of negative EUR 986 thousand (-3 376)

Significant events during the year

- Talkpool achieved a significant turn-around as costs were reduced, unprofitable operations were discontinued and sales of profitable niche services was increased
- Business development was stalled and IoT sales took a hit as negotiations were halted due to COVID
- However, the demand for digital infrastructure soared throughout the pandemic, and
- The awareness of the health effects of indoor air quality increased rapidly
- Smart building contract with leading real estate company Atrium Ljungberg signed in February
- Smart Construction-as-a-Service contract with major construction company NCC signed in March
- Our turn around target, to reach net profit in the second half of 2020, was achieved in September
- A radical appreciation of the Gourde in Haiti and a stronger Swedish Krona caused FX losses in Q4
- New IoT Strategy in place, focusing on the digitisation of buildings
- IoT operator Netmore acquired Nordic IoT Networks and signed partner agreement with Talkpool
- Home Solutions acquisition LOI was signed after completed Due Diligence in December
- Breakthrough order from Redytel IoT for CO2 sensors for public buildings and transport in Spain
- Klövern signed contract for AI based climate optimisation and energy saving solution

CEO COMMENTS

2020 will go to history as one of the most challenging years for the global society and the global economy since World War II. In spite of the challenges Talkpool made a successful turnaround and started delivering on phase two of its digitization and growth strategy as the first IoT acquisition target company was secured. COVID-19 caused many problems, but it also created new behaviors and needs. The demand for digital infrastructure soared and the awareness of the health effects of indoor air quality spread quickly.

After Q1 2020 we summarized that the COVID effects on Talkpool's business had been limited, but the insecurity made several of our customers put their investments and orders on hold. This reduced revenues in Q1 and clouded the outlook for Q2 and Q3.

In Q2 the global situation escalated rapidly and industries and societies all over the world were affected in a way that no one could have imagined. Lock downs combined with the uncertainty about the future, caused significant damage to many industries. The Telecom and IT industry was somewhat spared but many of our customers halted their projects and revenue plunged in most of our markets while costs remained high. During May and June, we saw a recovery, but some of the revenue loss caused by the delays was hard to recover.

In spite of all the negative COVID-19 effects, Talkpool managed to continue on a positive path and some of our market units got financial support from governments, like interest free loans and short-term work compensation. This support combined with active amortizations and repayments of loans showed in improving profit margins.

One of the financial targets in our turn around plan was to reach net profit during the second half of 2020 through business restructuring and consequent cost saving activities. Thanks to hard work by our staff this important break-even target was reached already in September. This was an important milestone and the start of a new growth phase for Talkpool.

For the new growth phase Talkpool worked hard on the development of a new strategy. The IoT- as well as the Network Services strategy were revised and merged into a common overall digitization strategy for buildings and communication network infrastructure. Our end-to-end solutions for energy optimization, indoor climate control and damage prevention in both business areas will be based on a common cloud-based platform.

In October a second COVID-19 wave hit the world and many countries were badly affected. Talkpool managed to increase its sales and its operative earnings in the fourth quarter despite delayed orders and operational Covid-related challenges. The operative net result in Q4 excluding financial costs was clearly positive, but an unexpected radical appreciation of the Gourde in Haiti and a stronger Swedish Krona caused significant extraordinary currency losses of EUR 450 thousand in Q4.

In Q4 Talkpool also identified its first IoT acquisition target, Nordic Proptech Investment Services AB(NPTIS), which is a smart building company specialized in individual measuring and invoicing (IMD) of actual water and electricity consumption over IoT. At the end of 2020 the installed base of NPTIS, which owns Home Solutions was over 50 000 homes all over Sweden. This makes Home Solutions Sweden's third largest IMD-metering company.

The group wide savings efforts continued to show results as group finance costs were reduced with another 20% in Q4. The total reduction of the interest expenses from January to December 2020 amounts to 37%.

Network Services

After a turbulent 2019 in Haiti, the situation stabilized at the beginning of 2020. The overhaul of the Haiti operations reinforced the company. A new country manager was hired and accelerated the cost saving and efficiency programs further.

A clear trend in Network Services in Pakistan was the build out of solar power capacity on cell sites and in solar parks. Operators are looking for alternate energy solutions to save operational cost and solar is an attractive technology. This trend fits well with Talkpool's new Network Services strategy shifting towards helping customers saving energy and reducing CO2 emission.

Energy management and environment control are also important pillars in our new Smart Network Services strategy using IoT technology to gather information about the health and the efficiency of the equipment by collecting real time data about temperature, humidity, power consumption, fuel levels etc. Based on this data we can improve site asset visibility and increase the uptime of the network, minimize the operating costs and maximize asset utilization. Adding Artificial Intelligence, we can read out patterns and predict events, which helps our customers to control and optimize the use of their equipment and prevent faults.

In June Talkpool Netherlands signed a renewal and extension of the existing contract with leading tower company Cellnex for a period of 2 years, until the end of 2022. Whereas the camouflage and rollout business in the Netherlands was low in 2020, Talkpool increased its tower operations in the country with key customer

Cellnex and continued to show a stable and high performance.

Talkpool Germany had a positive development in 2020 with good order intake and high planning resource utilization generating solid operational earnings throughout the year. Extra business development efforts were made to boost sales in Germany and customer discussions progressed well.

The Network Services business remained mission-critical to keep economies moving through COVID-19. Many IT and Telecom companies around the world gained from the massive increase in data traffic and use of information technology for home office, video conferencing, home schooling and ecommerce, caused by COVID-19.

Network Operations and Maintenance services projects in particular were not very affected by COVID-19 as they are crucial to maintain a high network availability and service quality. Thanks to this Talkpool's important recurrent revenue stream from O&M projects around the world remained largely uninterrupted.

Within Network Services Talkpool has managed to build a strong reputation as a reliable provider of Managed Services for Telecom infrastructure. In the new Network Service Strategy we leverage on this market position and our upgraded inhouse IoT solution for remote telecom infrastructure monitoring to form our future as a Smart Network Services and Solutions provider.

IoT

In Talkpool's revised IoT strategy it was decided to focus all efforts on Smart Buildings. IoT technology for real estate is one of the most promising business areas in IoT. Talkpool has proven success with numerous existing "proptech" products, resources and customer projects. Talkpool will leverage on its strong position in commercial buildings sub metering, energy optimisation and damage prevention to become a one stop shop for smart-buildings-as-a-service, offering a complete eco-system for the digitisation of buildings.

The strategy review also identified Talkpool's core "DNA" and a path to increased synergies between the two business units IoT and Network Services. We are convinced to have found our sweet spot in the digitization of Buildings and Infrastructure for both telecom customers and real estate owners with the help of wireless IoT solutions.

Talkpool's cooperation with Myrspoven in developing Smart Building solutions for energy savings and improved air quality to prime real estate companies became more and more relevant as COVID-19 continued to spread around the world. Being able to improve health and wellbeing through the control of indoor air quality has become more important than ever to real estate owners and tenants. Through the steering of ventilation and heating based on frequent CO2 measurements the indoor climate can be optimized and significant energy savings can be achieved.

In May Talkpool and Myrspoven released the results of their jointly developed Smart Building solutions for energy savings and improved air quality to prime real estate companies. The results from the first commercial installation showed energy savings in the range of 10-20% and clearly improved indoor climate. Myrspoven provides advanced analytics and control with their Artificial Intelligence (AI)-based optimization solution that overrides existing heating and ventilation systems. The advanced analytics both models the building behavior, as well as taking the weather and energy price parameters into the calculation. Based on the analysis of all input parameters the solution is constantly optimizing air quality, temperature and power consumption in all areas of the building.

In November Talkpool and Myrspoven received an order from Klövern AB, one of Sweden's largest real estate companies, for an energy and climate optimisation solution for 100 000 m^2 office space in Stockholm. The solution is expected to generate improved indoor climate and energy savings worth approximately SEK 1.8 million per year and also help preventing the spread of Covid -19 in the buildings. Most buildings in the world are not optimized and the innovative solution with self-learning optimization is ground-breaking.

Individual metering and cost distribution (IMD) of water and electricity in apartments and commercial buildings is one way to save energy by creating control and awareness about the actual consumption.

In November Talkpool signed a Letter of Intent for the acquisition of Nordic Proptech (NPT) that owns Home Solutions. NPT measures consumption of water and electricity in homes all over Sweden and is offering additional digitisation solutions such as indoor air quality, alarms and sustainable environmental services to existing and new customers. At the end of Q4 the installed base of NPT was over 50 000 homes all over Sweden, which makes Home Solutions Sweden's third largest IMD-metering company.

At the end of December Talkpool AB sold the IoT network company Nordic IoT Networks AB (NIOT) to Netmore Group AB. Talkpool and Netmore will continue in a partnership relation whereby Netmore assumes the network operator role (providing national coverage in Sweden) and Talkpool provides smart building solutions and network services. The collaboration also provides increased opportunities to sell Talkpool's world-leading sensors for CO2-, particle- and radon measurement to other solution suppliers.

In November Spanish Redytel IoT placed an important order for IoT CO2 sensors from Talkpool. The IoT sensors have been installed in public buildings in Spain to monitor the ventilation and provide insights into CO2 levels and hence the risk of COVID-19 spread to the public. The project has been widely covered on Spanish national television. https://redyteliot.info/prensa/. This is a groundbreaking solution and a breakthrough order for Talkpool, with a good possibility of follow-up orders.

Start of a new year

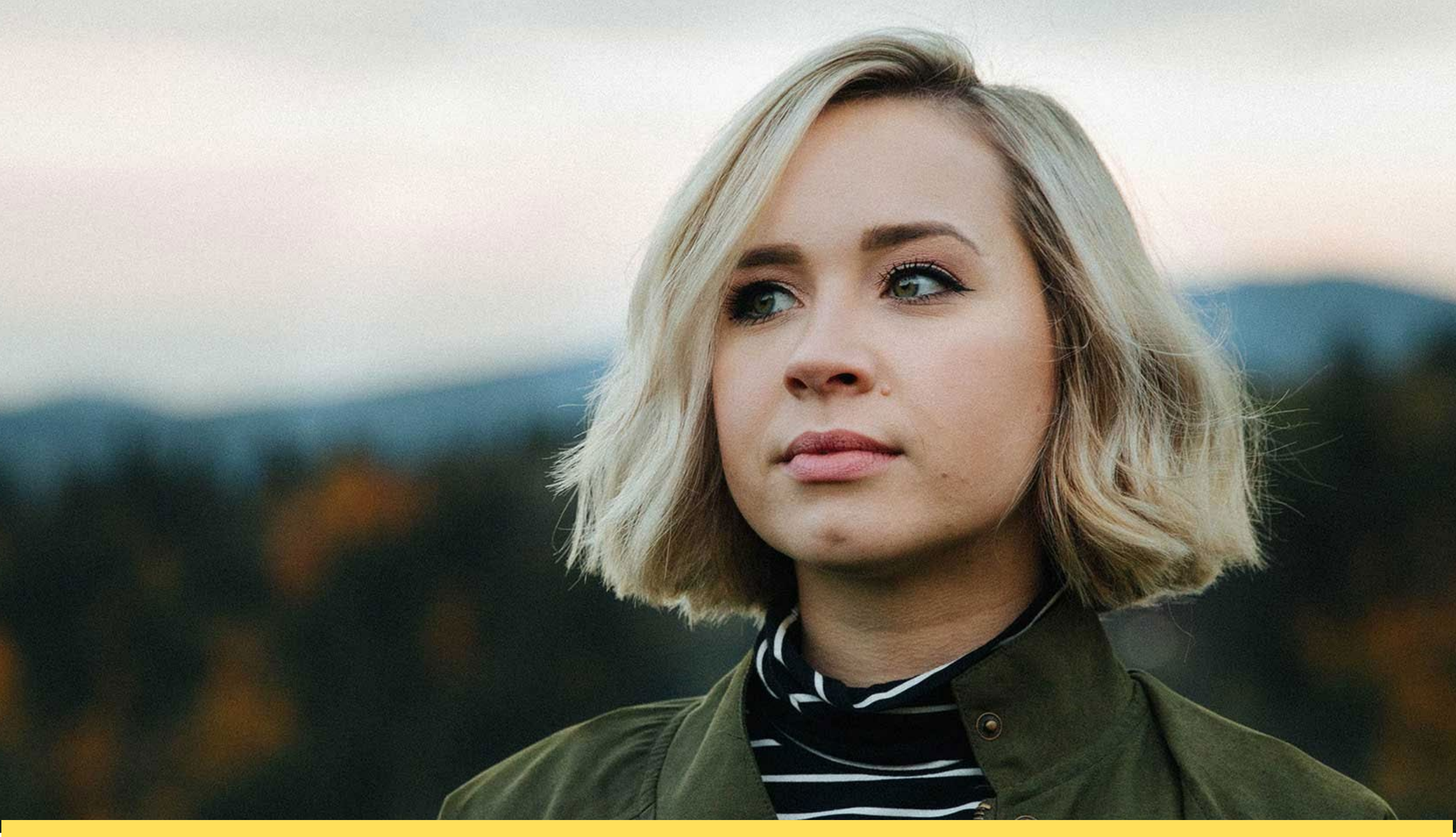
In January Talkpool signed a cooperation agreement with SmartFront, for the delivery of end-to-end solutions for smart buildings.

On January 25 Talkpool finalized the negotiations and signed an agreement to acquire Nordic Proptech Investment Services AB, which owns 100% of the shares in Home Solutions www.homesolutions.se and the transaction was completed on March 5. Home Solutions provides a strong customer base, 20 years of experience and track record in residential properties automation and a strong sales organisation. Talkpool contributes with leading edge technology knowledge, own IoT products and prime commercial real estate customers to the co-operation. Together the two companies will merge to a market leading high-tech Smart Building company with a strong sales force offering a complete eco-system for the digitisation of buildings.

Investors have shown an increasing interest in Talkpool's business model. As a consequence of this, a total of EUR 5 million financing was secured in the past months.

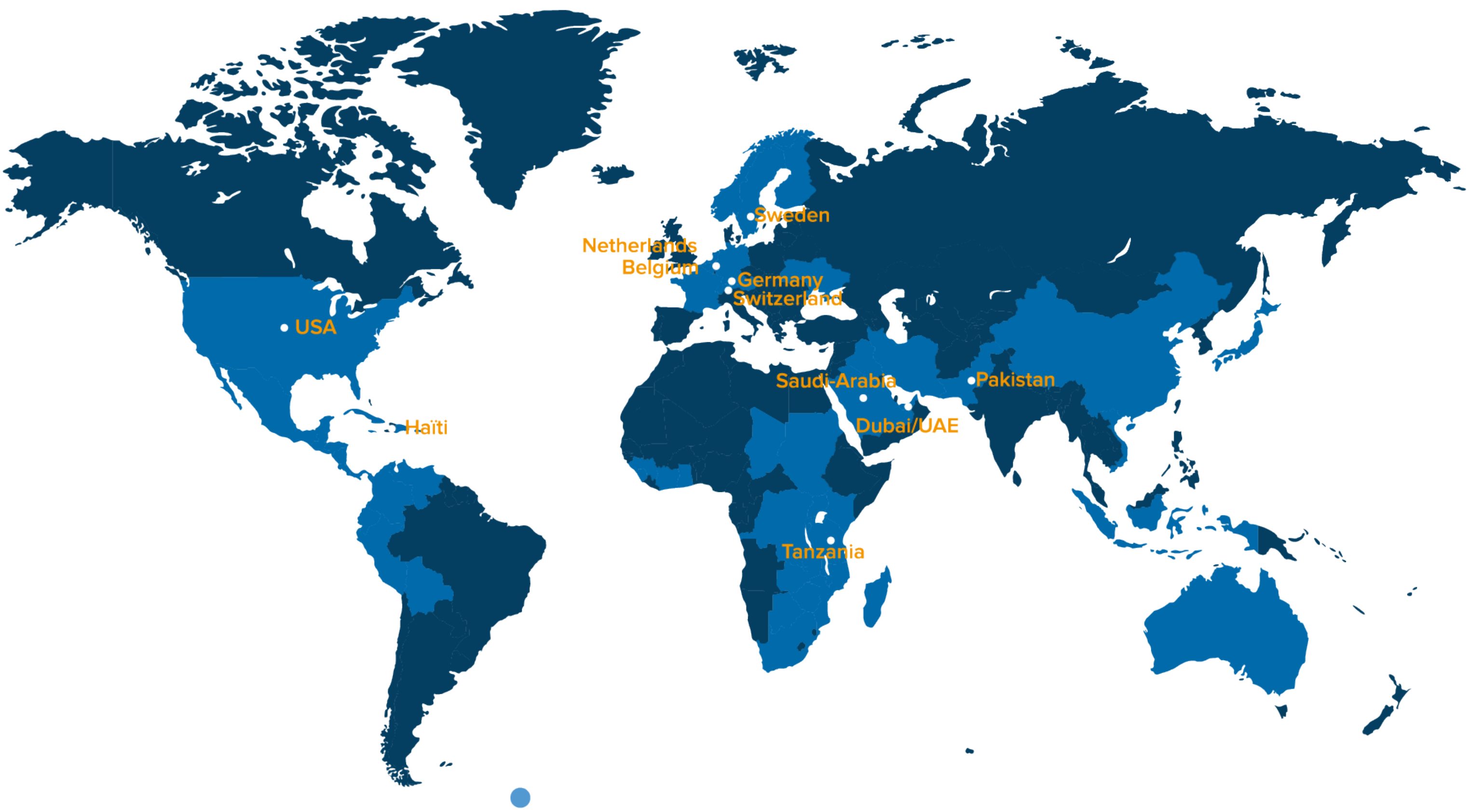
Talkpool's smart building business has now reached approximately EUR 5 million revenue on an annual basis. The critical size combined with sustainable technology offering gives Talkpool a strong position in the maturing Buildings digitisation market and allows for fast scaling. This will pivot Talkpool to a leading Smart Buildings company.

Erik Strömstedt, CEO

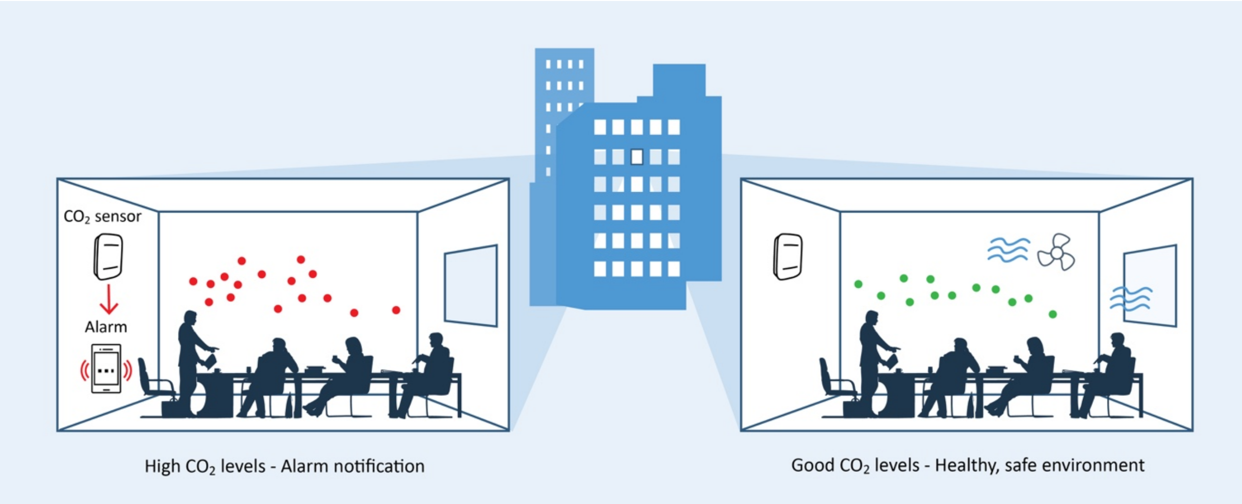


“The flexibility of LoRa devices and the LoRaWAN protocol enables the development of applications for smarter and simpler management. Talkpool’s innovative applications bring ease of use to customers and create effective cost-saving solutions for a quick ROI.”

Marc Pegulu, Vice President of IoT in Semtech’s Wireless and Sensing Products Group



IOT BUSINESS UPDATE



Positioning in Smart Buildings

The real-estate market is going through a digitalization phase. Property owners want to take control of their own data and also be able to combine data from different sub-systems currently locked in by existing vendors. Digitalization is also a possibility to make the buildings more sustainable with less energy waste and preventing building damages. There are also large financial incentives. Investors value sustainable property companies higher and green bonds lowers the interest rate for environment friendly investments and buildings.

Talkpool's solutions address the market needs for Green Building Certification, energy optimization solutions, metering, damage prevention and air-quality well-being. Many Nordic prime construction companies, real-estate companies as well as insurance companies are customers to Talkpool. Most pilot projects and smaller-scale commercial projects have resulted in frame agreements and first commercial orders.

COVID-19 & Air quality

Even though the COVID-19 pandemic has been a challenge, it has also created opportunities for Talkpool. More than ever before, there has been attention from organizations and media on air quality in indoor environments, as bad air ventilation can lead to an increased risk for spreading viruses like COVID-19. The key indicator for this is CO2 levels. CO2 is part of human exhalation, so high CO2 levels indicate an increased risk for COVID-19 infections in indoor environments. Talkpool's solution, based on its LoRaWAN CO2 meters, is an excellent fit for this application, since it was designed specifically to quickly detect and report changes in air quality. A major breakthrough came at the end of 2020, when Talkpool's partner Redytel IoT started the large deployment of Talkpool's sensors, to measure CO2 levels in public buildings and public transport. The renewed attention for indoor air quality will extend beyond the current COVID-19 pandemic and will make society more aware of the importance of good indoor air quality and smart solutions to measure air quality and optimize ventilation.

Energy and air-quality optimization in buildings

Sustainability and good indoor climate are getting more attention in the real-estate market. Talkpool is providing a solution to optimize both parameters to the lowest cost together with Myrspoven.

The Talkpool indoor air-quality sensors are installed in the buildings, in conference rooms, open office environments etc. The indoor air quality data is transmitted over radio. The data is processed with artificial intelligence algorithms and the optimal control signals are sent back to the building, providing the optimal setting based on air quality in different parts of the building, weather condition prediction, historical behavior and energy price.

The solution provides a typical energy saving of 15-30% with improved air quality. The solution, with battery operated wireless sensors and optimization of already existing ventilation system, is easy to implement and cost efficient for building owners to implement any building, especially in older buildings as a first step. The solutions has been implemented for small parts of some of the prime real-estate companies in Sweden. Follow-up orders are expected for larger parts of the existing customer's buildings, as well as expansion outside Sweden.

Home Solutions acquisition

The Home Solutions acquisition is a first step to consolidate the proptech market. Talkpool with strong product offering, technical expertise and focus on commercial buildings combined with Home Solutions with a large customer base with housing companies seems like a very good fit, where Talkpool's products can be used in up-sales of existing customers as well as improving margins for new customers.

Future and strategy

Talkpool is well positioned to benefit from market trends in air quality and through the acquisition of Home Solutions, Talkpool has the critical mass needed to grow into an important player in the IoT industry. A strong offering, backed by a clear ROI perspective and key customer references allow for quick scaling of sales. Next to offering customers innovative and unique solutions, Talkpool will also continue to expand its Smart Buildings offering through product development, third party product sourcing and strategic partnerships. This solidifies the company's position and maximizes the upselling potential.

SMART NETWORK SERVICES

The rollout of 5G networks, initiated by the telecom companies in 2019, as well as the in 2020 strengthened expansion of fiber optic networks, confirms that Talkpool's Smart Network Services strategy is in line with market developments. Due to an increasing number of mobile applications and a continued increase in global data throughput, a continued solid growth in the Network Services market is expected.

Market

The expansion of 5G networks and the consequentially required densification of telecommunication sites and their attachment to the fiber optic network will require additional planning and construction capacities provided by Talkpool.

The 5G technology enables campus networks, which for the first time offers industrial companies the opportunity to create and operate their own local networks on a Telecom standard. These industry-driven networks also offer new planning and services opportunities for Talkpool.

An additional market is the Low Power Sensor Networks (LPWAN) which enable extensive new applications for smart cities, traffic management, logistics optimization and the environment management. This market is currently in the process of maturing. Various applications are already used in a number of areas. This maturing market is opening various opportunities for Talkpool in the selected market verticals.

The expansion of the fiber optic infrastructure is driven forward by the densification of 5G networks, as well as the COVID-19 pandemic and the associated steep increase in home-office work. Working from home in particular requires a regionally well-developed, reliable and fast network infrastructure with high data throughputs to enable team- and cloud-based work. Added to this are increasing demands on wired networks due to online virtual reality gaming.

Mature Offering

The product- and service offering, that Talkpool has defined over the last few years, fits perfectly well with the development of the market conditions.

The offering, from network planning up to operation, meets all the requirements of telecom network operators.

The planning of new networks, the obtaining of official certificates and the planning preparation for the construction and coordination with existing networks is a substantial task in highly cultivated expansion areas. Especially in urban areas, in which the infrastructure is to be updated from copper to fiber optics, such competencies form a decisive market advantage.

The construction of mobile antenna towers on sandy soil has traditionally been a very expensive and time-consuming effort. Talkpool has revolutionized the creation of such sites by introducing a new piling technology anchoring the tower in the ground. With the new technology, construction time can be reduced from several weeks to a few days and significant costs can be saved by reducing time, personnel and building costs. During the replacement of old towers, antennas can now remain active and receiving, which takes away the need for costly redundancy-/mobile backup towers.

Considering that 2% of the global energy consumption is used for mobile communication infrastructure (and increasing by 10% annually), the supply of energy to telecom sites plays an increasingly important role in sustainability efforts. Talkpool anticipated this years ago with the introduction of its 'Smart Site Management' solution based on IoT technology. Among other things, the solution arranges dynamic energy selection of an antenna location in real-time, based on current energy supply conditions, considering availability, stability, sustainability and environmental impact. Additionally, the remote management system also allows for a large number of additional controls, alarms and automatic documentation applications to secure a reliable telecom network operation.

In the LPWAN market, Talkpool offers a comprehensive portfolio, from network planning to complete application solutions addressing professional end customer needs. The LPWAN market is recognized as a strong growth market that has now reached the "Slope of Enlightenment" phase on Gartners Hype Cycle. A new generation of telecommunications providers is investing in these networks and is addressing a multitude of markets and applications, ranging from innovative to sustainable. In this market Talkpool is ideally positioned to take on a market leading role, by packaging the groups offerings. The strong network planning, implementation, installation and operating competence in combination with the IoT solutions is a clear and rare unique selling point.

Future and Strategy

The greatest added value is generated by the combining of the diverse disciplines of Talkpool's two business units as well as external partners. In particular, the "full solution" approach and the full life cycle support is an important element in offering customers OPEX oriented sustainable products.

The networks and services offered by Talkpool provide the basis for an uncountable number of sustainable, energy-efficient applications and innovative future-oriented key technologies.

Therefore, the communication infrastructure becomes more and more critical to highly developed societies' goals for economy, environment and sustainability.

Considering the global growth in data throughput and the associated increase in network markets, Talkpool is optimally positioned for the future.

Return Material Authorization Management(RMA)

Initiated by high-end consumer electronic vendors, refurbishment became a trend that is now becoming a solid sourcing parameter in the professional electronic / telco equipment market. Talkpool has been an early mover through its investments in RMA management and the setup of a dedicated business unit in Belgium that focuses on this market since several years.

On top of the electronic repair- and refurbishment services, Talkpool offers a complete set of electronic failure analyses, analytics to identify weak elements in equipment and RMA logistics.

Device quality analytics, refurbishment and life-time extension services are the basis of sustainable business approaches towards electronic equipment. It enables suppliers to generate recurring revenues based on usage licenses for their supplied equipment over a long time. Partnerships with selected professional electronic equipment suppliers will generate a long-lasting win-win situation.

NOTE FROM THE CHAIRMAN

2020 can be summarized as turn-around despite Corona. During a pandemic, Talkpool continued cost-cutting and closing loss-making markets, launching product solutions, developing a new strategy, and entering acquisition negotiations with Home Solutions, which I believe fits perfectly into Talkpool's new strategy.

The global challenges brought by the Corona pandemic have required a lot from all of us. With a collaborative effort and embracing new technologies, we have made the best out of it. I am impressed by the achievements from Talkpool's employees, clients, and suppliers during this challenging year. Despite restrictions and delays, Talkpool entered into a growth phase towards the end of year 2020, while starting to shift towards becoming more sales-oriented, focusing on selling proven solutions to existing clients.

While continuing to provide network services, Talkpool now offers a range of solutions that digitalize infrastructure. Talkpool's internet of things technology and long experience from providing network services allow the company to provide end-to-end solutions, including network, sensor devices, software platform, security, and apps for making buildings and telecom sites smarter.

Whereas the US and China are competing for global leadership in most industries, Europe is leading the race towards a more sustainable world. Northern Europe is also global leader in building quality. With a base in northern Europe, Talkpool makes buildings more sustainable. We develop solutions that measure and manage natural resources such as energy, water, and air in buildings. The local approach to measuring individual consumption and status in each apartment and business is a requirement for providing and charging for locally produced natural resources to local consumers.

I believe that healthier and more sustainable buildings will be more important in our lives after Corona. High-quality internet connection is also gaining importance in our everyday life. I'd like to thank the shareholders and employees that have supported Talkpool during these difficult times and I'm looking forward to continuing working with you.

Magnus Sparrholm
Chairman of the Board of Directors

“We look forward to working with Talkpool as a leading solution provider within IoT and see great potential in Talkpool's solutions. The deal expands Netmore's LoRaWAN coverage and enables reliable and large-scale IoT through the rollout of qualitative IoT infrastructure throughout the country”.

Ove Anebygd, CEO of Netmore

REMUNERATION REPORT TALKPOOL AG 2020

Introduction

This Remuneration Report outlines the principles underlying and the elements of the remu¬neration paid to the Board of Directors and Group Executive Board of Talkpool AG, as well as the decision-making powers. It discloses information as to the amount of remuneration paid to the Board of Directors and Group Executive Board. The Remuneration Report is based on Art. 13 to 16 of the Ordinance against Excessive Compensation in Listed Stock Companies (Ace). Talkpool AG is implementing the requirements of the OaEC. This Remuneration Report will be submitted to the Annual General Meeting on 6 May 2021 for a consultative vote.

Compensation policy/guiding principles

Remuneration for Board of Directors and Group Executive Management is pursuant to the Company s articles of association resolved on by the Board of Directors. The Board Members have entered into agreements with the company governing their appointment as Board Members.

The purpose of Talkpool AG s compensation framework is to attract, engage, and retain employees. Talkpool is keen to ensure that compensation principles and system properly reward performance and stay closely aligned with the market and the interests of shareholders. Hence, salary and other fringe benefits to the Group Executive Management is considered to be in accordance with the market and based on the importance, requirement of competence, experience and performance of the duties.

Organisation and competencies

Competencies regarding the determination of the remuneration

	Board	Shareholders (AGM)
Chairman	Decision	Approval
Board remuneration	Decision	Approval
CEO remuneration	Decision	Approval
Other Executives remuneration	Decision	Approval

Say on pay vote at the Annual General Meeting

At the Annual General Meeting, the Board submits to the shareholders the maximum total remuneration amounts payable to the Board of Directors and the Group Executives for binding approval.

Compensation components

Board of Directors

The Board Members (with exemption for Magnus Sparrholm) have entered into agreements with the company governing their appointment as Board Members. Each of the Board Members are entitled to a monthly board fee of CHF 1 000.

Group Executive Management

Remuneration for Group Executive Management may consist of salary and variable cash remuneration. The Group Executive Management is entitled to annual bonus linked to Group financial performance. Salary and other fringe benefits to the Group Executive Management is considered to be in accordance with the market and based on the importance, requirement of competence, experience and performance of the duties of the Group Executive Management.

Compensation for financial year under review

The Remuneration Report is based on Art. 13 to 16 of the OaEC. This chapter is subject to audit according to art. 17 OaEC.

Compensation of the members of the Board of Directors

The following remuneration has been paid in 2020:

CHF	Cash remuneration (gross)	Employer contributions to social security	Total
Magnus Sparrholm, Chairman	-	-	-
Constantinus Schreuder, Member	12 000	-	12 000
Dennis Rubner, Member (since May 2020)	7 500	478	7 978
Oliver Guggenheim, Member (since May 2020)	7 500	478	7 978
Jaap Groot, Member (since September 2020)	4 000	-	4 000
Wolfgang Essig, Member*	4 500	287	4 787
Stefan Lindgren, Member*	4 500	287	4 787
Total remuneration to members of the Board of Directors	**40 000**	**1 530**	**41 530**

* Stepped down from the board of directors in May 2020

No loans or credits were granted to or are still outstanding with current or former Board Members or individuals who are closely related to the Board.

The following remuneration has been paid in 2019:

CHF	Cash remuneration (gross)	Employer contributions to social security	Total
Magnus Sparrholm, Chairman	-	-	-
Wolfgang Essig, Member	12 000	747	12 747
Stefan Lindgren, Member	12 000	747	12 747
Constantinus Schreuder, Member	12 000	747	12 747
Dirk Fisseler*, Member	5 000	311	5 311
Total remuneration to members of the Board of Directors	**41 000**	**2 552**	**43 552**

*Elected into the board of directors at the annual general meeting in May 2019 and stepped down from the board of directors by end of October 2019.

No loans or credits were granted to or are still outstanding with current or former Board Members or individuals who are closely related to the Board.

Compensation of the members of the Executive Management

The following remuneration has been paid in 2020:

CHF	Remune-ration, fixed	Employer contributions to social security	Remuneration, variable	Employer contributions to social security	Total
Erik Strömstedt, CEO	216 000	50 212	-	-	266 212
Group Executive Management, others	259 671	35 352	19 676	1 323	316 023
Total remuneration to members of the Group Executive Management	**475 671**	**85 564**	**19 676**	**1 323**	**582 234**

No other loans or credits are given to the current and former Execute Management. Talkpool paid no remuneration or severance payments to members of the Executive Management who gave up their function.

The following remuneration has been paid in 2019:

CHF	Remune-ration, fixed	Employer contributions to social security	Remuneration, variable	Employer contributions to social security	Total
Erik Strömstedt, CEO	216 000	29 642	36 000	2 421	284 063
Group Executive Management, others	453 000	62 924	43 000	2 892	561 816
Total remuneration to members of the Group Executive Management	**669 000**	**92 566**	**79 000**	**5 313**	**845 879**

Current account Erik Strömstedt: CHF 233

Current account Magnus Andersson: CHF 476

No other loans or credits are given to the current and former Execute Management. Talkpool paid no remuneration or severance payments to members of the Executive Management who gave up their function.

Grant Thornton AG
Claridenstrasse 35
P.O. Box
CH-8027 Zürich

T +41 43 960 71 71
F +41 43 960 71 00

www.grantthornton.ch

Report of the statutory auditor

To the General Meeting of
TalkPool AG, Chur

We have audited the remuneration report of TalkPool AG for the year ended December 31, 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 16 to 18 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended December 31, 2020 of TalkPool AG complies with Swiss law and articles 14–16 of the Ordinance.

Other matter

The remuneration report of TalkPool AG for the year ended December 31, 2019 was audited by another auditor who expressed an unmodified opinion on this report on April 17, 2020.

Zurich, 13 April 2021
Grant Thornton AG

Hermann Caspers Audit expert Auditor in charge	Dr. Shqiponja Isufi Audit expert

BOARD OF DIRECTORS AND MANAGEMENT

Name (year of birth)	Position	Relevant experience
Erik Strömstedt (1965)	CEO	Many years of experience from leading positions in the IT and telecom industry.
Stefan Lindgren (1972)	CTO	Has been holding several leading positions within technology and is specialized in radio technology.
Magnus Sparrholm (1968)	Founder and Chairman of the Board	Entrepreneur within IT and telecom since 20 years.
Constantinus Schreuder (1962)	Board member	Many years of experience within the TNC market in the EMEA-region.
Dennis Rubner (1970)	Board member	CEO of a provider of B2B VoIP services. CIO at UPC working for a private equity investor with a focus on outsourcing and carve-out deals.
Oliver Guggenheim (1963)	Board member	Working in the finance sector for more than 35 years.
Jaap Groot (1963)	Board member	Many years of experience with leading positions within the IT and telecom industry.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

EUR		Notes	Jan-Dec 2020	Jan-Dec 2019
Net revenue from goods and services		3	21 221 419	21 233 359
Cost of sales		4	-15 806 637	-17 023 188
Gross profit			**5 414 782**	**4 210 171**
Selling expenses		5	-387 116	-677 334
Administrative expenses		5	-3 938 841	-4 431 055
Other operating income		6	111 494	62 210
Other operating expenses		6	-708 527	-214 072
Operating result			**491 792**	**-1 050 080**
Financial income		7	297 999	308 554
Financial expenses		7	-1 354 376	-1 934 559
Loss before income taxes			**-564 584**	**-2 676 085**
Income taxes		8	-421 372	-699 476
Net loss			**-985 957**	**-3 375 561**
Net profit/loss attributable to:				
	Shareholders of the parent company		-1 142 265	-3 353 810
	Minority interests		156 309	-21 751
Other information				
Average number of shares		17	5 375 392	4 930 784
Earnings per share (no dilutive effects)			-0.21	-0.68
Number of shares, end of period		17	6 379 730	4 930 784
Earnings per share (no dilutive effects)			-0.18	-0.68

The above (consolidated income statement) should be read in conjunction with the accompanying notes.

Consolidated balance sheet

EUR	Notes	December 31 2020	December 31 2019
ASSETS			
Current assets			
Cash		1 072 799	1 157 131
Trade receivables		3 844 767	3 566 878
Trade receivables related		53 295	-
Other current receivables	9	2 397 020	2 517 603
Inventory		678 912	696 925
Due from customers for contract work		1 323 936	2 596 107
Prepayments and accrued income		309 439	515 599
Total current assets		**9 680 169**	**11 050 243**
Non-current assets			
Financial assets	10	186 528	421 995
Investments in associates and joint venture	18	8 084	10 820
Property, plant and equipment	11	696 411	986 332
Intangible assets	12	473 982	559 649
Total non-current assets		**1 365 004**	**1 978 796**
TOTAL ASSETS		**11 045 173**	**13 029 039**

The above (consolidated balance sheet) should be read in conjunction with the accompanying notes.

EUR	Notes	December 31 2020	December 31 2019
Liabilities and equity			
Current liabilities			
Trade payables		2 079 282	3 455 621
Current interest-bearing liabilities	13	4 441 928	3 070 230
Other current liabilities	14	1 161 407	1 623 827
Accrued liabilities and deferred income	15	2 750 282	3 206 951
Total current liabilities		**10 432 899**	**11 356 629**
Non-current liabilities			
Non-current interest-bearing liabilities	13	1 855 644	3 966 378
Provisions	16	404 756	401 659
Total non-current liabilities		**2 260 400**	**4 368 037**
Total liabilities		**12 693 299**	**15 724 666**

Consolidated balance sheet, continued

Equity			
Share capital	17	257 725	190 571
Capital reserves		7 501 119	5 518 024
Cumulative foreign translation adjustments		-712 076	-186 604
Retained earnings		-9 326 693	-8 484 217
Equity excl. minority interests		**-2 279 926**	**-2 962 226**
Share of minority interests	18	631 800	266 599
Equity incl. minority interests		**-1 648 126**	**-2 695 627**
TOTAL LIABILITIES AND EQUITY		**11 045 173**	**13 029 039**

The above (consolidated balance sheet) should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

EUR	Notes	Jan-Dec 2020	Jan-Dec 2019
Operating activities			
Net loss		-985 957	-3 375 561
Adjustment for items not affecting cash flow	20	720 994	740 621
Change in working capital		-1 009 690	1 840 190
Net cash flow from operating activities		**-1 274 653**	**-794 750**
Investing activities			
Investments in property, plant and equipment	11	-191 924	-429 712
Sale/divestment of property, plant and equipment	11	71 605	17 212
Investments in intangible assets	12	-86 265	-198 129
Inflow/outflow from change of financial assets		-	-
Dividends paid to minority		-75 614	-69 053
Sale/divestment of shares in subsidiaries		-	154 060
Net cash from investing activities		**-282 198**	**-525 622**
Financing activities			
Net proceeds from share issue		-	-
Net issuance/repayment of interest-bearing liabilities		1 307 453	1 665 116
Net cash flow from financing activities		**1 307 453**	**1 665 116**
Currency translation effects		165 065	17 999
Net change in cash		**-84 332**	**362 743**
Cash, beginning of period		1 157 131	794 388
Cash, end of period		1 072 799	1 157 131

The above (consolidated cash flow statement) should be read in conjunction with the accompanying notes.

Consolidated changes of Equity

EUR	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**
Jan 1, 2019	190 571	5 538 661	28 170	-1 503 482	-3 621 404	632 516	-29 996	602 520
Net loss	-	-	-	-3 353 810	-	-3 353 810	-21 751	-3 375 561
Transactions with minority	-	-20 637	22 803	-109 028	103 507	-3 355	324 174	320 819
Foreign currency differences	-	-	-237 577	-	-	-237 577	-5 828	-243 405
Dec 31, 2019	190 571	5 518 024	-186 604	-4 966 320	-3 517 897	-2 962 226	266 599	-2 695 627
Jan 1, 2020	190 571	5 518 024	-186 604	-4 966 320	-3 517 897	-2 962 226	266 599	-2 695 627
Net loss	-	-	-	-1 142 265	-	-1 142 265	156 309	-985 957
Share issue in Q3	67 154	1 983 095	-	-	-	2 050 249	-	2 050 249
Transactions with minority	-	-	-	144 924	154 866	299 790	208 892	508 682
Foreign currency differences	-	-	-525 472	-	143 480	-525 472	-	-527 472
Dec 31, 2020	257 725	7 501 119	-712 076	-5 952 277	-3 374 417	-2 279 926	631 800	-1 648 126

The above (consolidated statement of changes in equity) should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting principles

Basis for preparation

The consolidated financial statements are based on the annual accounts of the Group companies for the year ending 31 December 2020, applying consistent accounting principles throughout the Group. The parent company, Talkpool AG, is a Swiss company and is governed by Swiss law and accounting principles. The consolidated financial statements have been prepared in compliance with the Swiss Code of Obligations (Art. 957 to 963b CO). The financial statements are prepared on a going-concern assumption.

For the accounting policies applied to individual items in the balance sheet, please see the corresponding sections of the notes.

Description of business

Talkpool delivers a comprehensive range of network design, engineering, implementation and managed services designs for the world's foremost telecommunications operators, system vendors and prime contractors. Talkpool enables the Internet-of-Things (IoT) ecosystem by providing professional services and solutions for Internet of Things and the emerging cloud infrastructures. Through global partnership in Joint Ventures and franchising, Talkpool is enabling IoT and network services worldwide.

Consolidation principles

Companies where Talkpool AG owns more than 50% of the shares and therefore has control are fully consolidated. Businesses where Talkpool AG has joint control under a joint venture agreement are proportionally consolidated. Associated companies are accounted for by using the equity method.

The consolidated financial statements are prepared in accordance with the purchase method.

The equity of the Group companies at the time of acquisition is offset against the carrying amount of the participating interest of the parent company. At this point in time, the assets and liabilities already recognised in the balance sheet of the Group companies are revalued at fair values, applying the accounting principles of the Group. Any difference remaining between purchase price and the equity of the acquired company is offset against retained earnings at the time of the acquisition. Assets and liabilities and income and expenses are recognised in their entirety for fully consolidated companies.

Minority interests in the consolidated equity and the net result are disclosed separately (if material).

All internal transactions and relationships between the Group companies are eliminated. Intra-group profits on such transactions are eliminated in the income statement. The companies that constitute the scope of the consolidation are listed in the notes to the consolidated financial statements.

Associated companies are companies over which the Group exercises significant influence but over which it has no control or joint control. This influence is generally evident in the fact that the Group has a voting share representation of between 20 % and 50 % and also by having access to the company s up-to-date financial information is an indication of significant influence.

Shares in associated companies are recognised according to the equity method and initially reported at acquisition cost. They are recognised as the share of equity on the balance sheet date and shown on the consolidated balance sheet in the financial assets and in the notes as "investments in associated companies". The share in the profit or loss for the financial year is recognised in the consolidated income statement under "Financial result".

Participating interests of less than 20 % are valued at acquisition cost less any impairment. They are disclosed in the financial assets.

Foreign currency translation

The financial statements are presented in Euro (EUR). The parent company s functional currency is the Swiss franc (CHF).

Transactions in foreign currencies are translated to the functional currency at the average rate of the month. At year-end, monetary assets and liabilities in foreign currencies are revalued with the effect to the income statement at year-end rates. Exchange rate differences arising from the revaluation of shares in associated companies are also recognised in the equity. Non-monetary assets and liabilities in foreign currencies are translated using the exchange rates at the time of each transaction.

Translation of annual financial statements for consolidation

The consolidated financial statements are presented in Euro (EUR). Assets and liabilities of Group companies denominated in a different currency are translated at year-end (reporting date) rates, equity at historical rates and the income statement and cash flow statement at the average exchange rates for the year. The translation differences, which arise, are recognised in the equity without an impact on the income statement.

Cash

Cash comprises cash in hand as well as the cash balances in postal and bank accounts. They are recognised at nominal values.

Receivables from goods and services

This item comprises current receivables from ordinary operations with a residual term to maturity of up to one year. Receivables from goods and services are reported at their nominal value less impairments necessary for business reasons, depending on the specific risk situation.

Inventories

Inventories refer to:

1. Products in stock – measured at the lower of cost and net realizable value based on first-in, first-out (FIFO) principle. Risks of obsolescence are measured by estimating the market value.
2. Work in progress – refers to projects started at year-end, which are not completed, measured at the lower of acquisition or production cost and fair value less cost to sell. When revenue is recognized, work in progress is derecognized and is instead recognized as Cost of sales. This accounting method applies for projects where the preconditions for applying the percentage of completion method (POCM) are not met.

Due from customers for contract work

Due from customers for contract work refers to:

3. Completed work, unbilled – these are valued at purchase order value (selling price). Work is considered completed once the work completion note (WCN) has been received from the customer.
4. Work in progress, percentage of completion – the portion of work completed, fulfilling the requirements for percentage of completion method, is valued at purchase order value (selling price). The stage of completion of the contract activity at the end of the reporting period is measured based on the proportion of the direct contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

The amount is presented as a net of contract work already invoiced.

For further information please see section “Revenue recognition”.

Property, plant and equipment

Tangible assets are recognised in the consolidated accounts at cost, less accumulated depreciation and any im¬pairment losses. Cost includes the purchase price and costs directly attributable to the asset to put it in place and in the right condition for the use for which it was acquired.

The carrying amount of an item of property, plant or equipment is derecognised from the balance sheet upon retirement or disposal of the asset or when no future economic benefits are expected from the asset s use, re¬tirement, or disposal. Gains or losses that arise from an asset s disposal or retirement comprise the difference between the selling price and the carrying amount, less direct selling expenses.

Depreciation of property, plant and equipment, is made according to the straight-line method over their esti¬mated useful lives except for motor vehicles, as stated below:

Estimated useful lives:

Furniture and fittings	5-8 years (12.5-20%)
Computers	3-5 years (20-30%)
Tools and equipment	4-5 years (20-25%)

For motor vehicles a 20% reducing balance method is applied for depreciation purposes.*Intangible assets*

Intangible assets

Intangible assets consist of capitalized development costs and separately acquired intangible assets, mainly consisting of software. Intangible assets are recognised at cost, less accumulated depreciation and any impair¬ment losses.

Costs incurred for development of products to be sold, leased, or otherwise marketed or intended for internal use are capitalized as from when technological and economic feasibility has been established until the product is available for sale or use. Research and development expenses directly related to orders from customers are accounted for as a part of cost of sales. Other research and development expenses are charged to income as incurred. Amortization of acquired intangible assets is made according to the straight-line method over their estimated useful lives, not exceeding ten years. Impairment tests are performed whenever there is an indica¬tion of possible impairment. However, intangible assets not yet available for use are tested annually.

Goodwill

As of 1 January 2016, the Group changed its goodwill accounting from capitalization and amortization to offset¬ting against equity. The goodwill resulting from acquisitions is offset against retained earnings at the time of acquisition. On a divestment of a business combination, the goodwill offset against equity at an earlier date is transferred to the income statement. The effects of the theoretical capitalization and amortization, including any impairment from valuation assessments is shown in note 19. The presentation of the effect of a capitaliza¬tion in note 19 is based on a straight-line amortization over an estimated useful life of five years

Current and non-current interest-bearing liabilities

Current and non-current interest-bearing liabilities are recognized at nominal value.

Current interest-bearing liabilities
– maturity within 1 year

Non-current interest-bearing liabilities
– maturity more than 1 year

Leasing

Leases on terms in which the company assumes substantially all the rewards and risks of ownership of the leased assets are accounted for as finance leases.

The following conditions also needs to be met:

- At the signing date of the contract, the present value of the lease payments, including a possible final pay¬ment, approximates the acquisition cost or the market value of the leased asset, or
- The expected lease term does not differ substantially from the economically
- Useful life of the leased asset,
- The leased asset will become the property of the lessee at the end of the lease term
- A possible final payment at the end of the lease term is substantially below its respective current market value.

Initially, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The asset is accounted for in accordance with the accounting policy applicable to that type of asset, although the depreciation period must not exceed the lease term. The corresponding liabil¬ity to the lessor is recognized in the balance sheet as a liability against the asset subject to finance lease. Lease payments are appropriated between finance charges and reduction of the lease liability so as to achieve con¬stant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account.

Other leases are accounted for as operating leases and are not recognized in the balance sheet. Costs under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

Post-employment obligations

Pensions and other post-employment schemes are classified as either defined contribution plans or defined benefit plans.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The related actuarial and investment risks fall on the employee. The contributions are recognised as employee benefit expense during the period when the employee provides the service. Prepaid contributions are recognised as an asset to the extent that a cash re¬fund or a reduction in the future payments is available.

Under a defined benefit plan, it is the company s obligation to provide agreed benefits to current and former employees. The related actuarial and investment risks fall on the company. Currently there are no defined ben¬efit plans within the Talkpool Group.

Provisions

Provisions are made when there are legal or constructive obligations as a result of past events and when it is probable that an outflow of resources will be required to settle the obligations and the amounts can be reliably estimated. When the effect of the time value of money is material, discounting is made of estimated outflows. However, the actual outflows because of the obligations may differ from such estimates

Gratuity provision in Pakistan:

The company operates an unfunded gratuity scheme for its employees who have completed the qualifying pe¬riod as defined under the respective scheme. The amount of liability is measured using a simplified approach and of each employee at year-end is computed by number of years completed multiplied by the last drawn monthly gross salary. The difference between the current and the previous liability is charged to profit and loss account as expense for the year.

Revenue recognition

- Revenue from long-term contracts is recognised according to the **percentage of completion method** (POCM) when the following preconditions are met:
- There is a contractual basis for the project
- There is a high probability that the contractually agreed performance can be delivered
- Income attributable to the assignment can be reliably calculated
- The percentage of completion can be reliably calculated
- The expenses that have arisen and the expenses that remain to complete the assignment can be reliably calculated

Revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, under “Accrued liabilities and deferred income”. Amounts billed for work performed but not yet paid by the customer are included in balance sheet under “Trade receivables”.

For projects where the preconditions for applying the POCM are not met, revenue from customer projects is recognised in the profit and loss of the year based on projects completed. Projects started and not completed at year-end are recognised in the balance sheet and recognised in profit and loss upon completion of the pro¬ject. Revenue is recognised if it is probable that the economic benefits will flow to the company. If there are material uncertainties about payment, related expenses, or guarantees, no revenue is recognised. Revenue comprises the fair value of services sold and work performed, excluding value added tax.

Projects completed but not fully invoiced at year-end: upon completion all revenues and expenses referable to completed projects are recognised as profit or loss on the services rendered and work performed, i.e., reve¬nues and expenses are recognised in the period in which the work is completed. Earned but not invoiced fees on the reporting date are recognised as work performed but not invoiced under the “Due from customers for contract work”.

Projects started not fully completed at year-end: work invoiced and expenses incurred for projects started but not fully completed at year-end are recognised in the balance sheet as work in progress under the heading “In¬ventories” and prepayments from customers under “Accrued liabilities and deferred income”. The work in pro¬gress is measured at the lower of acquisition or production cost and fair value less cost to sell. Revenue of these projects is recognised upon full completion of the project.

Income taxes

The income tax expense or credit for the period is the tax payable on the current period s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. How¬ever, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substan¬tially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. De¬ferred income tax receivables are included in "Financial assets" and deferred income tax liabilities are included in "Accrued liabilities and deferred income".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Employees

The number of full-time equivalents exceeded 250 on an annual average basis in 2020 and 2019.

2. Audit fees

EUR	2020	2019
Audit services	-61 897	-91 941
Other services	-5 543	-30 200
Total	**-67 440**	**-122 141**

3. Net revenue from goods and services

EUR	2020	2019
Net sales by country		
Haiti	6 133 350	6 717 434
Pakistan	5 356 524	6 125 194
Netherlands	3 125 737	2 678 139
Germany	1 573 595	1 423 244
Tanzania	2 093 733	1 154 337
Belgium	843 791	934 377
Uganda	77 884	580 138
Sweden	1 624 537	813 358
Saudi Arabia	355 216	454 918
Mauritius	-	51 288
Mexico	-	295 808
Kenya	37 050	5 124
Total	**21 221 419**	**21 233 359**

4. Cost of sales

EUR	2020	2019
Direct cost of sales	-4 905 620	-5 126 070
Depreciation of property, plant and equipment	-318 526	-321 561
Cost of consultants	-6 037 114	-6 861 654
Salaries projects	-4 545 377	-4 713 903
Total	**-15 806 637**	**-17 023 188**

5. Selling and administrative expenses by nature

EUR	2020	2019
Depreciation of property, plant and equipment	-119 020	-124 108
Amortization intangible assets	-158 086	-10 928
Salaries including social charges	-1 615 628	-2 593 649
Other personnel expenses	-138 436	-304 307
Administration expenses	-1 907 671	-1 398 063
Selling expenses	-387 116	-677 334
Total	**-4 325 957**	**-5 108 389**

6. Other operating income and expenses

EUR	2020	2019
Exchange gain	5 730	18 490
Other income	105 764	43 720
Total other income	**111 494**	**62 210**
Release of prior year receivables	-	-36 391
Exchange loss	-839	-56 116
Other expenses	-707 688	-121 565
Total other expenses	**-708 527**	**-214 072**
Total	**-597 033**	**-151 862**

7. Financial income and expenses

EUR	2020	2019
Currency translation gains	-	13 796
Sale of shares in subsidiaries	281 101	263 205
Other financial income	16 898	31 553
Total financial income	**297 999**	**308 554**
Interest expenses	-582 311	-673 829
Currency translation losses	-467 291	-438 100
Write-down of financial assets	-38 803	-541 330
Other financial expenses	-265 971	-281 300
Total financial expenses	**-1 354 376**	**-1 934 559**
Total	**-1 056 376**	**-1 626 005**

8. Taxes

EUR	2020	2019
Current tax expense/income	-388 398	-394 918
Deferred tax expense/income*	-32 974	-304 558
Total	**-421 372**	**-699 476**

* Includes impairments of deferred tax assets in Talkpool AG of EUR 256 723 in 2019.

9. Other current receivables

EUR	December 31 2020	December 31 2019
VAT receivable	6 487	100 725
Other tax receivables	1 767 235	1 980 397
Other receivables shareholders	-	653
Prepayment to suppliers	1 751	22 965
Other short-term receivables	621 547	412 863
Total	**2 397 020**	**2 517 603**

Other tax receivables mainly relate to prepaid tax and withholding tax.

10. Financial assets

EUR	December 31 2020	December 31 2019
Deferred tax assets	29 098	31 812
Other third-party financial assets	157 430	390 183
Total	**186 528**	**421 995**

11. Property, plant and equipment

EUR	2020	2019
Cost		
Opening balance	1 406 216	1 158 421
Additions	191 924	429 712
Balances regarding acquired/divested businesses	-12 643	-48 766
Sales/disposals	-71 605	-73 712
Translation difference	-	-59 439
Closing balance	**1 513 892**	**1 406 216**
Accumulated depreciation		
Opening balance	-419 884	-121 669
Depreciation	-403 841	-418 440
Balances regarding acquired/divested businesses	-	22 737
Sales/disposals	39 843	53 371
Translation difference	-33 599	44 117
Closing balance	**-817 481**	**-419 884**
Net carrying value	**696 411**	**986 332**

12. Intangible assets

EUR	December 31 2020	December 31 2019
Cost		
Opening balance	612 169	431 823
Additions	86 265	189 890
Sales/disposals	-	-3 638
Translation difference	-	-5 906
Closing balance	**698 434**	**612 169**
Accumulated depreciation		
Opening balance	-52 520	-25 373
Amortization	-171 932	-38 158
Sales/disposals	-	3 352
Translation difference	-	7 659
Closing balance	**-224 452**	**-52 520**
Net carrying value	**473 982**	**559 649**

13. Financial liabilities

EUR	December 31 2020	December 31 2019
Credit facility	496 450	1 327 158
Bank loans	92 383	367 763
Factoring	-	292 418
Financial lease liability, current	29 777	80 618
Other current interest-bearing liabilities*	3 823 317	1 002 273
Total current interest-bearing liabilities	**4 441 928**	**3 070 230**
Bank loans	375 562	213 101
Financial lease liability, non-current	89 209	49 322
Loans from third parties**	561 920	3 559 818
Loans from related parties	198 966	43 939
Loans from shareholders	629 986	100 198
Total non-current interest-bearing liabilities	**1 855 644**	**3 966 378**
Total	**6 297 571**	**7 036 608**
Maturity of non-current interest-bearing liabilities		
1-5 years	1 755 644	3 866 180
More than 5 years	100 198	100 198
Total non-current financial liabilities	**1 855 842**	**3 966 378**

*This includes in 2020 a bond of EUR 2 399 320 with interest rate of 10%, maturity in 1.8.2021
**This includes in 2019 a bond of EUR 2 485 055 with interest rate of 10%, maturity in 1.8.2021

To secure liquidity, Talkpool AG has received a guaranteed COVID-19 loan totaling CHF 0.5 million at an interest rate of 0.0%. The interest conditions can be adjusted to market developments on March 31, for the first time on March 31, 2021 based on the requirements of the Federal Department of Finance. The first amortization will be done on March 31, 2022, the last one is planned on September 30, 2027.

For the duration of the use of the COVID-19 loan, no dividends or royalties can be distributed and no capital contributions may be repaid. In addition, there are further restrictions regarding the granting and redemption of loans to group companies and owners. It should also be noted that until December 19, 2020, the company was only able to make replacement investments in fixed assets for this financial year.

In connection with the provisions on capital loss or over-indebtedness according to Art. 725 OR, the guaranteed COVID-19 credit of CHF 0.5 million applies until March 2022 not as borrowed capital (Art. 24 of the COVID-19 Solidarity Guarantee Ordinance).

14. Other current liabilities

EUR	December 31 2020	December 31 2019
VAT liability	193 747	323 901
Other tax liabilities	141 556	369 166
Other short-term liabilities	826 106	930 760
Total	**1 161 408**	**1 623 827**

Other tax liabilities mainly related to withholding tax and payroll tax.

15. Accrued liabilities and deferred income

EUR	December 31 2020	December 31 2019
Accrued project expenses	204 271	438 699
Personnel related accruals	487 797	563 313
Income tax liability	197 088	289 882
Deferred income	-	94 325
Deferred tax liability	-	6 062
Other accrued costs	1 861 127	1 814 670
Total	**2 750 283**	**3 206 951**

In 2020 and 2019 other accrued costs include outstanding payments from the acquisition of LCC Pakistan.

16. Provisions

EUR	December 31 2020	December 31 2019
Opening balance	401 659	438 945
Opening balance adjustments	-	-12 879
Additions	71 424	64 865
Utilization/Cash out	-24 568	-59 566
Translation difference	-43 759	-29 706
Closing balance	**404 756**	**401 659**

Provisions relate to employee benefits in Pakistan and Saudi Arabia and customer guarantees in the Netherlands in 2020 and 2019.

17. Share capital

As of 31.12.2020, 6 379 730 (31.12.2019: 4 930 784) registered shares at a nominal CHF 0.05 (31.12.2019: CHF 0.05) were issued.

Changes in share capital		**Change in share capital, CHF**	**Capitalization, CHF**	**Change in number of shares**	**Nominal value, CHF**	**Total share capital, CHF**	**Total number of shares**
Establishment	2000	110 000	110 000	110 000	1.00	110 000	110 000
Split 1:19	2016	-	-	2 090 000	0.05	110 000	2 200 000
Share issue	2016	28 500	1 396 570	570 000	0.05	138 500	2 770 000
Issue costs	2016	-	-543 161	-	-	-	-
Share issue	2016	11 111	1 121 021	222 222	0.05	149 611	2 992 222
Issue costs	2016	-	-22 283	-	-	-	-
Share issue	2017	86 169	4 492 203	1 723 384	0.05	235 780	4 715 606
Issue costs	2017	-	-670 557	-	-		-
Share issue	2017	10 759	810 828	215 178	0.05	246 539	4 930 784
Issue costs	2017	-	-30 229	-	-		-
Share issue	2020	72 447		1 448 946	0.05	318 986	6 379 730
Issue costs	2020	-	-57 387	-	-		-
December 31, 2020		**318 986**				**318 986**	**6 379 730**
In EUR		**257 725**				**257 725**	

18. Summary of group companies, joint ventures and associated organisations

Company	Domicile	Purchased/ established	Currency	Share capital / Voting shares December 31, 2020	Share capital / Voting shares December 31, 2019
Talkpool Deutschland AG	Germany	2014	EUR	100%	100%
LCC Pakistan (Private) Limited	Pakistan	2017	PKR	89%	89%
Virtual Connect Limited	Saudi Arabia	2018	SAR	100%	100%
Talkpool Network Services Ltd.	Uganda	2014	UGX	-	99%
Talkpool S. de R.L. de C.V	Mexico	2011	MXN	-	99%
Talkpool Network Services Ltd.	Tanzania	2015	TZS	99%	99%
Talkpool Telecom Network Services Ltd.	Kenya	2014	KES	96%	96%
Talkpool NV	Belgium	2017	EUR	80%	80%
Camouflage B.V.	The Netherlands	2016	EUR	62%	62%
Talkpool AB	Sweden	2014	SEK	57%	56%
IoT Services AB	Sweden	2016	SEK	66%	66%
OnYield Ltd	Hong Kong	2016	HKD	51%	51%
Talkpool Network Services Ltd.	Mauritius	2016	MUR	19%	19%
Talkpool LLC	USA	2012	USD	24%	24%

All the group companies, joint ventures and associated companies have the same year-end closing as the parent company, i.e. 31.12.2020.

The share of capital in Kenya and Tanzania is less than 100% but no minority interest is accounted for since the 1% ownerships by the minority is only due to legal requirements in the respective country.

In 2020 all shares in Talkpool Telecom Network Services Ltd in Uganda and Talkpool s. de R.L. de C.V were sold.

In 2019 all shares in Talkpool Telecom Network Services Ltd in Mauritius was divested.

19. Acquired goodwill

From 2016, and with previous years 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:

Goodwill

EUR	December 31 2020	December 31 2019
Cost		
Opening balance	3 009 240	3 167 994
Balances regarding acquired/divested businesses	-132 409	-
Sales/disposals	-	-420 428
Translation difference	-157 197	261 674
Closing balance	**2 719 634**	**3 009 240**
Accumulated amortization		
Opening balance	-1 640 937	-1 092 137
Theoretical amortization	-565 886	-593 466
Sales/disposals	-	116 779
Translation difference	244 443	-72 113
Theoretical closing balance	**-1 962 380**	**-1 640 937**
Theoretical net carrying value	**757 254**	**1 368 303**

Had goodwill been capitalized and amortized, the theoretical effect on equity and net income would have been as follows:

Theoretical impact on income statement

EUR	2020	2019
Operating result		
Operating result (EBIT), per income statement	491 792	-1 050 080
EBIT margin, %	*2.3%*	*-4.9%*
Theoretical amortization of goodwill	-565 886	-593 466
Theoretical EBIT after goodwill amortization	**-74 094**	**-1 643 546**
EBIT margin after goodwill amortization, %	*-0.3%*	*-7.7%*
Net profit/loss		
Net profit/loss, per income statement	-985 957	-3 375 561
Theoretical amortization of goodwill	-565 886	-593 466
Theoretical net profit/(loss) after goodwill amortization	**-1 551 843**	**-3 969 027**

Theoretical impact on balance sheet

EUR	December 31 2020	December 2019
Equity		
Equity as per balance sheet	-1 648 126	-2 695 627
Theoretical capitalization of net book value of goodwill	757 254	1 368 303
Theoretical equity including net book value of goodwill	**-890 872**	**-1 327 324**

20. Adjustment for items not affecting cash flow

EUR	December 31 2020	December 31 2019
Depreciation property, plant and equipment	489 879	445 671
Amortization intangible assets	171 932	10 928
Other non-cash items	59 183	284 022
Closing balance	**720 994**	**740 621**

21. Exchange rates

	Average rate 2020	Year-end rate December 31 2020	Average rate 2019	Year-end rate December 31 2019
EUR/CHF	0.93449	0.92384	0.89887	1
EUR/PKR	0.00543	0.00507	0.00597	0.00575
EUR/UGX	0.00024	0.00022	0.00024	0.00024
EUR/MXN	0.04083	0.04098	0.04641	0.04734
EUR/TZS	0.00038	0.00035	0.00039	0.00038
EUR/KES	0.00830	0.00742	0.00876	0.00871
EUR/SAR	0.23364	0.21718	0.23815	0.23778
EUR/SEK	0.09540	0.09940	0.09449	0.09569
EUR/MUR	-	-	0.02592	0.02440

22. Other disclosures

EUR	2020	2019
Office rent	221 202	36 '689
Pension liability	66 861	62 126

23. Contingent liabilities

In the course of normal business operations, the Group is involved in a number of legal and tax disputes, but litigation is rare.

LCC Pakistan runs a share-based incentive program that is linked to EBITDA and cash distributions to the Group.

The program awards local management with shares in LCC Pakistan if the EBITDA and cash distribution targets are being met. In 2020 the targets were not met. A new program will be set up in 2021.

24. Assets used to secure own liabilities

As of 31.12.2019, trade receivables of EUR 805 290 and a shareholder loan of EUR 91 941 were used to secure bank loans.

As of 31.12.2020, trade receivables of EUR 633 381 and a shareholder loan of EUR 92 384 were used to secure bank loans.

25. Events occurring after the balance sheet date

Talkpool AG bought all shares in Nordic Proptech Investment Services AB, which owns 100% of the shares in Home Solutions (Home Solutions i Sverige AB and Home Solutions Operations AB) on 25th January 2021.

Home Solutions is a hightech smart building company.

By the end of March, International investment fund Sacculus bought 35% of the shares in Nordic Proptech Investment Services AB (NPTIS) and its daughter company Home Solutions. Talkpool Group will fully consolidate the 65%.

Events after the balance sheet date were considered until 08.04.2021. On this date, the statutory financial statements were approved by the Board of Directors of TalkPool AG.

26. Going concern

The Board of Directors and the management regularly assess the Group's ability to continue as a going concern and is of the opinion that the Group is to be viewed as continuing in business for the foreseeable future. The Consolidated Financial Statements have been prepared on a going concern basis.

Talkpool applies an accounting method whereby goodwill is written-off from acquired companies to 100% from the equity no matter how good the acquisition is. The group's consolidated equity is negative due to the Goodwill write-offs amounting to EUR 3 363 032. The equity would have been positive excluding the Goodwill write-offs.

Operational and financing measures have been taken to strengthen the liquidity and equity. Cost-cutting measures have led to a turn-around with reduced losses in 2020 and expected improved results and equity during 2021.

Looking forward, convertible loans were received in the first quarter of 2021 that improved cashflows. The company has the objective to replace EUR 3 million existing loans with new loans at better conditions during 2021. Furthermore, the board of directors have initiated a share issue, converting loans to shares and thereby strengthening the balance sheet during 2021. Finally, the business has a positive operational trend that is contributing to gradually strengthening the finances.

Grant Thornton AG
Claridenstrasse 35
P.O. Box
CH-8027 Zürich

T +41 43 960 71 71
F +41 43 960 71 00

www.grantthornton.ch

Report of the statutory auditor on the consolidated financial statements

to the General Meeting of
TalkPool AG, Chur

Opinion
We have audited the consolidated financial statements of TalkPool AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated income statement, consolidated statement of cash flows, consolidated changes in equity and notes to the consolidated financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 21 to 40) as at December 31, 2020 and its consolidated results of operations and its consolidated cash flows for the year then ended comply with Swiss law as well as with the consolidation and valuation principles described in the notes.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the Circular 1/2015 of the Swiss Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

<table>
<tr><th>Key Audit Matter</th><th>Auditor's Reaction</th></tr>
<tr><td colspan="2">Occurrence and accuracy of revenue recognition</td></tr>
<tr><td>The group provides services in the field of telecommunications (network services) and solutions in the field of IoT with a focus in the real estate market.

In most countries, net revenues from goods and services are accounted for using the percentage-of-completion (POC) method. Hence, revenues from long-term contracts are recognized according to the POC-method. The recognition of revenue and the estimation of the outcome of construction contracts require significant management judgement, in particular with respect to estimation of the cost to complete and the amounts of variation orders to be recognized. In addition, significant management judgement is required to assess the consequences of various legal proceedings in respect of construction contracts.

• There is a risk that sales revenues are misstated due to fraud.
• There is a risk that sales revenues are not recognized in the appropriate period, i.e. that the cut-off point at which risks and rewards are transferred is not correctly reflected in the consolidated financial statements.
• Regarding revenue recognition of long-term contracts, we identified the following risk with respect to the application of the POC-method: total contract costs may be estimated too optimistic.

We identified revenue recognition (including revenue recognition from construction contracts) as a significant risk, requiring special audit consideration.</td><td>Our audit procedures included an evaluation of the significant judgements made by management, amongst others based on an examination of the associated project documentation and discussion on the status of projects under construction with finance and technical staff of the group.

We further performed the following audit procedures:

• Substantive testing at year-end in order to ensure that risks and rewards of ownership relating to external sales revenues are properly recorded.
• Substantive testing of existence and accuracy of revenues recognized.
• Analytical review procedures to determine abnormal margins and fluctuations which have to be explained by the management.
• We evaluated design of controls to ensure that the estimates used in determination of net revenues from goods and services, contract costs and margins are appropriate.
• We inspected a sample of underlying contracts or purchase orders to confirm estimated net revenues from goods and services.
• We reconciled a sample of recognized contract costs to underlying invoices.
• We performed a look-back analysis to verify the accuracy of assumptions in prior years.
• We obtained the year end POC-calculations and tested these for accuracy.

Based on our audit procedures performed, we addressed in particular the risk relating to revenue recognition relating to long-term contracts.

Our audit provided no evidence of deviations from Swiss Code of Obligations.</td></tr>
</table>

Key Audit Matter	Auditor's Reaction
Going concern basis used in preparation of the consolidated financial statements	
The group's financial statements are prepared on the going concern basis of accounting. This basis is dependent on a number of factors, including the group's operating results and the group's additional successful fundraising. In the business period, the group managed to reduce operational costs and increase margins. Results were again impacted by extraordinary effects such as FX-losses, gains on sale from subsidiaries and COVID-19. The group's net results were however still negative and from a group perspective, the group is over-indebted. During the year and in the first quarter of 2021, the group received additional convertible loans in order to improve cash flows. The group's ability to continue as a going concern is dependent upon the implementation of the group's strategy to return to profitability and additional successful fundraising as well as continuing support of its creditors. Due to these facts, the application of the going concern principle was of particular importance in the context of our audit. (Refer to note 25 of the consolidated financial statements)	During our audit, we considered whether the preparation of the consolidated financial statements using the going concern basis of accounting and the presentation of the matters that may cast significant doubt on the group's ability to continue as a going concern, set out in the notes to the consolidated financial statements, are appropriate. Our procedures, amongst others, included the following: • We reviewed plans for future financing and operational measures, cash flow forecasts and assessed whether these are reasonable, and whether the plans are feasible in the circumstances of the situation. • We critically reviewed the management's formal assessment of going concern. • We critically assessed the prospects for the successful further fundraising and continuing utilization of convertible loan facilities. • We inquired with management and the chairman of the Board of Directors. • We critically reviewed minutes of the Board of Directors and significant (financing) contracts. • In addition, we satisfied ourselves of the appropriateness of the disclosure made in the consolidated financial statements. The Board of Directors and the management regularly assess the company's ability to continue as a going concern and is of the opinion that the company is to be viewed as continuing in business for the foreseeable future.

Other Matter

The consolidated financial statements of TalkPool Group AG as at 31 December 2019, were audited by other auditors who expressed an unmodified opinion on those consolidated financial statements on 17 April 2020.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss law, the company's articles of incorporation and the group accounting policies, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 13 April 2021
Grant Thornton AG

Hermann Caspers Audit expert Auditor in charge	Dr. Shqiponja Isufi Audit expert

STATUTORY FINANCIAL STATEMENTS – TALKPOOL AG

Income statement

CHF	Notes	Jan-Dec 2020	Jan-Dec 2019
Net revenue			
Services abroad		7 066 248	7 565 745
Management fees		223 000	250 246
Reduction in revenues		-33 315	-420 971
Total net revenue		**7 255 933**	**7 395 020**
Cost of sales			
Direct cost of sales		-3 054 532	-4 985 844
Costs consultants abroad		-3 209 571	-1 667 827
Total cost of sales		**-6 264 103**	**-6 6653 671**
Gross profit		**991 830**	**741 349**
Operating income and expenses			
Selling & distribution expenses		-41 672	-47 317
Administrative expenses	3	-1 606 875	-2 229 039
Other income and expenses		-	3 181
Total operating income & expenses		**-1 648 547**	**-2 273 175**
Earnings before interest & taxes (EBIT)		**-656 717**	**-1 531 826**
Financial result			
Financial income		1 042 518	444 675
Financial expenses		-1 718 086	-1 455 420
Write-off financial assets		-14 581	-582 110
Total financial result		**-690 149**	**-1 592 856**
Extraordinary result			
Extrasordinary income	4	17 619	-
Extrasordinary expenses	4	-126 794	-
Loss before income taxes		**-1 456 040**	**-3 124 681**
Income tax expenses		-15 771	-17 175
Net loss		**-1 471 811**	**-3 141 856**

The above (income statement) should be read in conjunction with the accompanying notes.

Balance sheet

CHF	Notes	December 31 2020	December 31 2019
ASSETS			
Current assets			
Cash		410 889	652 145
Trade receivables third	6	652 637	875 877
Trade receivables group companies	6	567 585	831 775
Trade receivables related companies	6	210 110	16 232
Other current receivables third		61 731	129 857
Other current receivables shareholders		-	710
Uninvoiced services		401 388	792 487
Accrued income and prepaid expenses	7	172 870	234 647
Total current assets		**2 477 210**	**3 533 729**
Non-current assets			
Loans third		131 836	388 186
Loans group companies		438 114	523 319
Loans related companies		185 374	-
Investments	8	6 752 469	6 131 529
Intangible assets		6 305	12 610
Property, plant and equipment		284 616	427 469
Total non-current assets		**7 798 714**	**7 483 113**
TOTAL ASSETS		**10 275 924**	**11 016 842**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		1 148 191	2 102 550
Trade payables group companies		-	7 483
Current interest-bearing liabilities third		4 225 496	1 872 728
Current interest-bearing liabilities group		156 659	45 912
Current interest-bearing liabilities shareholders		83 096	62 768
Other current liabilities		281 027	270 765
Accrued expenses		1 751 280	1 665 606
Total current liabilities		**7 645 749**	**6 027 813**
Non-current liabilities	9		
Long-term interest-bearing liabilities third		500 000	3 423 900
Long-term interest-bearing liabilities group		-	174 990
Long-term interest-bearing liabilities shareholders		108 981	108 981
Total non-current liabilities		**608 981**	**3 707 871**
Total liabilities		**8 254 730**	**9 735 683**

Balance sheet, continued

Shareholder's equity			
Share capital	10	318 987	246 539
Reserves from capital contribution		8 557 185	6 417 786
Statutory retained earnings		100 000	100 000
Accumulated loss / profit		-5 483 166	-2 341 309
Loss for the year		-1 471 811	-3 141 856
Total shareholder's equity		**2 021 195**	**1 281 159**
TOTAL LIABILITIES AND EQUITY		**10 275 924**	**11 016 842**

The above (balance sheet) should be read in conjunction with the accompanying notes.

Cash flow statement

CHF	**Jan-Dec 2020**	**Jan-Dec 2019**
Operating activities		
Net loss	-1 471 811	-3 141 856
Adjustment for items not affecting cash flow	166 793	1 102 672
Change in working capital	-50 643	1 188 806
Net cash flow from operating activities	**-1 355 661**	**-850 379**
Investing activities		
Investments in property, plant and equipment	-3 054	-9 657
Inflow/outflow from change of financial assets	141 600	-131 110
Divestments of shares in subsidiaries	-	138 274
Investment in subsidiaries and associated companies	-620 940	-238 979
Net cash from investing activities	**-482 394**	**-241 473**
Financing activities		
Net payments / proceeds from share issue	2 211 847	-
Issuance/repayment of interest-bearing liabilities	-615 048	1 117 378
Net cash flow from financing activities	**1 596 799**	**1 117 378**
Net change in cash	**-241 256**	**25 526**
Cash, beginning of period	652 145	626 619
Cash, end of period	410 889	652 145

The above (cash flow statement) should be read in conjunction with the accompanying notes.

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

Place of Incorporation

Talkpool AG, Gäuggelistrasse 7, 7000 Chur, Switzerland.

Significant accounting principles

Basis for preparation

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). Significant balance sheet items are accounted for as follows:

Account receivables

This item comprises current receivables from ordinary operations with a residual term to maturity of up to one year. Receivables from goods and services are reported at their nominal value less impairments necessary for business reasons, depending on the specific risk situation.

Un-invoiced services

Services rendered, but not yet invoiced are valued at the selling price, less impairments necessary for business reasons, depending on the specific risk situation.

Property, plant and equipment

Tangible assets are recognised at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price and costs directly attributable to the asset to put it in place and in the right condition for the use for which it was acquired.

Depreciation of property plant and equipment is made according to the straight-line method over their estimated useful lives, as stated below:

Estimated useful lives:

Furniture and fittings	5-8 years (12.5-20%)
Computers	3-5 years (20-30%)
Tools and equipment	4-5 years (20-25%)

Financial assets

Non-current financial receivables and financial investments are valued at acquisition cost less required impairments.

Short-term liabilities

Short-term liabilities are current liabilities with a residual term to maturity of up to one year. They are reported at their par value.

Long-term interest-bearing liabilities issuance costs

Issuance costs directly associated to long term debt issuance are being capitalised on the balance sheet. The capitalised costs are amortized over the expected time to expiry of the loan.

Net sales and revenue recognition

Revenue is recognised in the income statement when the risk and rewards of ownership have been transferred to the buyer. Income from services is posted in the period in which the services are rendered. Sales revenues and income from services are reported after deducting credit notes, discounts and sales taxes from the amounts billed for deliveries and services.

Revenue from long-term contracts is recognised according to the percentage of completion method (POCM) when the following preconditions are met:

- There is a contractual basis for the project
- There is a high probability that the contractually agreed performance can be delivered
- Income attributable to the assignment can be reliably calculated
- The percentage of completion can be reliably calculated
- The expenses that have arisen and the expenses that remain to complete the assignment can be reliably calculated

Revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

NOTES

1. Employees

The number of full-time equivalents did not exceed 10 on an annual average basis.

2. Audit fees

CHF	2020	2019
Audit services	-60 000	-100 000
Other services	-6 000	-32 847
Total	**-66 000**	**-132 847**

3. Administrative expenses by nature

CHF	2020	2019
Depreciation of property, plant and equipment	-145 907	-155 269
Amortization of intangible assets	-6 305	-6 305
Salaries including social charges	-822 464	-1 054 360
Other personnel expenses	-38 101	-185 508
Operating expenses	-114 533	-155 150
Administration expenses	-479 565	-672 448
Total	**-1 606 875**	**-2 229 039**

4. Extraordinary income/expenses

CHF	2020	2019
Insurance payment for stolen motorbikes in Haiti in former years	8 400	-
Loan repayment from Talkpool Network Services Ltd. Uganda	9 219	-
Total	**17 619**	**-**

	2020	2019
Extraordinary subcontracting costs in Haiti regarding expenses during the fuel crisis in 2019	117 835	-
Extra ordinary costs regarding consulting in 2019	8 959	-
Total	**126 794**	**-**

5. Other disclosures

CHF	2020	2019
Leasing liabilities	9 736	-
Office rent (01.01.2020 – 31.03.2021)	13 161	65 805
Pension liability	102	-

6. Trade receivables

CHF	2020	2019
Trade receivables third	801 363	991 288
Allowance for doubtful trade receivables third	-148 727	-115 412
Net amount trade receivables third	**652 637**	**875 877**

CHF	2020	2019
Trade receivables group	567 585	1 160 146
Allowance for doubtful trade receivables group	-	-328 371
Net amount trade receivables group	**567 585**	**831 775**

CHF	2020	2019
Trade receivables related	210 110	16 232
Allowance for doubtful trade receivables group	-	-
Net amount trade receivables group	**210 110**	**16 232**

7. Accrued income

CHF	2020	2019
Accrued income and prepaid expenses*	172 870	234 647
Accrued income and prepaid expenses	**172 870**	**234 647**

*this includes a not paid, but alredy confirmed, dividend from LCC Pakistan for 2020 of CHF 47 995.83

8. Investments

Company	Domicile	Purchased/ established	Currency	Share capital / Voting shares Dec 31, 2019	Dec 31, 2018
Joorschain AG	Switzerland	2018	CHF	18%	18%
Talkpool Deutschland AG	Germany	2014	EUR	100%	100%
LCC Pakistan (private) Limited	Pakistan	2017	PKR	89%	89%
Talkpool Network Services Ltd.	Uganda	2014	UGX	-	99%
Talkpool S. de R.L. de C.V	Mexico	2011	MXN	-	99%
Talkpool Network Services Ltd.	Tanzania	2015	TZS	99%	99%
Talkpool Telecom Network Services Ltd.	Kenya	2014	KES	96%	96%
Talkpool NV	Belgium	2017	EUR	80%	80%
Camouflage B.V.	Netherlands	2016	EUR	62%	62%
Talkpool AB	Sweden	2014	SEK	57%	56%
IoT Services AB	Sweden	2016	SEK	66%	66%
OnYield Ltd	Hong Kong	2016	HKD	51%	51%
Talkpool Network Services Ltd.	Mauritius	2016	MUR	19%	19%
Talkpool LLC	USA	2012	USD	24%	24%
Virtual Connect LLC	Saudia Arabia	2018	SAR	100%	100%

Talkpool Network Services Ltd. Uganda and Talkpool S. de R.L. de C.V Mexico were sold in December 2020
TalkPool AG invested an additional CHF 622 962 as a part of the capital increase in Talkpool AB, Sweden. The effective shareholding increased to 57%

9. Non-current liabilities

CHF	Dec 31 2020	Dec 31 2019
Long-term interest bearing liabilities 1-5 years		
Long-term interest-bearing liabilities third*	500 000	3 423 900
Long-term interest-bearing liabilities group	-	174 990
Long-term interest bearing liabilities >5 years		
Long-term interest-bearing liabilities shareholders	108 981	108 981
Total non-current interest-bearing liabilities	**608 981**	**3 707 871**

** this includes in 2019 a bond of CHF 2 702 880, interest rate of 10%, maturity in 1.8.2020, extended to 1.8.2021*

To secure liquidity, TalkPool AG has received a guaranteed COVID-19 loan totaling CHF 0.5 million at an interest rate of 0.0%. The interest conditions can be adjusted to market developments on March 31, for the first time on March 31, 2021 based on the requirements of the Federal Department of Finance. The first amortization will be done on March 31, 2022, the last one is planned on September 30, 2027.

For the duration of the use of the COVID-19 loan, no dividends or royalties can be distributed and no capital contributions may be repaid. In addition, there are further restrictions regarding the granting and redemption of loans to group companies and owners. It should also be noted that until December 19, 2020, the company was only able to make replacement investments in fixed assets for this financial year.

In connection with the provisions on capital loss or over-indebtedness according to Art. 725 OR, the guaranteed COVID-19 credit of CHF 0.5 million applies until March 2022 not as borrowed capital (Art. 24 of the COVID-19 Solidarity Guarantee Ordinance).

10. Share capital

As of 31.12.2020, 6 379 730 (31.12.2019: 4 930 784) registered shares at a nominal CHF 0.05 (31.12.2019: CHF 0.05) were issued.

According to resolutions of the ordinary Shareholders' Meeting of Talkpool AG, regarding the authorized capital increase, dated 15 May 2020, the Board of Directors was authorized to increase the share capital of the Company until 14 May 2022 in the maximum amount of CHF 50 822.30 (1 016 446 shares).

Significant shareholders (above 5% voting shares) Talkpool AG:

31 December 2020

Shareholder	Number of shares	% of share capital
Magnus Sparrholm	1 510 000	23.7%
Matthias Winter	1 448 946	22.7%
Försäkringsaktiebolaget, Avanza Pension (approx. 1 000 persons)	506 884	7.9%

31 December 2019

Shareholder	Number of shares	% of share capital
Magnus Sparrholm	1 520 000	30.8%
Försäkringsaktiebolaget, Avanza Pension (approx. 1 000 persons)	652 477	13.2%
Nordnet Pensionsförsäkring AB	287 207	5.8%
Erik Strömstedt	266 545	5.4%

Number and nominal value of shares and participation certificates held by the Board of Directors, Management and employees:

31 December 2020

Name	Position	Number of shares	% of share capital	Nominal value CHF
Magnus Sparrholm	Chairman of the board	1 510 000	23.7%	75 500
Erik Strömstedt	CEO	266 545	4.2%	13 327

31 December 2019

Name	Position	Number of shares	% of share capital	Nominal value CHF
Magnus Sparrholm	Chairman of the board	1 520 000	30.8%	76 000
Erik Strömstedt	CEO	266 545	5.4%	13 327
IT Talks Sweden AB (Stefan Lindgren)	Board member	121 049	2.5%	6 052
Magnus Andersson	COO	2 250	0.0%	113

All renumeration distributed directly or indirectly to current members of the Board of Directors and Management are disclosed in the renumeration report.

Capital surplus

Confirmed capital surplus by ESTV as per 31.12.2020: CHF 6 417 785.66

The confirmation of the amount of CHF 2 139 399.45 from the capital increase in 2020 is outstanding.

11. Exchange rates

CHF	2020	2019
USD/CHF	0.883944	0.968374
EUR/CHF	1.081550	1.087000
SEK/CHF	0.107632	0.103447
GBP/CHF	1.208300	1.282822

12. Assets used to secure own liabilities

As of 31.12.2020, trade receivables of CHF 652 637 and a shareholder loan of CHF 100 000 were used to secure bank loans. Existing rent security deposit: CHF 23 592

As of 31.12.2019, trade receivables of CHF 875 877 and a shareholder loan of CHF 100 000 were used to secure bank loans. Existing rent security deposit: CHF 23 592

13. Own shares

As of 31.12.2020, no own shares were held.
As of 31.12.2019, no own shares were held.

14. Events occurring after the balance sheet date

On January 25 Talkpool finalized the negotiations and signed an agreement to acquire Nordic Proptech Investment Services AB (NPTIS), which owns 100% of the shares in Home Solutions. The transaction was completed on March 5th. By the end of March, International Investment Fund Sacculus bought 35% of the shares in NPTIS and its daughter company Home Solutions. Talkpool Group will fully consolidate the 65%. Together the two companies will merge to a market leading high-tech Smart Building company with a strong sales force offering a complete eco-system for the digitisation of buildings.

International investment fund Sacculus acquired 35% of the shares in Nordic Proptech Investment Services AB(NPTIS) and its daughter company Home Solutions from Talkpool AG. Sacculus was paying SEK 8,575 million for 35% of the shares in NPTIS.

Investors have shown an increasing interest in Talkpool's business model. As a consequence of this, a total of EUR 5 million financing was secured in the past months.

Events after the balance sheet date were considered until 08.04.2021. On this date, the statutory financial statements were approved by the Board of Directors of Talkpool AG.

15 - Going concern

The Board of Directors and the management regularly assess the Group's ability to continue as a going concern and is of the opinion that the Group is to be viewed as continuing in business for the foreseeable future. The Consolidated Financial Statements have been prepared on a going concern basis.

Operational and financing measures have been taken to strengthening liquidity and equity, with an objective to secure that minimum half of the company's share capital and legal reserves are covered. Cost-cutting measures have lead to a turn-around with reduced losses in 2020 and improved results and equity during 2021

Looking forward, convertible loans were received in the first quarter of 2021 that improved cashflows. The company has the objective to replace EUR 3 million existing loans with new loans at better conditions during 2021. Furthermore, the board of directors have initiated a share issue, converting loans to shares and thereby strengthening the balance sheet during 2021. Finally, the business has a positive operational trend that is contributing to gradually strengthening the finances.

Board of Directors' proposal for the appropriation of available earnings

	CHF
Accumulated loss at beginning of the year	-5 483 166
Loss for the year	-1 471 811
Loss carry forward	**-6 954 977**

Grant Thornton AG
Claridenstrasse 35
P.O. Box
CH-8027 Zürich

T +41 43 960 71 71
F +41 43 960 71 00

www.grantthornton.ch

Report of the Statutory Auditor

to the General Meeting of the Shareholders of
Talkpool AG, Chur

Report of the Statutory Auditor on the Financial Statements
As statutory auditor, we have audited the financial statements of Talkpool AG, which comprise the balance sheet, income statement, cash flow statement and notes (pages 46 to 57) for the year ended December 31, 2020.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2020 comply with Swiss law and the company's articles of incorporation.

Other Matter
The financial statements of TalkPool AG for the year ended December 31, 2019, were audited by other auditors who expressed an unmodified opinion on those financial statements on April 17, 2020.

Report on Key Audit Matters based on the Circular 1/2015 of the Swiss Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	Auditor's Reaction
Existence and valuation of investments, loans to group companies and receivables due from group companies	
As of 31 December 2020, total assets include amounts associated with group companies of TCHF 7'758 (investments TCHF 6'752, loans to group companies of TCHF 438 and accounts receivables due from group companies of TCHF 568). This represents about 76% of the total assets. Due to the extent of these positions, we consider the impairment testing of investments, loans to group companies and receivables due from group companies to be a key audit matter. Management compares the net book values of the individual investments to the company's share in the net assets of the respective companies. If the net book value exceeded the net assets or if other impairment indicators were identified, management tests the respective investments, loans and accounts receivables for impairment by using the dis-counted cash flow (DCF) method. The starting point for this is the medium-term plan approved by the Board of Directors, which is updated on the basis of historical experience and assumptions about long-term growth rates. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is performed using the weighted average cost of capital derived from observable market data inputs and specific factors pertaining the individual companies. As a result of the impairment test, no need for impairment was identified. The result of this assessment is highly dependent on the estimation of the legal representatives with regard to the future cash inflows of the respective companies, the discount rate used, the growth rate	Our audit procedures included, amongst others, the inspection and review of share purchase agreements as well as loan agreements. We confirmed share-ownership by inspecting the share registers or obtaining confirmation by the respective companies. We further obtained the financial statements of the respective companies and recalculated the value attributed to the parent company based on the substance value of the entity. If the net book value exceeded the net assets or if other impairment indicators were identified, we scrutinized the DCF-calculations prepared by management for the respective investments, loans and accounts receivables. We focused our audit work on the forecasted net revenues, cost margins and the weighted average cost of capital applied. We adopted the following approach: • We compared the business results, including the net revenues for the year, with previous year's results. • We discussed significant differences between budgeted net revenues and net revenues as well as budgeted cost-margins and effective margins for the year under review with management to identify any assumptions that appear too optimistic. • We compared the assumptions for the weighted average cost of capital with independent market data, where possible.

and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this matter was of particular importance in the context of our audit. (Refer to note 6 and 8 of the financial statements)	• We performed independent sensitivity analysis and discussed significant deviations from the calculated entity value with management. The results of our audit support the judgements made by management and the forecasts used in the impairment testing of investments, loans to group companies and accounts receivables due from group companies as of 31 December 2020.

Occurrence and accuracy of revenue recognition

The company provides services in the field of telecommunications (network services) and solutions in the field of IoT with a focus in the real estate market. Revenues in the field of network services are primarily achieved through a customer contract in Haiti. These revenues represent more than 93% of the total revenues. The company maintains the mobile communications network and receives – on a yearly basis – a purchase order from the client. The corresponding services are charged against these services. Revenues from long-term contracts are recognized according to the percentage-of-completion (POC) method. The recognition of revenue and the estimation of the outcome of construction contracts requires significant management judgement, in particular with respect to estimation of the cost to complete and the amounts of variation orders to be recognized. In addition, significant management judgement is required to assess the consequences of various legal proceedings in respect of construction contracts. • There is a risk that sales revenues are misstated due to fraud. • There is a risk that sales revenues are not recognized in the appropriate period, i.e. that the cut-off point at which risks and rewards are transferred is not correctly reflected in the financial statements. • Regarding revenue recognition of long-term contracts, we identified the following risk with respect to the application of the POC-method: total contract costs may be estimated too optimistic. We identified revenue recognition (including revenue recognition from construction contracts) as a significant risk, requiring special audit consideration.	Our audit procedures included an evaluation of the significant judgements made by management, amongst others based on an examination of the associated project documentation and discussion on the status of projects under construction with finance and technical staff of the Company. We further performed the following audit procedures: • Substantive testing at year-end in order to ensure that risks and rewards of ownership relating to external sales revenues are properly recorded. • Substantive testing of existence and accuracy of revenues recognized. • Analytical review procedures to determine abnormal margins and fluctuations which have to be explained by the management. • We evaluated design of controls to ensure that the estimates used in determination of net revenues from goods and services, contract costs and margins are appropriate. • We inspected a sample of underlying contracts or purchase orders to confirm estimated net revenues from goods and services. • We reconciled a sample of recognized contract costs to underlying invoices. • We performed a look-back analysis to verify the accuracy of assumptions in prior years. • We obtained the year end POC-calculations and tested these for accuracy. Based on our audit procedures performed, we addressed in particular the risk relating to revenue recognition relating to long-term contracts. Our audit provided no evidence of deviations from Swiss Code of Obligations.

Going concern basis used in preparation of the financial statements	
The company's financial statements are prepared on the going concern basis of accounting. This basis is dependent on a number of factors, including the company's operating results and it's additional successful fundraising. In the business period, the company managed to reduce operational costs and increase margins. Results were again impacted by extraordinary effects such as FX-losses, gains on sale from subsidiaries and COVID-19. The company's net results were however still negative, and half of the share capital and legal reserves are no longer covered. During the year and in the first quarter of 2021, the company received additional convertible loans in order to improve cash flows. It's ability to continue as a going concern is dependent upon the implementation of the company's strategy to return to profitability and additional successful fundraising as well as continuing support of its creditors. Due to these facts, the application of the going concern principle was of particular importance in the context of our audit. (Refer to note 15 of the financial statements)	During our audit, we considered whether the preparation of the financial statements using the going concern basis of accounting and the presentation of the matters that may cast significant doubt on the company's ability to continue as a going concern, set out in the notes to the financial statements, are appropriate. Our procedures, amongst others, included the following: • We reviewed plans for future financing and operational measures, cash flow forecasts and assessed whether these are reasonable, and whether the plans are feasible in the circumstances of the situation. • We critically reviewed the management's formal assessment of going concern. • We critically assessed the prospects for the successful further fundraising and continuing utilization of convertible loan facilities. • We inquired with management and the chairman of the Board of Directors. • We critically reviewed the minutes of the Board of Directors and significant (financing) contracts. • In addition, we satisfied ourselves of the appropriateness of the disclosure made in the financial statements. The Board of Directors and the management regularly assess the company's ability to continue as a going concern and is of the opinion that the company is to be viewed as continuing in business for the foreseeable future.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligation (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of Board of Directors.

We recommend that the financial statements submitted to you be approved.

Furthermore, we draw attention to the fact that half of the share capital and the legal reserves are no longer covered (article 725 paragraph 1 CO in conjunction with article 24 COVID-19-Solidarbürgschaftsverordnung).

Zurich, 13 April 2021
Grant Thornton AG

Hermann Caspers
Audit expert
Auditor in charge

Dr. Shqiponja Isufi
Audit expert

CONTACT DETAILS

Erik Strömstedt, CEO

Telephone: +41 79 790 60 40
erik.stromstedt@talkpool.com

Erika Loretz, CFO (interim)

Telephone: +41 79 333 59 71
erika.loretz@talkpool.com

Talkpool AG

Gäuggelistrasse 7
CH-7000 Chur, Switzerland

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