





## Content

Talkpool at a Glance .....	3
The Year in Brief .....	4
CEO Comments .....	6
IOT Business Update .....	11
Smart Network Services .....	13
Note from the Chairman.....	15
Management Report.....	17
Remuneration Report.....	18
Board of Directors and Management .....	22
Consolidated Financial Statements .....	23
Notes to the Consolidated Financial Statements.....	28
Statutory Financial Statements .....	50
Notes to the Statutory Financial Statements .....	54
Contact Details .....	67

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, America, the Middle East and Africa.



# Talkpool at a glance

Millions of people in over 50 countries on all continents access internet and communicate through the fixed- and mobile networks built by Talkpool. Talkpool is specialized in integration, management and optimization of the communication infrastructure provided by equipment vendors. Since seven years, the company pioneers “Internet of Things” solutions development. Talkpool’s technology development has lately increasingly focused on making buildings energy efficient, sustainable and healthy. Talkpool’s IoT business made a significant leap in 2021 as the well-established Swedish IoT company Nordic PropTech was acquired and merged with the existing business.

## Telecom Network Services (TNS)

Talkpool offers a complete network life cycle from planning and implementation of new networks, on to operation and optimization 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 networks operators such as Deutsche Telekom, Telenor and Digicel as well as equipment vendors such as Ericsson, Nokia and Huawei.

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 developed markets, primarily in Europe and the USA.

## Internet of Things (IoT)

The IoT offering spans end-to-end solutions including software, hardware, cloud and apps 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 development, Talkpool also integrates equipment 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 2021 Talkpool expanded IoT activities from its base in Scandinavia into Germany, where Talkpool already has an autonomously growing business. Furthermore, the shift from engineering towards business development (of proven solutions) progressed well.



## The year in brief

24.5

Net sales, MEUR

23.6%

Gross margin

4.6%

EBITDA margin





# The year in brief

## Jan 1<sup>st</sup> – Dec 31<sup>st</sup> 2021

- Net sales amounted to EUR 24 502 thousand (21 221)
- EBITDA of EUR 1 139 thousand (957) and EBITDA margin of 4.6 percent (4.5)
- EBIT of EUR 727 thousand (492) and EBIT margin of 2.9 percent (2.3)
- Earnings after tax of negative EUR 334 thousand (-986)

## Significant events during the year

- Talkpool acquired Nordic Proptech, one of Sweden's leading Smart Buildings companies
- Talkpool's IoT network company Nordic IoT was sold to IoT network operator Netmore
- The Group IoT Revenue reached 20% of the total Revenue
- Talkpool's shares were introduced and started trading on the Frankfurt Stock Exchange
- Talkpool Germany was awarded two new planning frame agreements worth EUR 1m
- Significant customer contract signed with Ericsson USA for 5G roll out services in Puerto Rico
- Talkpool AG acquired 100% of the shares in Talkpool LLC
- Talkpool Pakistan received new orders for drive test and swap projects worth EUR 1 m
- Adjusted for extraordinary costs net earnings were positive in Q4 and in 2021
- Nordic Proptech signed an important IMD contract for engine heaters worth EUR 0.4m
- Talkpool Germany reached a new all-time high revenue during the fourth quarter
- Talkpool delivered the first international energy optimization solution together with Myrspoven to Prague

# CEO comments

In 2021 Talkpool pursued its plan to shift focus geographically to Europe and Americas. The divestments of all Talkpool's legal entities in Africa, except for the new Middle East & Africa hub in Tanzania, were finalized as planned and the negotiation of the agreement for the sale of Talkpool Pakistan and Saudi Arabia was near to closing by the end of the year. Europe was the fastest growing market in the Group and Talkpool's US entity was reactivated to take care of numerous requests for services from customers on the flourishing US IT/Telecom market.

The decision to concentrate Talkpool's offering on smart niche network services and smart building IoT solutions for energy, air and water showed in numerous new customer- and partner contracts, and the acquisition of Nordic Protech was a clear statement to the market regarding Talkpool's strategy and focal point within IoT.

Financially 2021 was a year of consolidation and further cost reductions, but also of growth – acquired as well as organic. Talkpool Germany grew with 25% and Talkpool Netherlands with 20%. Together with Switzerland and Pakistan they generated EUR 2.1 million or 10% organic growth in business area network services. Through the acquisition of the Swedish IoT company Nordic PropTech, EUR 2,7 million revenue was added in business area IoT, which reached EUR 4,2 million total revenue. Adjusted for extraordinary costs, Talkpool's net earnings were positive in Q4 as well as in 2021.

The company also managed to deleverage through the repayment of unfavorable loans and conversion of convertible loans. The planned green bond was put on hold in November due to accounting standard adoptions, but will be revisited again in 2022.

## Network Services

In 2021 the demand for more bandwidth continued to drive the deployment of broadband networks globally. In telecoms the adoption of the latest industry trends such as 5G, AI and IoT constantly increased, which is shaping the future of the industry. The convergence of Network Services and

IoT is one of the key drivers behind Talkpool's digitisation strategy.

In the Netherlands, Talkpool won several orders for its new telecom tower foundation technology called "Sandy Grounds". The innovation originates from work with Cellnex and after successful trials in the beginning of 2021, a number of larger orders were placed with Talkpool. Furthermore, our first Dutch 5G orders were booked and the niche Camouflage business activity picked up speed.

In Germany the planning and construction of new cellular sites and towers for 5G was initiated. Two different major American tower companies are supporting existing Telefonica/O2 and the new fourth operator 1&1 in building their new 5G Cellular sites. The 5G network deployment in Germany is creating a massive demand for civil works, as well as radio network and fiber broadband network services. Talkpool has already gained from the increasing demand from existing and new customers.

Talkpool has a long history of delivering advanced radio- and fiber network services in Germany, and the rest of the world, and we are now gearing up for the 5G system deployment. The convergence of Network Services and IoT in 5G will fuel the demand for smart towers solutions and cellular IoT connectivity with operators and tower companies in Germany, the rest of Europe and the USA.

In August Talkpool Germany secured a new framework agreement for network planning and documentation, worth EUR 1.0 million. The term extends into the 3rd quarter of 2023. Talkpool is thus further expanding its market presence and range of services in Germany. This now extends far beyond the planning and documentation of classic copper cable house connections to network planning and documentation of fiber optic house connections for private households, schools, offices and 5G sites.

As a step in Talkpool's strategy to focus on highly developed and industrialized markets, Talkpool re-entered the US market. The 5G and fibre network implementations in the USA is creating a high demand for network expertise and services. To meet client requests for services on the US mainland and in the Caribbean, Talkpool acquired



100% of the shares in Talkpool LLC, which fully owns the operational Talkpool Services LLC entity.

Talkpool has long experience of delivering mobile network services to vendors and operators in the Americas and we are glad to enter the US market again. To support both the US market and the Caribbean in the best way possible the operational company Talkpool Services LLC has been relocated to Miami, FL.

Talkpool's decision to acquire 100% of the shares in Talkpool LLC and relocate the operational Talkpool Services LLC entity to Miami was a strategic step to get a foothold in the US leading edge tech market. Huawei is banned on the US market which has made it possible to maintain a healthy price level on communication network services. We have big plans to invest and grow in this expansive region again and we know from several request that our services are in high demand in the region.

In December Talkpool signed an important service contract with Ericsson USA for the delivery of 5G roll out services in Puerto Rico. The project will run at least until the end of 2022 and the contract value for Talkpool will be at least USD 1,5m.

For 16 years Irish owned Caribbean mobile network provider Digicel has been one of Talkpool's most important clients. Together with Swedish telecom vendor Ericsson Talkpool built the first mobile network for Digicel Haiti in 2006. Talkpool has since then managed and developed the nationwide mobile network, including the fibre optic transmission network, for Digicel.

The civil unrest in Haiti, that started in spring 2021, escalated as Haitian president Moïse was assassinated on July 7. A massive earthquake, reaching 7,2 on the Richter scale, and following tropical storms put the Haitian people and Digicel's communication infrastructure to the test. Immediately after the earthquake Talkpool's hardworking staff managed to restore the network in only two days. When the storm hit again, we mobilized our teams again.

Talkpool has supported Digicel Haiti through many difficult times and we will continue standing by their side and support them and the Haitian people with the recovery and restoration of the vital communication infrastructure in the future as well. We have done it several times before and we will do it again.

## IoT

In March 2021 Talkpool AG acquired the Swedish IoT company Nordic Proptech (NPT). The acquisition was a strategic step to complement and reinforce Talkpool's existing Smart Buildings business. NPT provided a strong customer base, profound experience and track record in residential properties automation and a strong sales organisation. Furthermore, the demand for NPT's services of measuring and managing natural resources such as air, water and electricity and water in individual apartments and premises is rapidly increasing stimulated by new regulations and the building digitisation boom. Talkpool contributed with leading edge technology knowledge, own IoT products and prime commercial real estate customers to the co-operation.

In October NPT acquired 100% of the shares in Talkpool AB. The shares were paid with newly emitted NPT shares. Talkpool AG, majority owner of both Talkpool AB and NPT, now holds the majority of the new Swedish IoT company specialized in Smart Buildings. The two companies have been merged to a valuable market leading Smart Building company offering a complete eco-system for the digitization of buildings

Growth through acquisitions of further smart building companies and up-selling of sustainable technology "as a service" to existing clients is part of Talkpool's strategic plan going forward.

Focused sales activities in NPT during Q2 and Q3 generated an all-time-high order intake as well as all year high monthly revenues in Q4.

In October NPT signed an important as-a-Service agreement with a large Housing Association (BRF) west of Stockholm regarding the upgrade of their engine heater solution. The order value was around 4 MSEK. The contract included delivery of components, installation, local internet connectivity, configuration of individual metering and billing and a service agreement for around 400 engine heaters.

After the acquisition of NPT, Talkpool's smart building business reached 20% of Talkpool's total revenue, which means that we reached a critical mass and a significant footprint in the Swedish IoT market.

Soaring energy prices at the end of the year made real estate owners and housing organizations

brutally aware about the need for smart solutions to optimize the energy usage and minimize operating costs. It became clear to many that now is the right time to invest in sustainable, energy saving innovations. This is particularly relevant for the real estate sector, which stands for 40% of global energy consumption. The awareness of the importance of air quality control also grew and the demand for IoT solutions in this field increased substantially, the indoor climate in school classrooms.

The Internet of Things has made it possible to equip existing buildings with wireless connected sensor devices. These sensor devices collect real-time data such as temperature, humidity, CO2 and particulate matter and this data is the foundation for a game changing innovation for the real estate industry: Talkpool's Heating- and Ventilation (HVAC) optimization solution. When the sensor data is combined with energy tariffs, weather forecasts and additional external data and is fed into an Artificial Intelligence (AI) model the building heating/cooling and ventilation can be optimized based on the inputs, resulting in energy savings up to 25%, providing a strong financial- as well as environmental incentive.

Apart from the energy savings, the indoor climate is also significantly improved, as the heating, ventilation and cooling of the building is controlled in real-time based on actual sensor feedback from the building.

The energy optimization solution developed together with AI partner Myrspoven is well proven and already installed to control and optimize close to 2 million square meters of indoor building space. In Q4 we had the international break through as the first major HVAC solution was implemented in a commercial building complex in the Czech Republic.

In November Talkpool Germany launched its first end-to-end IoT solution for smart buildings. The so called "air4schools" solution is optimizing the air quality in classrooms while minimizing the energy cost for heating and ventilation. Wireless sensors measuring the CO2 and particles levels in the indoor air are connected to the air4schools ventilator that is installed directly in the windows of the classroom. The fans supply fresh air while letting out air with higher CO2 levels. The fans are equipped with ceramic cores that ensure 90 percent heat recovery. When designing air4schools, care was taken to ensure that the system works draft-free and almost noiselessly. This ensures that

the students aren't distracted by noise or low oxygen levels. The solution has been successfully tested at two schools in Leipzig, Germany and further deployments are planned. While initially focusing on schools, the technology can also improve air quality in offices, conference rooms, public buildings, and private homes.

In a market where a global shortage of electrical components due to Covid was hampering the production and delivery capacity of many telecom and IT companies Talkpool managed, thanks to well dimensioned stocks, to secure all deliveries in its order books, and no new bottlenecks are foreseen.

## **Start of a new year**

In 2022 Talkpool has continued to ramp up its 5G project activities in the USA with additional teams. New business opportunities with existing and new customers in the region keep emerging, so it's up to our growth ambitions and capacity how much work we chose to accept.

In February Talkpool signed an agreement to sell its Pakistani entity to ZT Group for a total of USD 3.7 million. The parties have agreed on the terms and are expecting closing conditions to be met latest by the 30<sup>th</sup> of June 2022.

This transaction is an important step in Talkpool's strategy to increasingly focus on investments in and growth of innovative technology companies in developed markets, mainly in western Europe and the USA. Talkpool AG will step by step develop into an incubator that is building value in its investments by offering an ecosystem of investors, R&D companies, tech partners and customers in the communications and property digitization industry.

The returns from the divestments will also be used to deleverage and lower the financial costs through payback of bonds and loans.

In March it was decided that Talkpool's Swedish bond loan will be extended to December 31, 2022, with an option to repay on an ongoing basis. Half of the funds received from asset sales will go to amortization of the bond loan.

Talkpool's long-term partner, B METERS, placed an order for 15.000 IoT communication devices, compatible with their water meters, with Talkpool in April. The order shows that demand for the product, first launched in 2018, keeps increasing, and the rollout of the product is reaching large scale.

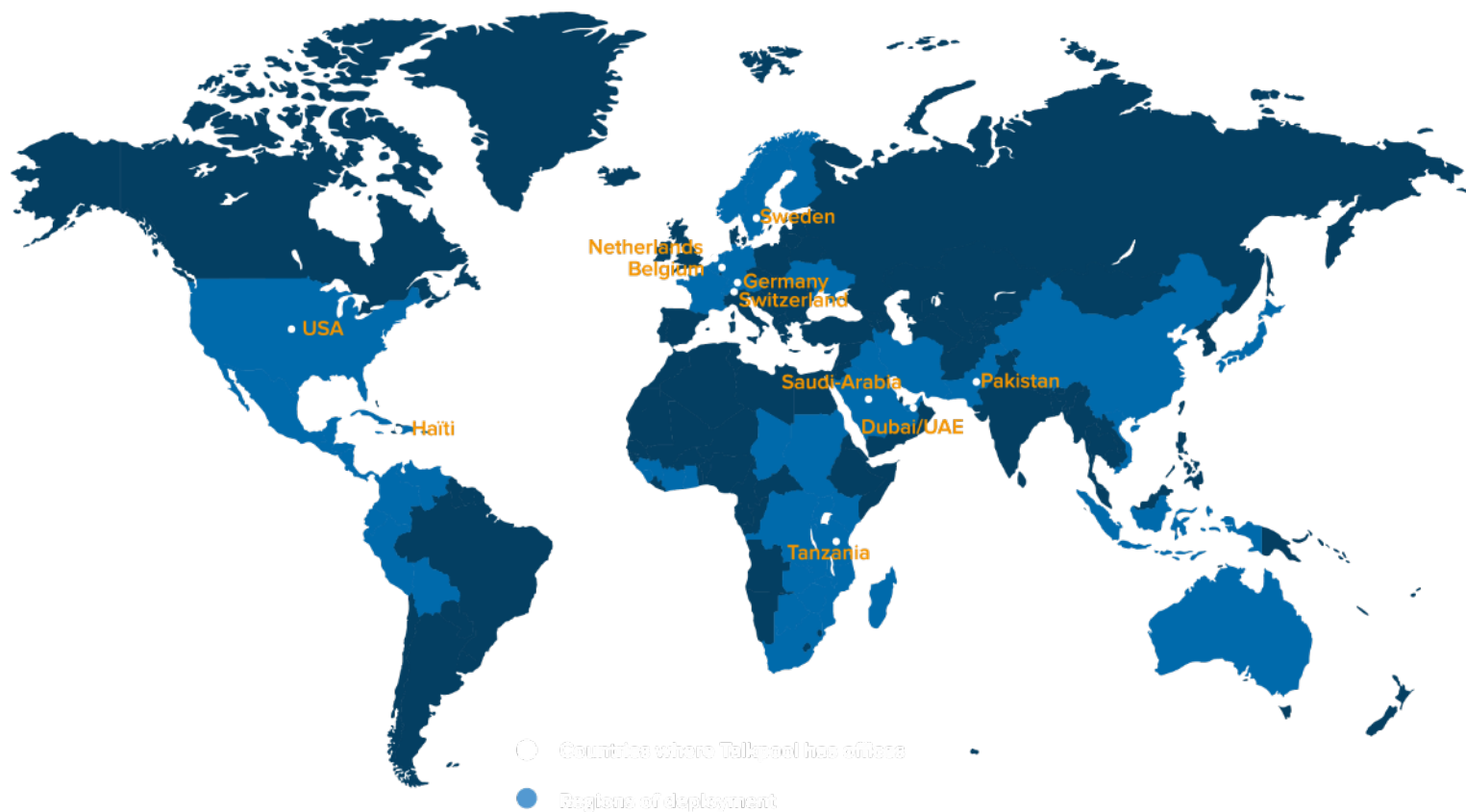


After a period of extensive analysis and development work, Talkpool launched the world's first smart floor drain at the big construction fair Nordbygg in Stockholm in April. The product and the concept for early leakage detection was met with an overwhelming interest from insurance

companies, property owners, installers and industry associations, which indicates a great market potential.

Erik Strömstedt, CEO



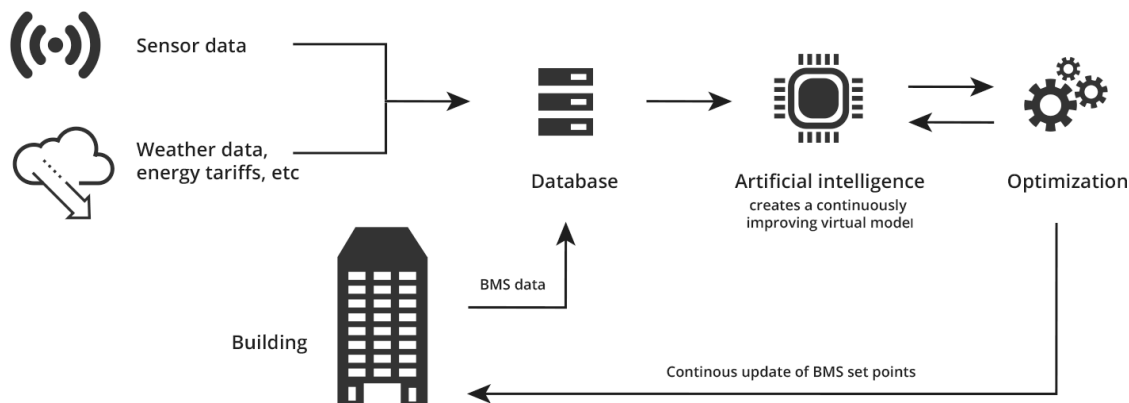


"We see great value in collaborating with Talkpool and great potential with their market-leading sensors and automated data collection. They improve the living environment through internal and external control of properties as well as safe and secure facades and thus contribute to sustainable development."

**Stefan Forsberg CEO of SmartFront.**



# IoT Business Update



## Positioning and Status

We still believe in the chosen strategy to focus on digitization and service delivery to transform buildings into smart real estate. The proptech market is growing and digitization is becoming more important. Energy saving and indoor air quality is becoming ever more important. Environmental, Social and Governance requirements in the real estate market require green certifications, which are supported by Talkpool's solutions.

## Growth through AI HVAC optimization solution

Artificial Intelligence is expected to become a key contributor to Talkpool's future organic growth. Artificial Intelligence automates and optimizes existing buildings by making good predictions and managing hardware and systems.

Existing solution provide real estate owners with benefits of 10-25% energy savings, reduction of 20-40% in the building's carbon footprint, and an improved indoor climate. It integrates directly with any building management systems via the cloud and has already been successfully implemented on Siemens' and Schneider's systems. Future improvements is likely to lead to further performance improvements.

The first proof of concept was a success. The second year saw the completion of the first larger rollouts and, once again, the results were positive. After two successful years, the partnership was ready to scale up its operations,

and, as more buildings than ever before were optimized in the winter season of 2021/2022, and now the solution runs on almost 2 million square meters of real estate.

The AI relationship is continued to be further strengthened. In the near future, customers will be enabled to add radon gas sensor devices to the solution. The radon gas sensor, developed by Talkpool and Radonova, has a uniquely high sensitivity to rapid changes in radon levels, reporting data every ten minutes. This allows for an immediate response from the ventilation system, ventilating out the dangerous gases. Radon gas causes about 2% of cancer deaths in Europe. The development of this device is another example of the 'Talkpool inside' strategy, where Radonova's sales channels will contribute to rapid uptake of the device in the global market.

## SMART ventilation System

During the Corona-Crisis, the Talkpool smart ventilation system was developed together with a professional solution partner. The solution Air4Schools brings fresh air into classrooms through ventilators in the windows.

A retrofit smart ventilation system with a heat recuperator is controlled by air quality sensors. Low noise and a Cloud based IoT-control platform make this solution suitable for managing air quality and reducing energy in schools.

Following a successful market entry in Germany, additional countries in the EU will be addressed in the second half of 2022.

### **Smart Floor Drain**

Talkpool has developed several hardware products for smart buildings. This includes submetering and building damage prevention. In the category building damage prevention, Talkpool has co-developed the world's first smart floor drain together with Purus, Sweden's largest floor drain manufacturer. The product detects leakages in an early stage, after which partial repairs of the bathroom can reduce repair costs by 60%. In Sweden alone, water damages cost

real estate owners more than half a billion EUR per year. The two most common causes of damages in bathrooms are either a faulty connection between the waterproofing seal and the floor drain or a damaged waterproofing seal. The smart floor drain is effective in detecting the leakages resulting from these issues.

### **Globalisation**

The combination of the various solutions developed by the Talkpool local offices will extend our compelling Smart Buildings offering and will support the sales globalisation with focus on Europe.



# Smart Network Services

The ongoing comprehensive rollout of 5G networks and fiber optic networks, continues to provide Talkpool with a multitude of opportunities and requests for Network Services worldwide. 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. 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

Talkpool entered a growth phase, with Germany leading the order intake towards the end of 2021 despite challenges with cashflow, financing, Corona restrictions and delays. The improving trend for telecom network services continued while the IoT market uptake continued to be slower than analysts' projections. The company decided to exit Asia by selling its businesses in Pakistan and Saudi Arabia. The company now focus its growth efforts on industrialised countries, mainly on northern Europe that's expected to generate over half of the revenues going forward. The good operational development in 2021 wasn't mirrored by a corresponding share price development.

Talkpool offers sustainable services that enable holistic environmental management of buildings and telecommunications networks. The company has over 20 years of experience in planning, building, integrating and maintaining devices in communication networks. The mature telecom network services market is improving due to reduced competition, large investments and increasing security concerns. The company develops its own software and hardware technology based on a strategy of sourcing and integrating OEM products into Talkpool's offering.

Talkpool expects sales of EUR 24 million in 2022. Organic growth is expected to offset the loss of revenue from the sale of its Middle East business, which contributed EUR 6 million in sales in 2021. More than half of the EUR 24 million turnover comes from recurring services. Net income and cash flow are currently neutral. Profit margins are expected to improve significantly in the coming years due to market improvements and clearer positioning in the value chain. Revenue is expected to double by 2025, while the EBITDA margin is expected to more than double from 4.6% in 2020 to 11% to 14% in 2025. The company is traded on Nasdaq First North in Stockholm and the Deutsche Boerse in Frankfurt with a valuation of around EUR 7 million. Several global trends speak for Talkpool:

- Climate change: Buildings and construction consume almost 40% of the world's CO2 emissions and energy consumption
- Human health: Air pollution is the greatest environmental health risk
- Communication: Predictions, decisions and management based on data and artificial intelligence is ground-breaking

Talkpool is in a transition towards becoming a scalable and sustainable proptech technology incubator with a role to commercialize and industrialize promising innovations. Talkpool integrates products long after the R&D phase and after successful trials and pilot projects. 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, sustainable, and optimised buildings is key to reaching sustainability goals. High-quality internet connection is also gaining importance in our everyday life. The company order books are full and we have a good chance to break through with our technology in the coming years.



Magnus Sparrholm,  
Chairman of the Board





**"We are pleased to acquire Pakistan's leading telecom network services business and entering into a promising strategic partnership with Talkpool focused on cutting edge technology and the ability to take that technology into the Telecommunication sector in Pakistan & the GCC countries".**

**Zia Talib Ur Rahman, Chairman ZT Group**



# Management Report

## Workforce

We want Talkpool to be a great place to work, a company that attracts and retains top talent, and where the culture promotes innovation and individual responsibility. As a company being active on four continents, we promote diversity and inclusion for all in the workplace.

Workplace safety is a fundamental principle underpinning all actions and activities across the Group. Talkpool continuously works on preventing workplace accidents and injuries, promoting a safe and healthy workplace.

Supervisors across the Group set goals together with their staff linked to delivering on the strategic plan and financial targets. Performance management is an ongoing process that occurs throughout the year. To maintain and further develop technical leadership, training is an integral part of the Group's Human Resource strategy. Training and development programs are implemented through a mix of external trainings, in-house programs and on the job training.

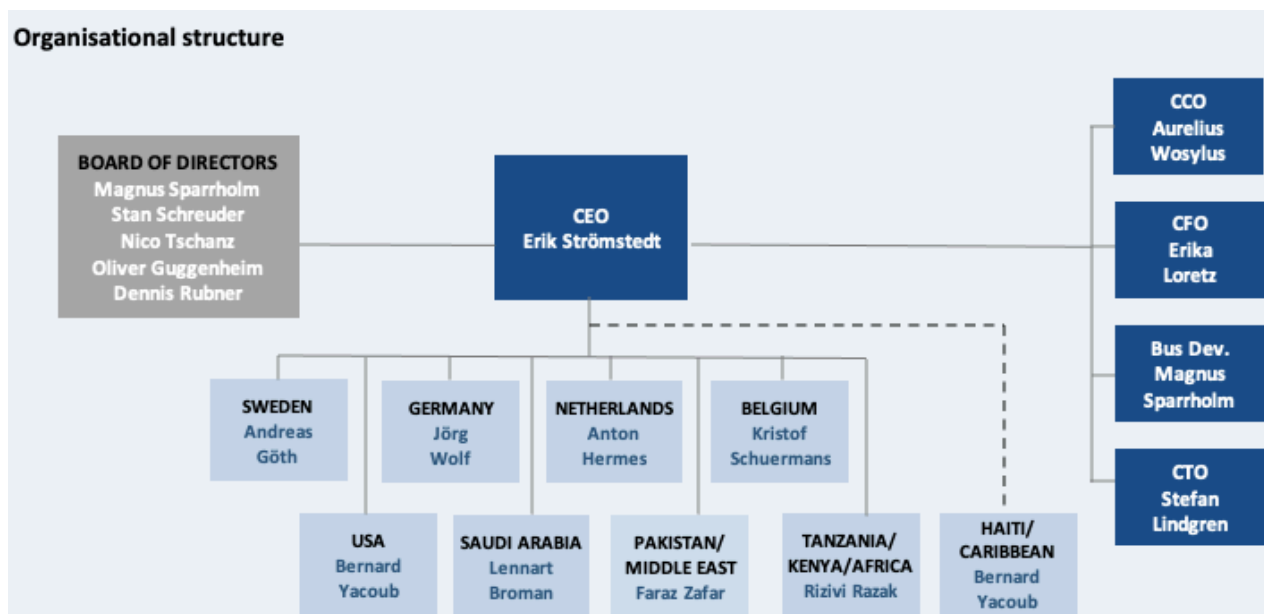
Talkpool is organised by country, where Country Managers run the local operation and are accountable for the financial performance. Talkpool's IoT products and solutions have until now mainly been developed in the Swedish and Pakistani entities.

## Talkpool Group employed



**1,173**  
**employees by**  
**year end 2021**

## Organisational structure



# Remuneration Report

## Talkpool AG 2021

### Introduction

This Remuneration Report outlines the principles underlying and the elements of the remuneration 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 8 June 2022 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 duty.

### 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 2021:

CHF	Cash remuneration (gross)	Employer contributions to social security	Total
Magnus Sparrholm, Chairman	-	-	-
Constantinus Schreuder, Member	12 000	-	12 000
Dennis Rubner, Member	12 000	768	12 768
Oliver Guggenheim, Member	12 000	768	12 768
Jaap Groot, Member	12 000	-	12 000
Nico Tschanz, Member *	8 000	512	8 512
<b>Total remuneration to members of the Board of Directors</b>	<b>56 000</b>	<b>2 048</b>	<b>58 048</b>

\* Elected in May 2021

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 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
<b>Total remuneration to members of the Board of Directors</b>	<b>40 000</b>	<b>1 530</b>	<b>41 530</b>

\*Stepped down from the board of directors by end of 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.

#### Compensation of the members of the Executive Management

The following remuneration has been paid in 2021:

CHF	Remune- ration, fixed	Employer contributions to social security	Remune- ration, variable	Employer contributions to social security	Total
Erik Strömstedt, CEO	216 000	55 590	30 000	2 070	303 660
Group Executive Management, others	254 400	34 418	-	-	288 818
<b>Total remuneration to members of the Group Executive Management</b>	<b>470 400</b>	<b>90 008</b>	<b>30 000</b>	<b>2 070</b>	<b>592 478</b>

No other loans or credits are given to the current and former Executive 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 2020:

CHF	Remune- ration, fixed	Employer contributions to social security	Remune- ration, 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
<b>Total remuneration to members of the Group Executive Management</b>	<b>475 671</b>	<b>85 564</b>	<b>19 676</b>	<b>1 323</b>	<b>582 234</b>

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



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## **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, 2021. 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 18 to 20 of the annual 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, 2021, of TalkPool AG complies with Swiss law and articles 14–16 of the Ordinance.

Zurich, May 5, 2022  
**Grant Thornton AG**



Hermann Caspers  
Audit expert  
Auditor in charge



Nina Beutler  
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.
Aurelius Wosylus (1970)	CCO	General Manager (act) and CSO of Sigfox Germany GmbH and Sigfox Germany Unlimited GmbH.
Erika Loretz (1980)	CFO (interim)	Many years of experience in accounting, reporting and auditing.
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.
Nico Tschanz (1968)	Board member	Working in the Internet, Innovation and Software-Engineering industry since 1995. Partner and Member of the Executive Board of Crealogix AG and ti&m AG, leading Swiss Software-Engineering Companies. Holds a PhD (Dr.) of the University of St.Gallen, Switzerland

# Consolidated financial statements

## Consolidated income statement

EUR	Notes	Jan-Dec 2021	Jan-Dec 2020
Net revenue from goods and services	3	24 501 565	21 221 419
Cost of sales	4	-18 731 757	-15 806 637
<b>Gross profit</b>		<b>5 769 808</b>	<b>5 414 782</b>
Selling expenses	5	-851 792	-387 116
Administrative expenses	5	-4 518 079	-3 938 841
Other operating income	6	485 664	111 494
Other operating expenses	6	-158 241	-708 527
<b>Operating result</b>		<b>727 360</b>	<b>491 792</b>
Financial income	7	311 661	297 999
Financial expenses	7	-1 117 798	-1 354 376
<b>Loss before income taxes</b>		<b>-78 776</b>	<b>-564 584</b>
Income taxes	8	-255 694	-421 372
<b>Net loss</b>		<b>-334 471</b>	<b>-985 957</b>
<i>Net profit/loss attributable to:</i>			
Shareholders of the parent company		-494 873	-1 142 265
Minority interests		160 403	156 309
<b>Other information</b>			
Average number of shares	17	6 682 883	5 375 392
Earnings per share (no dilutive effects)		-0.07	-0.21
Number of shares, end of period	17	6 778 097	6 379 730
Earnings per share (no dilutive effects)		-0.07	-0.18

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

## Consolidated balance sheet

EUR	Notes	December 31 2021	December 31 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1 509 324	1 072 799
Trade receivables		2 788 789	3 844 767
Trade receivables related		173 216	53 295
Other current receivables	9	1 948 138	2 397 020
Inventory		698 779	678 912
Due from customers for contract work		1 498 694	1 323 936
Prepayments and accrued income		388 124	309 439
<b>Total current assets</b>		<b>9 005 064</b>	<b>9 680 169</b>
<b>Non-current assets</b>			
Financial assets	10	520 570	186 528
Investments in associates and joint venture	18	8 449	8 084
Property, plant and equipment	11	1 387 006	696 411
Intangible assets	12	743 144	473 982
<b>Total non-current assets</b>		<b>2 659 170</b>	<b>1 365 004</b>
<b>TOTAL ASSETS</b>		<b>11 664 234</b>	<b>11 045 173</b>

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



EUR	Notes	December 31 2021	December 31 2020
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade payables		2 410 782	2 079 282
Current interest-bearing liabilities	13	4 431 728	4 441 928
Other current liabilities	14	1 203 453	1 161 407
Accrued liabilities and deferred income	15	2 927 238	2 750 282
<b>Total current liabilities</b>		<b>10 973 201</b>	<b>10 432 899</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	13	2 736 307	1 855 644
Deferred tax liabilities, non-current		14 956	0
Provisions	16	428 904	404 756
<b>Total non-current liabilities</b>		<b>3 180 167</b>	<b>2 260 400</b>
<b>TOTAL LIABILITIES</b>		<b>14 153 368</b>	<b>12 693 299</b>

*Consolidated balance sheet, continued*

<b>Equity</b>			
Share capital	17	275 735	257 725
Capital reserves		11 884 533	7 501 119
Cumulative foreign translation adjustments		-679 229	-712 076
Retained earnings		-15 060 109	-9 326 693
<b>Equity excl. minority interests</b>		<b>-3 579 069</b>	<b>-2 279 926</b>
Share of minority interests	18	1 089 936	631 800
<b>Equity incl. minority interests</b>		<b>-2 489 134</b>	<b>-1 648 126</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11 664 234</b>	<b>11 045 173</b>

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

## Consolidated cash flow statement

EUR	Notes	Jan-Dec 2021	Jan-Dec 2020
<i>Operating activities</i>			
Net loss		-334 471	-985 957
Adjustment for items not affecting cash flow	20	800 141	720 994
Change in working capital		2 053 466	-1 009 690
<b>Net cash flow from operating activities</b>		<b>2 519 136</b>	<b>-1 274 653</b>
<i>Investing activities</i>			
Investments in property, plant and equipment	11	-997 960	-191 924
Sale/divestment of property, plant and equipment	11	7 484	71 605
Investments in intangible assets	12	-361 504	-86 265
Inflow/outflow from change of financial assets		-334 042	-
Dividends paid to minority		-74 136	-75 614
Acquisition of subsidiaries		-7 306	-
<b>Net cash from investing activities</b>		<b>-1 767 464</b>	<b>-282 198</b>
<i>Financing activities</i>			
Net proceeds from share issue		867 103	-
Net issuance (repayment) of interest-bearing liabilities		-1 156 333	1 307 453
<b>Net cash flow from financing activities</b>		<b>-289 230</b>	<b>1 307 453</b>
Currency translation effects		-25 918	165 065
<b>Net change in cash</b>		<b>436 524</b>	<b>-84 332</b>
Cash, beginning of period		1 072 799	1 157 131
Cash, end of period		1 509 324	1 072 799

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	Retained earning - Goodwill recognized directly in equity	Total equity excl. minority interests	Share of minority interests	Total equity incl. minority interests
<b>Jan 1, 2020</b>	<b>190 571</b>	<b>5 518 024</b>	<b>-186 604</b>	<b>-4 966 320</b>	<b>-3 517 897</b>	<b>-2 962 226</b>	<b>266 599</b>	<b>-2 695 627</b>
Net loss	-	-	-	-1 142 265	-	<b>-1 142 265</b>	156 309	<b>-985 957</b>
Share issue	67 154	1 983 095	-	-	-	<b>2 050 249</b>	-	<b>2 050 249</b>
Acquisition of subsidiaries	-	-	-	144 924	154 866	<b>299 790</b>	208 892	<b>508 682</b>
Foreign currency differences	-	-	-525 472	-	-	<b>-525 472</b>	-	<b>-527 472</b>
<b>Dec 31, 2020</b>	<b>257 725</b>	<b>7 501 119</b>	<b>-712 076</b>	<b>-5 963 661</b>	<b>-3 363 031</b>	<b>-2 279 924</b>	<b>631 800</b>	<b>-1 648 124</b>
<b>Jan 1, 2021</b>	<b>257 725</b>	<b>7 501 119</b>	<b>-712 076</b>	<b>-5 963 661</b>	<b>-3 363 031</b>	<b>-2 279 924</b>	<b>631 800</b>	<b>-1 648 124</b>
Net loss	-	-	-	-334 471	-	-334 471	-160 403	-494 873
Share issue	18 010	4 383 414	-	-	-	4 401 424	-	4 401 424
Acquisition of subsidiaries	-	-	-	-	-5 398 946	-5 398 946	618 538	-4 780 408
Foreign currency differences	-	-	32 847	-	-	32 847	-	32 847
<b>Dec 31, 2021</b>	<b>275 735</b>	<b>11 884 533</b>	<b>-679 229</b>	<b>-6 298 132</b>	<b>-8 761 977</b>	<b>-3 579 070</b>	<b>1 089 935</b>	<b>-2 489 134</b>

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 2021, 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 consolidated 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 consolidated 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 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.

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, retirement, or disposal.

Gains or losses that arise from an asset 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 estimated 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 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 impairment 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 indication 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 offsetting 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 capitalization 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 payment, 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 liability 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 constant 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 refund 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 benefit 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 period 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 project. 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., revenues 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 "Inventories" and prepayments from customers under "Accrued liabilities and deferred income". The work in progress 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 operates 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. However, 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 substantially 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. Deferred 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 2021 and 2020.

## 2. Audit fees

EUR	2021	2020
Audit services	-78 428	-61 897
Other services	-	-5 543
<b>Total</b>	<b>-78 428</b>	<b>-67 440</b>

## 3. Net revenue from goods and services

EUR	2021	2020
<b>Net sales by country</b>		
Haiti	5'851'362	6 133 350
Pakistan	6'051'300	5 356 524
Netherlands	3'730'312	3 125 737
Germany	1'856'955	1 573 595
Tanzania	1'883'750	2 093 733
Belgium	834'330	843 791
Uganda	-	77 884
Sweden	3'717'495	1 624 537
Saudi Arabia	290'727	355 216
Kenya	11'534	37 050
USA	96'626	-
Seychelles	177'174	-
<b>Total</b>	<b>24 501 564</b>	<b>21 221 419</b>

#### 4. Cost of sales

EUR	2021	2020
Direct cost of sales	-7'660'078	-4 905 620
Depreciation of property, plant and equipment	-265'173	-318 526
Cost of consultants	-5'650'252	-6 037 114
Salaries projects	-5'156'254	-4 545 377
<b>Total</b>	<b>-18 731 757</b>	<b>-15 806 637</b>

#### 5. Selling and administrative expenses by nature

EUR	2021	2020
Depreciation of property, plant and equipment	-142'677	-119 020
Amortization intangible assets	-88'047	-158 086
Salaries including social charges	-2'526'834	-1 615 628
Other personnel expenses	-111'233	-138 436
Administration expenses	-1'649'288	-1 907 671
Selling expenses	-851'792	-387 116
<b>Total</b>	<b>-5 369 870</b>	<b>-4 325 957</b>

#### 6. Other operating income and expenses

EUR	2021	2020
Release of prior year liabilities	469 259	-
Exchange gain	805	5 730
Other income	15 600	105 764
<b>Total other income</b>	<b>485 664</b>	<b>111 494</b>
Release of prior year receivables	-	-
Exchange loss	-	-839
Other expenses	-158 241	-707 688
<b>Total other expenses</b>	<b>-158 241</b>	<b>-708 527</b>
<b>Total</b>	<b>327 423</b>	<b>-597 033</b>

## 7. Financial income and expenses

EUR	2021	2020
Currency translation gains	281 181	-
Sale of shares in subsidiaries	-	281 101
Other financial income	30 480	16 898
<b>Total financial income</b>	<b>311 661</b>	<b>297 999</b>
Interest expenses	-501 105	-582 311
Currency translation losses	-729	-467 291
Write-down of financial assets	-386 630	-38 803
Other financial expenses	-229 334	-265 971
<b>Total financial expenses</b>	<b>-1 117 798</b>	<b>-1 354 376</b>
<b>Total</b>	<b>-806 137</b>	<b>-1 056 376</b>

## 8. Taxes

EUR	2021	2020
Current tax expense/income	-218 900	-388 398
Deferred tax expense/income	-36 792	-32 974
<b>Total</b>	<b>-255 692</b>	<b>-421 372</b>

## 9. Other current receivables

EUR	December 31 2021	December 31 2020
VAT receivable	7 883	6 487
Other tax receivables	1 539 211	1 767 235
Prepayment to suppliers	101 145	1 751
Other short-term receivables	299 899	621 547
<b>Total</b>	<b>1 948 138</b>	<b>2 397 020</b>

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

## 10. Financial assets

EUR	December 31 2021	December 31 2020
Deferred tax assets	29 935	29 098
Other third-party financial assets	490 635	157 430
<b>Total</b>	<b>520 570</b>	<b>186 528</b>

## 11. Property, plant and equipment

EUR	2021	2020
<b>Cost</b>		
Opening balance	1 513 892	1 406 216
Additions	997 960	191 924
Balances regarding acquired/divested businesses	1 427	-12 643
Sales/disposals	-162 285	-71 605
Reclassifications	-73 079	
Translation difference	-2 545	-
<b>Closing balance</b>	<b>2 275 370</b>	<b>1 513 892</b>
<b>Accumulated depreciation</b>		
Opening balance	-817 481	-419 884
Depreciation	-309 256	-403 841
Balances regarding acquired/divested businesses	-	-
Sales/disposals	154 801	39 843
Reclassifications	72 837	
Translation difference	10 735	-33 599
<b>Closing balance</b>	<b>-888 364</b>	<b>-817 481</b>
<b>Net carrying value</b>	<b>1 387 005</b>	<b>696 411</b>



## 12. Intangible assets

EUR	December 31 2021	December 31 2020
<b>Cost</b>		
Opening balance	698 434	612 169
Additions	361 504	86 265
Reclassifications	73 079	-
Translation difference	6 011	-
<b>Closing balance</b>	<b>1 139 028</b>	<b>698 434</b>
<b>Accumulated depreciation</b>		
Opening balance	-224 452	-52 520
Amortization	-98 593	-171 932
Sales/disposals	-72 839	-
Translation difference	-	-
<b>Closing balance</b>	<b>-395 884</b>	<b>-224 452</b>
<b>Net carrying value</b>	<b>743 144</b>	<b>473 982</b>

### 13. Financial liabilities

EUR	December 31 2021	December 31 2020
Credit facility	758 850	496 450
Bank loans	214 247	92 383
Factoring	-	-
Financial lease liability, current	170 813	29 777
Other current interest-bearing liabilities*	4 287 818	3 823 317
<b>Total current interest-bearing liabilities</b>	<b>4 431 728</b>	<b>4 441 928</b>
Bank loans	442 585	375 562
Financial lease liability, non-current	157 899	89 209
Loans from third parties	1 066 895	561 920
Loans from related parties	57 942	198 966
Loans from shareholders	1 010 986	629 986
<b>Total non-current interest-bearing liabilities</b>	<b>2 736 307</b>	<b>1 855 644</b>
<b>Total</b>	<b>8 168 035</b>	<b>6 297 571</b>
<b>Maturity of non-current interest-bearing liabilities</b>		
1-5 years	5 300 107	1 755 644
More than 5 years	105 236	100 198
<b>Total non-current financial liabilities</b>	<b>5 405 343</b>	<b>1 855 842</b>

\*This includes in 2021 and 2020 a bond of EUR 2 399 320 with interest rate of 10%. The maturity was planned as per 1.8.2021, during the financial year 2021 extended to 31.12.2022.

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 first amortization will be done on September 30, 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.

### 14. Other current liabilities

EUR	December 31 2021	December 31 2020
VAT liability	86 014	193 747
Other tax liabilities	32 791	141 556
Other short-term liabilities	1 084 648	826 106
<b>Total</b>	<b>1 203 453</b>	<b>1 161 408</b>

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

## 15. Accrued liabilities and deferred income

EUR	December 31 2021	December 31 2020
Accrued project expenses	519 842	204 271
Personnel related accruals	592 673	487 797
Income tax liability	35 884	197 088
Deferred income	-4 983	-
Deferred tax liability	-	-
Other accrued costs	1 783 823	1 861 127
<b>Total</b>	<b>2 927 239</b>	<b>2 750 283</b>

In 2021 and 2020 other accrued costs include outstanding earn out payments from the acquisition of LCC Pakistan which are challenged.

## 16. Provisions

EUR	December 31 2021	December 31 2020
Opening balance	404 756	401 659
Opening balance adjustments	-	-
Additions	-6 270	71 424
Utilization/Cash out	87 572	-24 568
Translation difference	-57 154	-43 759
<b>Closing balance</b>	<b>428 904</b>	<b>404 756</b>

Provisions relate to employee benefits in Pakistan and Saudi Arabia and customer guarantees in the Netherlands in 2021 and 2020.

## 17. Share capital

As of 31.12.2021, 6 778 097 (31.12.2020: 6 379 730) registered shares at a nominal CHF 0.05 (31.12.2020: 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	-	-	-	-
Share issue	2021	19'918	881'998	398'367	0.05	338'905	6'778'097
Issue costs	2021	-	-3'959				
<b>December 31, 2021</b>		<b>338 905</b>				<b>338 905</b>	<b>6 778 097</b>
<b>In EUR</b>		<b>275 735</b>				<b>275 735</b>	

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

Company	Domicile	Purchased/ established	Currency	Dec 31, 2021	Dec 31, 2020
Talkpool LLC	USA	2012	USD	100%	24%
Talkpool Deutschland AG	Germany	2014	EUR	100%	100%
Talkpool Telecom Network Services Ltd.	Kenya	2014	KES	96%	96%
Talkpool Network Services Ltd	Tanzania	2015	TZS	99%	99%
Camouflage B.V.	Netherlands	2016	EUR	62%	62%
Talkpool Network Services Ltd.	Mauritius	2016	MUR	19%	19%
LCC Pakistan (Private) Limited	Pakistan	2017	PKR	89%	89%
Talkpool NV	Belgium	2017	EUR	80%	80%
JoorsChain AG	Switzerland	2018	CHF	18%	18%
Virtual Connect LLC	Saudia Arabia	2018	SAR	100%	100%
Nordic PropTech Investment Services AB	Sweden	2021	SEK	52%	-
Home Solutions i Sverige AB	Sweden	2021	SEK	100%	-
Home Solutions Operations AB	Sweden	2021	SEK	100%	-
Nordic PropTech Operations AB	Sweden	2021	SEK	100%	-
Talkpool AB	Sweden	2021	SEK	100%	57%
IoT Services AB	Sweden	2016	SEK	100%	66%
OnYield Ltd	Hong Kong	2016	HKD	100%	51%

All the group companies, joint ventures and associated companies have the same year-end closing as the parent company, i.e. 31.12.2021. 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 5th March 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.

As per 13th October 2021 all Nordic and Talkpool AB companies were consolidated under Nordic PropTech. Talkpool Group will fully

consolidate the 52% of the new subgroup Nordic PropTech Investment Services AB. Sacculus, one of the other major shareholder in Nordic PropTech Investment Services AB holds warrants giving the right to directly participate in new share issues.

The option is valid until 30 December 2022 with backdated effect as per 1 January 2022.

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.

Talkpool AG bought 100% of the USA company during 2021.

## 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:

<b>Goodwill</b>		
<b>EUR</b>	<b>December 31 2021</b>	<b>December 31 2020</b>
<b>Cost</b>		
Opening balance	2 719 634	3 009 240
Additions	6 042 343	-
Balances regarding acquired/divested businesses	-	-132 409
Translation difference	-	-157 197
<b>Closing balance</b>	<b>8 761 977</b>	<b>2 719 634</b>
<b>Accumulated amortization</b>		
Opening balance	-1 962 380	-1 640 937
Theoretical amortization	-1 208 469	-565 886
Sales/disposals	-	-
Translation difference	-	244 443
<b>Theoretical closing balance</b>	<b>-3 170 849</b>	<b>-1 962 380</b>
<b>Theoretical net carrying value</b>	<b>5 591 128</b>	<b>757 254</b>
Had goodwill been capitalized and amortized, the theoretical effect on equity and net income would have been as follows:		
<b>Theoretical impact on income statement</b>		
<b>EUR</b>	<b>2021</b>	<b>2020</b>
<b>Operating result</b>		
Operating result (EBIT), per income statement	727 360	491 792
EBIT margin, %	3.0%	2.3%
Theoretical amortization of goodwill	-1 208 469	-565 886
<b>Theoretical EBIT after goodwill amortization</b>	<b>-481 108</b>	<b>-74 094</b>
EBIT margin after goodwill amortization, %	-2.0%	-0.3%
<b>Net profit/loss</b>		
Net profit/loss, per income statement	-334 471	-985 957
Theoretical amortization of goodwill	-1 208 469	-565 886
<b>Theoretical net profit/(loss) after goodwill amortization</b>	<b>-1 542 939</b>	<b>-1 551 843</b>
<b>Theoretical impact on balance sheet</b>		
<b>EUR</b>	<b>December 31 2021</b>	<b>December 2020</b>
<b>Equity</b>		
Equity as per balance sheet	-2 489 134	-1 648 126
Theoretical capitalization of net book value of goodwill	5 591 128	757 254
<b>Theoretical equity including net book value of goodwill</b>	<b>3 101 995</b>	<b>-890 872</b>

## 20. Adjustment for items not affecting cash flow

EUR	December 31 2021	December 31 2020
Depreciation property, plant and equipment	309 256	489 879
Amortization intangible assets	98 593	171 932
Other non-cash items	392 292	59 183
<b>Closing balance</b>	<b>800 141</b>	<b>720 994</b>

## 21. Exchange rates

	Average rate 2021	Year-end rate December 31 2021	Average rate 2020	Year-end rate December 31 2020
EUR/CHF	0.92498	0.96564	0.93449	0.92384
EUR/PKR	0.00520	0.00495	0.00543	0.00507
EUR/UGX	-	-	0.00024	0.00022
EUR/MXN	-	-	0.04083	0.04098
EUR/TZS	0.00036	0.00038	0.00038	0.00035
EUR/KES	0.00777	0.00773	0.00830	0.00742
EUR/SAR	0.22564	0.23474	0.23364	0.21718
EUR/SEK	0.09859	0.09741	0.09540	0.09940

## 22. Other disclosures

EUR	2021	2020
Office rent (01.01.2022 - 31.03.2026)	435 579	221 202



## 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 and 2021 the targets were not met.

## 24. Assets used to secure own liabilities

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. As of 31.12.2021, trade receivables of EUR 207 728 and a shareholder loan of EUR 105 236 were used to secure bank loans.

## 25. Events occurring after the balance sheet date

ZT Group and TalkPool AG signed an agreement in March 2022 whereby TalkPool AG sells its business and subsidiaries in Pakistan and Saudi Arabia and entered into a strategic partnership.

Events after the balance sheet date were considered until 5th May 2022. On this date, the consolidated 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. The equity would have been positive excluding the Goodwill write-offs.

High financial costs and growth financing of the projects in the USA has put pressure on group earnings and cash flow. 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 2021 and improvements are expected results during 2022. The losses in 2021 were mainly caused by extraordinary costs.

The Group expects a positive cash flow effect from the sale of the Pakistan and Saudi entities. The company is also preparing for raising new cash from the German market in the second half of 2022. A share emission/convertible loan is prepared in parallel with a green bond.

Furthermore, the expected increase of the revenue and the operating results will contribute to the improvement of the cash flow and the strengthening of the balance sheet.

Our going concern assessment is based on the above assumptions about successful financing and a positive operational development the coming year. Those assumptions do contain uncertainties regarding timing and market development.

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## **Report of the statutory auditor on the consolidated financial statements**

to the General Meeting of the Shareholders of  
**TalkPool AG, Chur**

### **Opinion**

We have audited the accompanying consolidated financial statements of TalkPool AG, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the consolidated financial statements (pages 23 to 44) for the year ended 31 December 2021, comply with Swiss law as well as with the consolidation and valuation principles described in the notes.

### **Basis of Opinion**

We conducted our audit in accordance with Swiss Auditing Standards (SAS's), International Standards on Auditing (ISA's) and Swiss law. Our responsibilities under those 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 Federal Audit Oversight Authority**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Auditor's Reaction
<b>Occurrence and accuracy of revenue recognition</b>	
<p>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.</p> <p>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 long term 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.</p> <ul style="list-style-type: none"> <li>• There is a risk that sales revenues are misstated due to fraud.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>We identified revenue recognition (including revenue recognition from construction contracts) as a significant risk, requiring special audit consideration.</p>	<p>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.</p> <p>We further performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Substantive testing at year-end in order to ensure that risks and rewards of ownership relating to external sales revenues are properly recorded.</li> <li>• Substantive testing of existence and accuracy of revenues recognized.</li> <li>• Analytical review procedures to determine abnormal margins and fluctuations, which have to be explained by the Management.</li> <li>• 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.</li> <li>• We inspected a sample of underlying contracts or purchase orders to confirm estimated net revenues from goods and services.</li> <li>• We reconciled a sample of recognized contract costs to underlying invoices.</li> <li>• We performed a look-back analysis to verify the accuracy of assumptions in prior years.</li> <li>• We obtained the year end POC-calculations and tested these for accuracy.</li> </ul> <p>Based on our audit procedures performed, we addressed in particular the risk relating to revenue recognition relating to long-term contracts.</p> <p>Our audit provided no evidence of deviations from Swiss Code of Obligations.</p>

Key Audit Matter	Auditor's Reaction
<b>Going concern basis used in preparation of the consolidated financial statements</b>	
<p>The Group's consolidated 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.</p> <p>Subsequent to the prior business period, the Group managed to reduce operational costs. Results were also impacted by other effects such as FX-movements, extraordinary income from the release of provisions and from impairment of assets. The net results were negative and the Group is over-indebted to the amount of TEUR 3'579.</p> <p>Its ability to continue as a going concern is dependent upon the implementation of the Group's strategy to return to profitability, additional successful fundraising, successful closing of the sale of Pakistan subsidiary as well as continuing support of its creditors.</p> <p>Due to these facts, the application of the going concern principle was of particular importance in the context of our audit.</p> <p>(Refer to note 26 of the consolidated financial statements)</p>	<p>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.</p> <p>Our procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We critically reviewed the Management's formal assessment of going concern.</li> <li>• We critically assessed the prospects for the successful further fundraising and continuing utilization of convertible loan facilities.</li> <li>• We made inquiries with Management and the Chairman of the Board of Directors.</li> <li>• We critically reviewed minutes of the Board of Directors and significant (financing) contracts.</li> <li>• In addition, we satisfied ourselves of the appropriateness of the disclosure made in the consolidated financial statements.</li> </ul> <p>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.</p>

#### Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, remuneration report and our auditor's reports thereon.

#### Responsibilities 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 the provisions of Swiss law and the consolidation and valuation principles described in the notes 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 misstatements, 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, SAS's and ISA's 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, SAS's and ISA's, we exercise professional judgment and maintain professional skepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of 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 entity'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 entity to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 or its relevant committee, 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 and Regulatory Requirements**

In the course of our audit performed in accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system for the preparation of the consolidated financial statements designed according to the instructions of the Board of Directors was adequately documented, however, for the new subsidiaries in Nordic Proptech Investments Services AB group of companies, the internal control system was not implemented in all material respects.

In our opinion, except for the matter described in the preceding paragraph, an internal control system for the preparation of the consolidated financial statements, designed in accordance with the instructions of the Board of Directors, exists.

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

Zurich, May 5, 2022  
**Grant Thornton AG**



Hermann Caspers  
Audit Expert  
Auditor in Charge



Nina Beutler  
Audit Expert

# Statutory Financial Statements

## – Talkpool AG

### Income statement

CHF	Notes	Jan-Dec 2021	Jan-Dec 2020
<b>Net revenue</b>			
Services abroad		7 068 937	7 066 248
Management fees		246 159	223 000
Reduction in revenues		-47 426	-33 315
<b>Total net revenue</b>		<b>7 267 670</b>	<b>7 255 933</b>
<b>Cost of sales</b>			
Direct cost of sales		-3 260 061	-3 054 532
Costs consultants abroad		-2 970 945	-3 209 571
<b>Total cost of sales</b>		<b>-6 231 006</b>	<b>-6 264 103</b>
<b>Gross profit</b>		<b>1 036 664</b>	<b>991 830</b>
<b>Operating income and expenses</b>			
Selling & distribution expenses		-54 995	-41 672
Administrative expenses	3	-1 463 306	-1 606 875
Other income and expenses		326 381	-
<b>Total operating income &amp; expenses</b>		<b>-1 191 920</b>	<b>-1 648 547</b>
<b>Earnings before interest &amp; taxes (EBIT)</b>		<b>-155 256</b>	<b>-656 717</b>
<b>Financial result</b>			
Financial income		756 642	1 042 518
Financial expenses		-783 647	-1 718 086
Write-off financial assets	8	-1 506 135	-14 581
<b>Total financial result</b>		<b>-1 533 139</b>	<b>-690 149</b>
<b>Extraordinary result</b>			
Extraordinary income	4	175 946	17 619
Extraordinary expenses	4	-275 501	-126 794
<b>Loss before income taxes</b>		<b>-1 787 950</b>	<b>-1 456 040</b>
Income tax expenses		3 534	-15 771
<b>Net loss</b>		<b>-1 784 417</b>	<b>-1 471 811</b>

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

## Balance sheet

CHF	Notes	December 31 2021	December 31 2020
<b>ASSETS</b>			
<i>Current assets</i>			
Cash		269 787	410 889
Trade receivables third	6	215 120	652 637
Trade receivables group companies	6	683 565	567 585
Trade receivables related companies	6	179 478	210 110
Other current receivables third		17 645	61 731
Uninvoiced services		26 149	401 388
Accrued income and prepaid expenses	7	83 470	172 870
<b>Total current assets</b>		<b>1 475 214</b>	<b>2 477 210</b>
<i>Non-current assets</i>			
Loans third		0	131 836
Loans group companies		343 369	438 114
Loans related companies		89 166	185 374
Investments	8	7 257 976	6 752 469
Intangible assets		0	6 305
Property, plant and equipment		255 952	284 616
<b>Total non-current assets</b>		<b>7 946 463</b>	<b>7 798 714</b>
<b>TOTAL ASSETS</b>		<b>9 421 677</b>	<b>10 275 924</b>
<b>LIABILITIES AND EQUITY</b>			
<i>Current liabilities</i>			
Trade payables	9	678 264	1 148 191
Trade payables group companies		-	-
Current interest-bearing liabilities third	10	2 985 878	4 225 496
Current interest-bearing liabilities group	10	559 203	156 659
Current interest-bearing liabilities shareholders	10	65 594	83 096
Other current liabilities		300 574	281 027
Accrued expenses		1 355 386	1 751 280
<b>Total current liabilities</b>		<b>5 944 900</b>	<b>7 645 749</b>
<i>Non-current liabilities</i>			
Long-term interest-bearing liabilities third		458 333	500 000
Long-term interest-bearing liabilities group		902 344	-
Long-term interest-bearing liabilities shareholders		981 365	108 981
<b>Total non-current liabilities</b>		<b>2 342 042</b>	<b>608 981</b>
<b>TOTAL LIABILITIES</b>		<b>8 286 942</b>	<b>8 254 730</b>

*Balance sheet, continued*

**Shareholder's equity**

Share capital	10	338 905	318 987
Reserves from capital contribution		9 435 224	8 557 185
Statutory retained earnings		100 000	100 000
Accumulated loss		-6 954 977	-5 483 166
Loss for the year		-1 784 417	-1 471 811
<b>Total shareholder's equity</b>		<b>1 134 735</b>	<b>2 021 195</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9 421 677</b>	<b>10 275 924</b>

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

## Cash flow statement

CHF	Jan-Dec 2021	Jan-Dec 2020
<i>Operating activities</i>		
Net loss	-1 784 417	-1 471 811
Adjustment for items not affecting cash flow	1 675 785	166 793
Change in working capital	14 620	-50 643
<b>Net cash flow from operating activities</b>	<b>-94 012</b>	<b>-1 355 661</b>
<i>Investing activities</i>		
Investments in property, plant and equipment	-134 682	-3 054
Inflow/outflow from change of financial assets	-1 688 853	141 600
Divestments of shares in subsidiaries	-	-
Investment in subsidiaries and associated companies	-96 625	-620 940
<b>Net cash from investing activities</b>	<b>-1 920 159</b>	<b>-482 394</b>
<i>Financing activities</i>		
Net payments / proceeds from share issue	897 957	2 211 847
Issuance/repayment of interest-bearing liabilities	975 112	-615 048
<b>Net cash flow from financing activities</b>	<b>1 873 069</b>	<b>1 596 799</b>
<b>Net change in cash</b>	<b>-141 102</b>	<b>-241 256</b>
Cash, beginning of period	410 889	652 145
Cash, end of period	269 787	410 889

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 policies are accounted for as follows:

### FX-Rates

The FX-Rates according ESTV were used as per year end.

### 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.

### Uninvoiced 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.

Until 2020 the revenue from long-term contracts was 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

As of 2021 the revenue is recognized mainly on a time and material basis.

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 in 2021 and 2020.

## 2. Audit fees

CHF	2021	2020
Audit services	-67 000	-60 000
Other services	-	-6 000
<b>Total</b>	<b>-67 000</b>	<b>-66 000</b>

## 3. Administrative expenses by nature

CHF	2021	2020
Depreciation of property, plant and equipment	-163 345	-145 907
Amortization of intangible assets	-6 305	-6 305
Salaries including social charges	-732 004	-1 054 360
Other personnel expenses	-28 903	-185 508
Operating expenses	-102 685	-155 150
Administration expenses	-430 065	-672 448
<b>Total</b>	<b>-1 463 306</b>	<b>-1 606 875</b>

## 4. Extraordinary income/expenses

CHF	2021	2020
Helsana provision 2018 - 2020 / SUVA, repayment	3 706	-
Sigfox, payment of bad debt allowance incl. Interest	67 355	-
Clearing of AP in Haiti from former years	104 885	-
Insurance payment for stolen motorbikes in Haiti in former years	-	8 400
Loan repayment from Talkpool Network Services Ltd. Uganda	-	9 219
<b>Total</b>	<b>175 946</b>	<b>17 619</b>

	2021	2020
Clearing of WIP in Haiti from former years	-236 048	-

Comercializadora Ibcara SA, payment for closing Mexico in 2020	-20 343	-
Cancellation of a Nokia Invoice from 2020	-19 110	-
Extraordinary subcontracting costs in Haiti regarding expenses during the fuel crisis in 2019	-	-117 835
Extra ordinary costs regarding consulting in 2019	-	-8 959
<b>Total extraordinary income/expenses</b>	<b>-275 501</b>	<b>-126 794</b>

## 5. Other disclosures

CHF	2021	2020
Leasing liabilities (motor vehicle e-tron 01.01.2022 - 13.05.2025)	28'214	9 736
Office rent (01.01.2022 - 31.03.2026)	231'846	13 161
Pension liability	783	102

## 6. Trade receivables

CHF	2021	2020
Trade receivables third	215 120	801 363
Allowance for doubtful trade receivables third	-	-148 727
<b>Net amount trade receivables third</b>	<b>215 120</b>	<b>652 637</b>

CHF	2021	2020
Trade receivables group	683 565	567 585
Allowance for doubtful trade receivables group	-	-
<b>Net amount trade receivables group</b>	<b>683 563</b>	<b>567 585</b>

CHF	2021	2020
Trade receivables related	179 478	210 110
Allowance for doubtful trade receivables related	-	-
<b>Net amount trade receivables related</b>	<b>179 478</b>	<b>210 110</b>

## 7. Accrued income

CHF	2021	2020
Accrued income and prepaid expenses	83 470	172 870
<b>Accrued income and prepaid expenses</b>	<b>83 470</b>	<b>172 870</b>

## 8. Investments

Company	Domicile	Purchased/ established	Currency	Share capital / Voting shares	
				Dec 31, 2021	Dec 31, 2020
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.	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 Network Services Ltd.	Mauritius	2016	MUR	19%	19%
Talkpool LLC	USA	2012	USD	100%	24%
Virtual Connect LLC	Saudia Arabia	2018	SAR	100%	100%
Nordic PropTech Investment Services AB	Sweden	2021	SEK	52%	-
Home Solutions I Sverige AB	Sweden	2021	SEK	100%	-
Home Solutions Operations AB	Sweden	2021	SEK	100%	-
Nordic PropTech Operations AB	Sweden	2021	SEK	100%	-
Talkpool AB	Sweden	2021	SEK	100%	57%
IoT Services AB	Sweden	2016	SEK	100%	66%
OnYield Ltd	Hong Kong	2016	HKD	100%	51%

As per 13 October 2021, Talkpool AB was acquired by Nordic PropTech Investment Services AB (bought on 5 March 2021).

Sacculus, one major shareholder in Nordic PropTech Investment Services AB holds warrants that enables Sacculus to participate in future share increases. The option is valid until 30 December 2022 with backdated effect as per 1 January 2022.

TalkPool AG entered into a sale agreement after the year end to sell the companies Pakistan and Saudi Arabia for CHF 3 000 787. Based on the recognized value the investments were impaired with CHF 1 306 490.

Talkpool AG bought 100% of the USA company during 2021.

## 9. Trade payables

CHF	2021	2020
Trade payables third	678 264	1 148 191
<b>Total Trade payables third</b>	<b>678 264</b>	<b>1 148 191</b>

## 10. Current interest-bearing liabilities

CHF	2021	2020
Current interest-bearing liabilities third	2'985'878	4'225'496
Current interest-bearing liabilities group companies	559'203	156'659
Current interest-bearing liabilities shareholders	65'594	83'096
<b>Total current interest-bearing liabilities</b>	<b>3'610'676</b>	<b>4'465'250</b>

## 11. Non current interest-bearing liabilities

CHF	2021	2020
<b>Long-term interest bearing liabilities 1-5 years</b>		
Long-term interest-bearing liabilities third	458'333	500'000
Long-term interest-bearing liabilities group companies	902'344	-
<b>Long-term interest bearing liabilities &gt;5 years</b>		
Long-term interest-bearing liabilities shareholders	981'365	108'981
<b>Total non-current interest-bearing liabilities</b>	<b>2'342'042</b>	<b>608'981</b>

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 31 March, for the first time on 31 March 2021 based on the requirements of the Federal Department of Finance. The first amortization will be done on 30 September 2022, the last one is planned on 30 September 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 19 December 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).

## 12. Share capital

As of 31.12.2021, 6 778 097 (31.12.2020: 6 379 730) registered shares at a nominal CHF 0.05 (31.12.2020: 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 2021

Shareholder	Number of shares	% of share capital
Magnus Sparrholm	1 510 000	22.3%
Matthias Winter	1 253 400	18.5%
Försäkringsaktiebolaget, Avanza Pension (approx. 1 000 persons)	449 018	6.6%

### 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 2021

Name	Position	Number of shares	Nominal value
Magnus Sparrholm	Chairman of the board	1'510'000	75'500
Erik Strömstedt	CEO	266'545	13'327

### 31 December 2020

Name	Position	Number of shares	Nominal value
Magnus Sparrholm	Chairman of the board	1'510'000	75'500
Erik Strömstedt	CEO	266'545	13'327

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

### Capital surplus

Confirmed capital surplus by tax authority (ESTV) as per 31.12.2021: CHF 8'557'185.11

The confirmation of the amount of CHF 878 039 from the capital increase in 2021 is outstanding.



### 13. Exchange rates

CHF	2021	2020
USD/CHF	0.911141	0.883944
EUR/CHF	1.036150	1.081550
SEK/CHF	0.100636	0.107632
GBP/CHF	1.234099	1.208300

### 14. Assets used to secure own liabilities

As of 31.12.2021, trade receivables of CHF 97 944 and a shareholder loan of CHF 100 000 were used to secure bank loans. Existing rent security deposit: CHF 24 000

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

### 15. Own shares

As of 31.12.2021, no own shares were held.

As of 31.12.2020, no own shares were held.

### 16. Guarantees / Pledges

The loan from Scandinavian Credit Fund I AB to Nordic PropTech Investment Services AB in the total amount of nominal SEK 24 000 000 (as of 31.12.2021: SEK 12 000 000) is guaranteed by TalkPool AG, acting as group guarantor.

### 17. Events occurring after the balance sheet date

ZT Group and TalkPool AG signed an agreement in March 2022 whereby TalkPool AG sells its business and subsidiaries in Pakistan and Saudi Arabia and entered into a strategic partnership.

Events after the balance sheet date were considered until 5th May 2022. On this date, the statutory financial statements were approved by the Board of Directors of Talkpool AG.

### 18. Going concern

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. The Financial Statements have been prepared on a going concern basis.

High financial costs, limited group contributions from daughter companies and growth financing of the projects in the USA has put pressure on the earnings and cash flow of Talkpool AG. The losses in 2021 were mainly caused by extraordinary costs.

Increasing revenue and cost reductions has led to improved results and further improvements are expected during 2022. The SG&A costs and the financial costs were reduced in 2021 and further reductions are planned in 2022. The growth financing has been increasingly decentralized to the local companies which offloads the financing burden from Talkpool AG to a large extent.

Talkpool AG expects a positive cash flow effect from the sale of the Pakistan and Saudi entities. The company is also preparing for raising new cash from the German market in the second half of 2022. A share emission/convertible loan is prepared in parallel with a green bond.

Furthermore, the expected increase of the group revenue and the operating results will contribute to the improvement of the cash flow and the strengthening of the balance sheet through increased group contributions.

Our going concern assessment is based on the above assumptions about successful financing and a positive operational development the coming year. Those assumptions do contain uncertainties regarding timing and market development.

**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 accompanying financial statements of TalkPool AG, Chur, which comprise the balance sheet as at December 31, 2021, income statement, cash flow statement and notes (pages 50 to 61) for the year then ended.

**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 the 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, 2021, comply with Swiss law and the company's articles of incorporation.

### Report on Key Audit Matters based on the Circular 1/2015 of the 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.

Key Audit Matter	Auditor's Reaction
<b>Existence, valuation and accuracy of investments, loans to group companies and receivables due from group companies</b>	
<p>As of 31 December 2021, total assets include amounts associated with group companies of TCHF 8'285 (2020: TCHF 7'758). This comprises investments of TCHF 7'258 (2020: TCHF 6'752), loans to group companies of TCHF 343 (2020: TCHF 438) and accounts receivables due from group companies of TCHF 684 (2020: TCHF 568). This represents about 88% (2020: 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.</p> <p>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 discounted 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.</p> <p>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 and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this</p>	<p>Our audit procedures included, amongst others, the inspection and review of share purchase agreements as well as share sale agreements and loan agreements. We confirmed share-ownership by inspecting the share registers or obtaining confirmation by the respective companies. We further obtained intercompany confirmations and the financial statements of the respective companies and recalculated the value attributable to the parent company based on the substance value of the entity.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• We compared the business results, including the net revenues for the year, with previous year's results.</li> <li>• 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.</li> <li>• We compared the assumptions for the weighted average cost of capital with independent market data, where possible.</li> <li>• We performed independent sensitivity analysis and discussed significant deviations from the calculated entity value with Management.</li> </ul>

<p>matter was of particular importance in the context of our audit. (Refer to notes 6 and 8 of the financial statements)</p>	<p>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 2021.</p>
<b>Key Audit Matter</b>	<b>Auditor's Reaction</b>
<b>Occurrence and accuracy of revenue recognition</b>	
<p>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.</p> <p>Revenues in the field of network services are primarily achieved through a customer contract in Haiti. These revenues represent more than 94% (2020: 93%) of the total revenues. The company maintains the mobile communications network and receives – on a monthly basis – a purchase order from the client. The corresponding services are charged against these purchase orders.</p> <p>We consider revenue recognition from the customer contract in Haiti to be a key audit matter for the following reasons:</p> <ul style="list-style-type: none"> <li>• There is a risk that sales revenues are misstated due to fraud.</li> <li>• 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.</li> <li>• The individual specific project with Haiti may include multiple performance obligations and the accounting treatment of this contract requires Management to estimate the transaction price and timing of revenue recognition.</li> </ul> <p>We identified revenue recognition as a significant risk, requiring special audit consideration.</p>	<p>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 and contract with finance and technical staff of the company.</p> <p>We further performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Substantive testing at year-end in order to ensure that risks and rewards of ownership relating to external sales revenues are properly recorded.</li> <li>• Substantive testing of occurrence and accuracy of revenues recognized.</li> <li>• Analytical review procedures to determine abnormal margins and fluctuations which have to be explained by the Management.</li> <li>• 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.</li> <li>• We inspected a sample of underlying contracts or purchase orders to confirm estimated net revenues from goods and services.</li> <li>• We reconciled a sample of recognized cost of goods sold to underlying invoices.</li> <li>• We performed a look-back analysis to verify the accuracy of assumptions in prior years.</li> <li>• We performed journal entries testing to address the presumed significant risk of fraud in revenue recognition.</li> </ul> <p>Based on our audit procedures performed, we addressed in particular the risk relating to revenue recognition.</p> <p>Our audit provided no evidence of deviations from Swiss Code of Obligations.</p>



Key Audit Matter	Auditor's Reaction
<b>Going concern basis used in preparation of the financial statements</b>	
<p>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 its additional successful fundraising.</p> <p>Subsequent to the prior business period, the company again managed to reduce operational costs and increase margins. Results were also impacted by other effects such as FX-movements, extraordinary income from the release of provisions and from fully depreciated assets. The net result in the business year was however affected by the impairment of investments. The company's net results were again negative, and half of the share capital and legal reserves are no longer covered.</p> <p>It's ability to continue as a going concern is dependent upon the implementation of the company's strategy to return to profitability, additional successful fundraising, successful closing of the sale of Pakistan subsidiary as well as continuing support of its creditors.</p> <p>Due to these facts, the application of the going concern principle was of particular importance in the context of our audit.</p> <p>(Refer to note 18 of the financial statements)</p>	<p>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.</p> <p>Our procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We critically reviewed the Management's formal assessment of going concern.</li> <li>• We critically assessed the prospects for the successful fundraising.</li> <li>• We made inquiries with Management and the Chairman of the Board of Directors.</li> <li>• We critically reviewed the minutes of the Board of Directors and significant (financing) contracts.</li> <li>• In addition, we satisfied ourselves of the appropriateness of the disclosure made in the financial statements.</li> </ul> <p>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.</p>



**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 CO) 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, May 5, 2022  
**Grant Thornton AG**



Hermann Caspers  
Audit expert  
Auditor in charge



Nina Beutler  
Audit expert

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