

Annual Report 2015



Ascom is an international solutions provider with comprehensive know-how in healthcare workflows and telecommunications. The company is active in Wireless Solutions (an international market leader for high-value, customer-specific on-site communication solutions and workflow optimization) and Network Testing (a global market leader in testing, monitoring, post-processing, and performance optimization for mobile networks).

# Key figures ASCOM Group

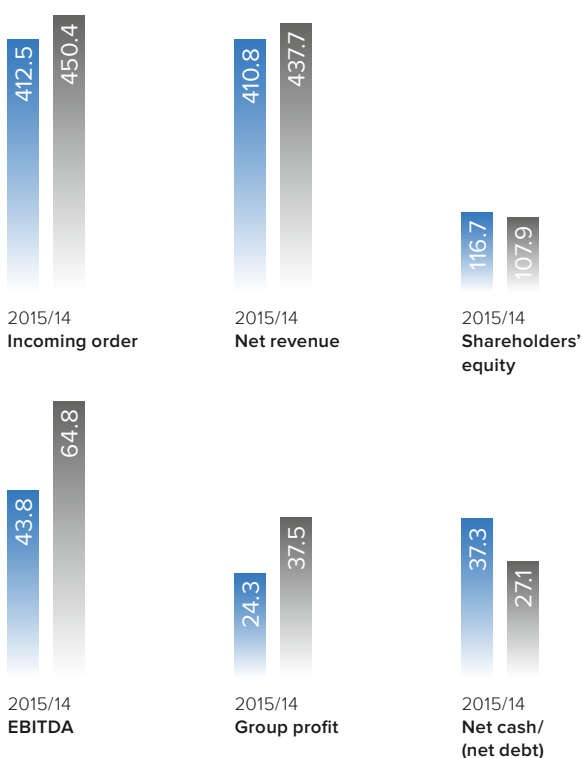
## Share information

	2015	2014
Share price at 31.12. in CHF	15.90	15.25
Market capitalization at 31.12. in CHFm	572.40	549.00
Nominal value per share in CHF	0.50	0.50

## Share price in CHF



## Summary of key figures in CHFm



2015 was a strategically important year for Ascom. We have embarked to transform Ascom into a company focusing on IT and communication technology primarily in the healthcare industry by 2020. Already today, we see Ascom well positioned as a provider of integrated workflow solutions mainly in health-care and the market offers us attractive and profitable growth opportunities on a global level.

#### **Annual Report 2015**

Key figures Ascom Group

- 1 Letter to Shareholders
- 6 Ascom Wireless Solutions
- 12 Ascom Network Testing
- 16 Sustainability

#### **Corporate Governance**

- 18 Corporate structure and shareholders
- 20 Capital structure
- 22 Members of the Board of Directors
- 28 Members of the Executive Board
- 31 Shareholders' participation rights
- 32 Change of control and defensive measures
- 32 Auditors
- 33 Information policy

#### **Remuneration Report**

- 34 Ascom Remuneration Policy
- 39 Remuneration in fiscal year 2015
- 44 Share ownership
- 44 Long-term incentive plans

#### **Financial statements 2015**

- 49 Table of contents
- 50 Group
- 89 Holding

- 98 Worldwide contacts
- 99 Dates and contacts

Declaration of forward-looking statements  
Publishing details

# Letter to Shareholders

Dear Shareholders

2015 was a strategically important year for Ascom. As announced in January 2015, we have embarked to transform Ascom into a company focusing on IT and communication technology primarily in the healthcare industry by 2020. Already today, we see Ascom well-positioned as a provider of integrated workflow solutions mainly in healthcare, and the market offers us attractive and profitable growth opportunities on a global level. During 2015, we accelerated investments into solutions, software and professional services and expanded Sales, Marketing and Technology capabilities.

Thanks to the Wireless Solutions Division, Ascom reported an increase in revenues at constant currencies in 2015 of 1.5% at Group level and achieved an EBITDA margin of 11.6% (excluding additional restructuring costs of around CHF 4 million for the Network Testing Division) compared to 14.8% in 2014.

As of 31 December 2015, the Group has a net cash position of CHF 37.3 million (2014: CHF 27.1 million) and an equity ratio of 40.7% (2014: 34.4%). In 2015, Ascom generated a Group profit of CHF 24.3 million (2014: CHF 37.5 million) and the Board of Directors proposes an unchanged dividend of CHF 0.45 per share to the Annual General Meeting, offering a dividend yield of about 3%.

Wireless Solutions, which contributes 74% to the Group's business, made further progress with its transformation into a leading provider of healthcare ICT solutions. The division once again proved to be a solid business with good profitability and recorded revenue growth of 3.7% year-on-year at constant currencies. Despite additional expenditure of around CHF 6 million as part of the investment program announced in January 2015, Wireless Solutions achieved an EBITDA margin of 15.0%.



Juhani Anttila, Chairman (l.), Fritz Mumenthaler, CEO (r.)

**Network Testing** suffered from difficult market conditions, mainly towards the end of the year, and recorded a revenue decline of 4.5% at constant currencies. Excluding the restructuring costs of around CHF 4 million, the EBITDA margin for the division amounted to 2.7%. The testing business (excluding the Systems&Solutions business unit divested in December 2015) achieved an EBITDA margin of 6% before restructuring costs.

As announced, Ascom is actively pursuing ongoing discussions of potential strategic options for Network Testing with various interested parties, representing both strategic and financial investors.

#### Ascom switches from IFRS to Swiss GAAP FER

The consolidated financial statements in this Annual Report have been prepared in accordance with Swiss GAAP FER accounting standards for the first time. The Board of Directors has decided to change the accounting standards for the preparation of the consolidated financial statements of the Ascom Group from IFRS to Swiss GAAP FER, valid as of financial year 2015. For reasons of comparability, the 2014 figures were restated to reflect a Swiss GAAP FER comparison for both financial years.

#### Solid result for Wireless Solutions

Supported by the successful launch of Ascom Myco, a purpose-built smart device for the healthcare industry leading to important hospital lighthouse project wins, Wireless Solutions was able to further strengthen its leading market position in healthcare ICT. The division executed the investment program launched in January 2015, thereby accelerating investments into workflow solutions, software and professional services.

Wireless Solutions established in 2015 an important strategic alliance with Tyco SimplexGrinnell for integrated healthcare communication solutions in the

United States and Canada. This alliance is a beneficial expansion of Ascom's distribution channels to further strengthen brand recognition, open up new markets, enhance sales growth and increase market share. Another important step towards becoming a leading provider of healthcare ICT solutions was the acquisition of the Italian medical software company UMS (United Medical Software), announced in December 2015. This acquisition accelerates Ascom's development roadmap for software integration and gives a geographic footprint in Italy.

In 2015, Wireless Solutions experienced a good performance in important key regions. In North America, Wireless Solutions was able to gain market share, delivering an excellent performance, posting double-digit growth in both incoming orders and revenues. In Europe, a positive development was achieved in particular in Germany and Switzerland. While most other regions and the OEM business performed according to the expectations, the business in the UK suffered from a challenging market environment.

Overall, the division recorded revenue growth of 3.7% year-on-year at constant currencies, posting revenues of CHF 304.2 million (2014: CHF 318.9 million). Growth in the acute care segment was clearly above-average. Despite additional expenditure of around CHF 6 million as part of the accelerated investment program, the division achieved a solid EBITDA margin of 15.0% (2014: 17.5%).

#### **Difficult market environment for Network Testing**

In the second half-year 2015, Network Testing faced an increasingly challenging market environment due to substantial changes in the North American Telecom sector. One major North American operator postponed significant network investments, resulting in a revenue decline of USD 8 million for Network Testing in 2015. The negative impact was partly offset by otherwise good results in North America.

In 2015, the business bounced back in Asia Pacific, reporting positive developments in particular in China, India and Middle East. While the business grew in Latin America as well, the market environment was challenging in Europe and Africa. Moreover, the business unit Systems & Solutions (which was sold as of December 2015) suffered from a declining demand. Overall, Network Testing generated in financial year 2015 net revenues of CHF 107.0 million, a decline by 4.5% at constant currencies (2014: CHF 119.0 million).

The lower revenues compared to the previous year and additional restructuring costs resulted in a decline in profitability. The Division Management already initiated in December 2015 structural changes and cost measures to align the testing business to the new market realities and to improve its profitability. Excluding restructuring costs of around CHF 4 million,

the EBITDA margin for fiscal year 2015 was at 2.7%. The division's testing business, excluding the divested Systems & Solutions business unit, posted an EBITDA margin of 6% before restructuring costs.

In addition to restructuring measures undertaken to improve Network Testing's profitability, growth initiatives have been launched, including a partnering with Ranplan, a British mobile network planning and design innovator, that opens up new market opportunities in the field of in-building networks.

#### **Unchanged dividend of CHF 0.45 per share**

In fiscal year 2015, Ascom generated revenues of CHF 410.8 million (2014: CHF 437.7 million), thus achieving growth at Group level of 1.5% at constant currencies. The revenue split was 74% for Wireless Solutions and 26% for Network Testing. EBITDA on Group level amounted to CHF 43.8 million (2014: CHF 64.8 million), including restructuring costs of CHF 4 million for the Network Testing Division. Excluding these restructuring costs, Ascom posted an EBITDA margin of 11.6% for fiscal year 2015 (2014: 14.8%).

Ascom closed the year with a Group profit of CHF 24.3 million (2014: CHF 37.5 million). The Board of Directors proposes an unchanged dividend of CHF 0.45 per share to the Annual General Meeting in acknowledgement of the continued solid business performance of the Wireless Solutions Division, offering a dividend yield of about 3% and an increased payout ratio of 66.7% (2014: 43.2%). The Ascom Group has as of 31 December 2015 a net cash position of CHF 37.3 million (2014: CHF 27.1 million) and a solid equity ratio of 40.7% (2014: 34.4%).

#### **Outlook**

In 2015, Ascom continued gaining access to global top-notch hospitals such as Humber River in Toronto or Nya Karolinska Solna near Stockholm. Ascom has the ambition to be present in every tier-one hospital in the world by 2020. Wireless Solutions will continue its transformation towards becoming a leading provider of healthcare ICT solutions. Wireless Solutions aims for sustainable growth both organically as well as through strategic partnerships or further targeted acquisitions, while maintaining and increasing its level of profitability. Ascom confirms its guidance for Wireless Solutions for 2016 and 2017, targeting revenue growth of 5–10% at constant currencies with an EBITDA margin of 14–18%. Due to the seasonality of the business, the second half-year is expected to be stronger than the first one.

Network Testing already implemented the restructuring program announced in December 2015 and has the objective to return to growth combined with a significant improvement in profitability. The partnering with Ranplan will support Network Testing to enter a new growth market for in-building and metro-

politan networks. In addition, Ascom is actively pursuing on-going discussions of potential strategic options for Network Testing with various interested parties, representing both strategic and financial investors.

**Annual General Meeting 2016**

The shareholders approved at the Annual General Meeting 2015 with a majority of over 98% the revised Articles of Association, which reflect the implementation of the Swiss Ordinance against Excessive Compensation (“OaEC”). All proposals with regard to the compensation of the Board of Directors and the Executive Board are based on our revised Articles of Association.

The Board of Directors proposes Dr Valentin Chapero Rueda to be elected as an additional member of the Board of Directors. As a former CEO of a publicly listed company and long-standing successful leader, Valentin Chapero has a solid track record in the implementation of growth strategies in IT, telecom and health industries.

**A word of thanks**

On behalf of the entire Board of Directors and the Executive Board, we would like to thank our customers and business partners for the confidence in our products, solutions and services. We sincerely thank our employees for their commitment and dedication to Ascom. Finally, we also extend our thanks to you, our valued shareholders, for your trust and the confidence you have given to us and that you continue to share and strongly support our vision to transform Ascom into a leading provider of healthcare ICT solutions.



Juhani Anttila  
Chairman



Fritz Mumenthaler  
CEO

In 2015, Wireless Solutions was able to gain market share in the important key region North America, delivering an excellent performance posting double-digit growth.

**Ascom Group**

	2015	2014
<b>Net Revenue</b> in CHFm	410.8	437.7
<b>EBITDA</b> in CHFm	43.8	64.8
Group profit in CHFm	24.3	37.5
Earnings per share (EPS) in CHF	0.69	1.07
Employees (FTE) at 31.12.	1,658	1,696

**Wireless Solutions**

CHFm	2015	2014
Incoming orders	311.8	333.3
<b>Net Revenue</b>	<b>304.2</b>	<b>318.9</b>
<b>EBITDA</b>	<b>45.5</b>	<b>55.8</b>
Employees (FTE) at 31.12.	1,237	1,196

**Network Testing**

CHFm	2015	2014
Incoming orders	101.1	117.3
<b>Net Revenue</b>	<b>107.0</b>	<b>119.0</b>
<b>EBITDA</b>	<b>(1.1)</b>	<b>10.6</b>
Employees (FTE) at 31.12.	407	485





Wireless Solutions has  
the ambition to be present  
in every tier-one hospital  
in the world by 2020.



# Solid result for Ascom Wireless Solutions

**The Wireless Solutions Division (accounting for about 75% of Group revenue) once again demonstrated stability in performance. The division recorded revenue growth of 3.7% year-on-year at constant currencies posting revenues of CHF 304.2 million (2014: CHF 318.9 million), with negative translational currency effects of 8.3% due to the Swiss franc appreciation in 2015. Despite additional expenditure of around CHF 6 million as part of the investment program announced in January 2015, the division achieved an EBITDA margin of 15.0%.**

In 2015, Ascom was able to further strengthen its leading market position in healthcare information and communication technology (ICT). Supported by the launch of Ascom Myco, one of Wireless Solution's greatest innovations, leading to important hospital lighthouse project wins, the division made good progress in executing its investment program launched in January 2015, thereby accelerating investments into workflow solutions, software and professional services. During the year under review, the division pushed its efforts forward to evolve into a leading provider of healthcare ICT solutions, also progressing with strategic partnerships and targeted acquisitions – all in line with the “Ascom 2020” strategy.

## Vision “Ascom 2020” in clear focus

Wireless Solutions has the clear vision and the ambition to be present in every tier-one hospital in the world by 2020. In 2015, the division continued gaining access to global top-notch hospitals, such as Humber River (Toronto), Nya Karolinska (Stockholm), Erasmus (Rotterdam) and Victorian Comprehensive Cancer Center (Melbourne). Moreover, Ascom established an important strategic alliance with Tyco SimplexGrinnell for integrated healthcare communication solutions in the United States and Canada. This alliance is a beneficial

expansion of Ascom's distribution channels to grow brand recognition, open up new markets, enhance sales growth and increase market share. Another important milestone towards becoming a leading provider of healthcare ICT solutions was the acquisition of the Italian medical software company UMS (United Medical Software), announced in December 2015. With this acquisition, Ascom gains not only access to new software and medical device integrations capabilities, but also an important geographic footprint in Italy and Southern Europe. This acquisition accelerated Ascom's development roadmap for software integration and was an important step in building and strengthening the leading position of Wireless Solutions in the global healthcare ICT market. UMS fits perfectly into the Company's strategy “Ascom 2020”.

## Solid operating results in 2015

Wireless Solutions closed the financial year 2015 with good operating results. In 2015, the division grew its revenue by 3.7% at constant currencies. As a consequence of the strong appreciation of the Swiss franc compared to the previous year, Wireless Solutions recorded revenue of CHF 304.2 million (2014: CHF 318.9 million). The negative translational currency effects amounted to 8.3%. During financial year 2015, the division increased incoming orders by 1.7% at constant currencies to CHF 311.8 million (2014: CHF 333.3 million), and the book-to-bill ratio was at 1.02.

All key regions contributed to the positive business development. In North America, Wireless Solutions was able to gain market share, delivering a very strong performance posting double-digit growth in both incoming orders and revenue. After two years of prioritized hospital investments according to the requirements of the U.S. Affordable Care Act, Ascom's North American business rebounded strongly, as U.S. healthcare investments shifted towards mobility solutions. In Europe, a positive development was achieved in Germany and Switzerland. Wireless Solutions' largest market, the Netherlands, as well as its business with OEM partners developed in line with expectations. On the other hand, the retail and healthcare business in the UK faced a challenging market environment and performed below expectations.

While Wireless Solutions benefited from good development in the healthcare segment, especially driven by its North America business, performance in the other market segments remained stable compared to the previous year.

Ascom Myco, the purpose-built smart device for the healthcare industry, has been attracting great interest among customers in all regions. However, sales cycles in the more complex solutions business tend to be longer compared to the pure product business. While the implementation of Ascom Myco has a strong

value-adding impact on the workflow in hospitals, it takes time to adopt and to build into integrated communication and information solutions, as specific integrations and ICT investment planning is needed to reap the full benefits of a smart device. First Ascom Myco units were shipped in April 2015 according to plan, and during full financial year 2015, Wireless Solutions won a number of important reference projects in several regions and continued to grow its software revenue at low double-digit levels. One of the largest Ascom Myco order wins was in North America, where over 500 Ascom Myco units combined with Ascom Unite software are installed in a digital hospital. Overall, Ascom Myco was well received and the division expects an increasing number of installations in 2016.

**Good level of profitability in spite of investments**

In terms of profitability, Wireless Solutions closed the financial year 2015 with good results. The gross margin remained stable at 50.5% (2014: 51.2%). In line with the investment program announced in January 2015, the division accelerated investments of about CHF 6 million (including a workforce increase of about 3.5% compared to prior year) into R&D, solutions development and enhanced sales and service capabilities. With these investments and after a negative impact of foreign currency movements in the range of mid-single digit millions, Wireless Solutions recorded an EBITDA of CHF 45.5 million (2014: CHF 55.8 million), and an EBITDA margin of 15.0% (2014: 17.5%).

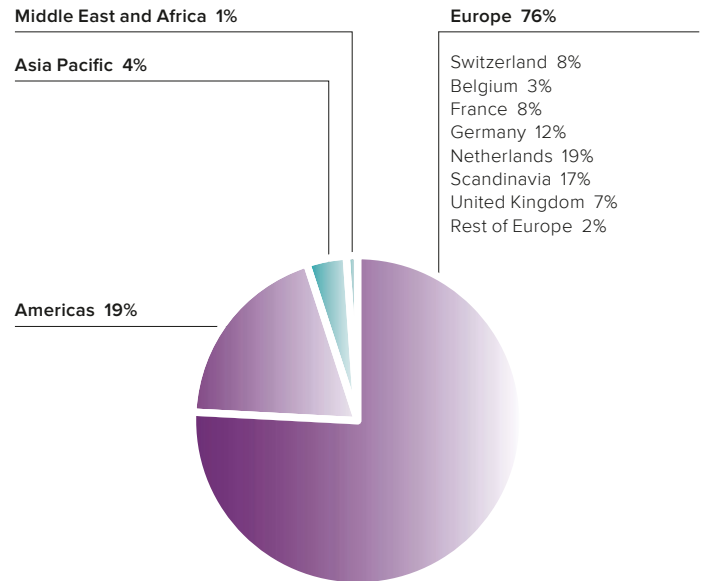
**Value through innovation**

Innovation is one of the most important growth drivers and a vital differentiating factor for Wireless Solutions. The investment into Ascom Myco, the world's first smart device purpose-built for healthcare, represents a key strategic milestone for the division and an important short- and mid-term business catalyst. During the financial year 2015, Wireless Solutions invested about 9% of the division's revenue in R&D with a clear focus on more comprehensive solutions offerings for integrated workflow intelligence in healthcare. In addition, the division continued its focus on the evolution of Unite solutions, and on constantly improving the quality of patient systems including the planned and ongoing development of a next-generation nurse call platform.

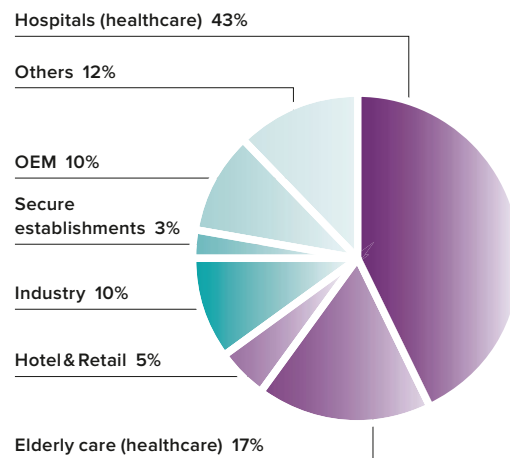
**Outlook**

In 2016, Wireless Solutions will continue its transformation towards becoming a leading provider of healthcare ICT solutions. In addition to increasing sustainable, organic growth and maintaining a high level of profitability, Wireless Solutions aims to grow its business also inorganically through further targeted acquisitions with excellent strategic fit. In 2016 and 2017,

**Revenue by region**



**Revenue by segment**



Wireless Solutions expects to achieve revenue growth of 5–10% at constant currencies and an EBITDA margin in the range of 14–18%. Due to the seasonality of the business, the second half-year is expected to be stronger than the first one.

# Healthcare drives Wireless Solutions market opportunity

Ascom Wireless Solutions is a leading specialist in integrated workflow intelligence based on on-site communication solutions. The division's main focus is healthcare, which includes acute care such as hospitals, long-term care such as elderly care facilities and independent living. The systems, solutions and services provided by Wireless Solutions optimize customers' business processes also in sectors such as retail, manufacturing and secure establishments. Our solutions are designed for mission-critical communications and information to improve workflow efficiency. Our customers' business processes are complex and therefore our solutions have a high degree of customization, integrated with legacy and third party systems. Being a successful business partner to our customers requires extensive technical and process skills. It also calls for a profound comprehension of our customers' evolving business challenges in order to develop value-adding solutions in response – this deep understanding differentiates Ascom.

## Market trends and strategic focus in healthcare

Healthcare drives Wireless Solutions' market opportunities. The healthcare industry in the European Union accounts in average for 10.1% of GDP and the global healthcare IT spend is expected to grow at a CAGR of 9% over a period from 2015 to 2019. In 2015, Wireless Solutions generated about 60% of its division's revenue from healthcare. The hospital segment grew by 9% compared to 2014 and stands for 43% of the revenue. Our goal is to increase the healthcare share of Wireless Solutions' revenue to 75% by 2020.

Aging population worldwide is increasing the demand for overall care. At the same time, the healthcare sector faces a growing shortage of qualified caregivers. Ever-increasing regulatory requirements – coupled with demands for patient and resident safety and satisfaction – pose additional challenges, which are complicating the healthcare industry's processes and workflows and lead to cost pressure. Hospitals and care facilities are therefore seeking more sophisticated ICT solutions to address these challenges and also the impact of technology change across all sectors, following the convergence of IT and telecommunications. Lighthouse projects in state-of-the art hospitals around the world lead the way.

With more than 100,000 installed systems across all sectors worldwide, Ascom is a trusted brand and ideally positioned to help healthcare overcome its

many challenges. Ascom has a unique portfolio of hardware, software and services, ranging from the nurse call at the patient's bedside, to various mobile devices for frontline staff at the point of care, to smart software solutions for intelligent alarm handling, mobilization of information and optimization of clinical workflows. Simply put, Ascom solutions ensure the right information reaches the right person at the right place at the right time.

## Key solution areas

Ascom is focusing its healthcare efforts in six areas:

- **Intelligent alert handling** – Helps reduce alarm fatigue, and increases staff efficiency. Helps minimize the noise and number of alarms and alerts by filtering and sending the right alarm/alert to the right person.
- **Staff communication and collaboration** – Facilitates staff collaboration by providing role-based communication support, staff availability status and efficient means of collaborating around a patient.
- **Point of care support** – Helps increase the time nurses can spend with their patient. Provides patient data to nurses on the go, thus moving workflows to patients' bedsides.
- **Continuity of care** – Helps optimize patient pathways by providing communication and workflow solutions for hospital teams across shifts, departments and integrated with service providers such as porters or radiology.
- **Empowering of patients** – Helps patients feel safe and informed by enabling efficient, timely and content-rich communication between patients and caregivers.
- **Workflow analysis** – Provides statistics and data analysis to help management improve workflows, enhance patient safety and optimize cost controls.

Ascom Wireless Solutions has moved from a product house for dedicated on-site mobility with traditional devices, technological features, and a strong European presence into the healthcare ICT market evolving into a solutions provider for point of care workflow optimization in healthcare with a global presence. Today and going forward, Wireless Solutions' addressable market includes both, the workflow solutions market and the market for healthcare ICT services, representing a combined addressable market of more than USD 7 billion. Given Ascom's knowledge of our customers' needs, Wireless Solutions is well placed to capitalize on the tremendous potential in healthcare.

## Innovation and transformation

Ascom in every tier-one hospital in the world – that is our vision "Ascom 2020". The constantly evolving software and hardware, increasing requirements for smart, certified solutions, combined with our unrivalled understanding of the customers' challenges and our ad-



vanced technical and process skills, will take us there. Ascom is well on its way towards becoming the leading global provider of integrated workflow intelligence solutions for healthcare.

Ascom will continue to invest in technology-agnostic solutions based on cellular, VoWiFi, IP-DECT, nurse call, and narrow-band paging technologies, smartly integrated into enterprise systems via Ascom's Unite middleware platform. Ascom will further develop and strengthen the software offering.

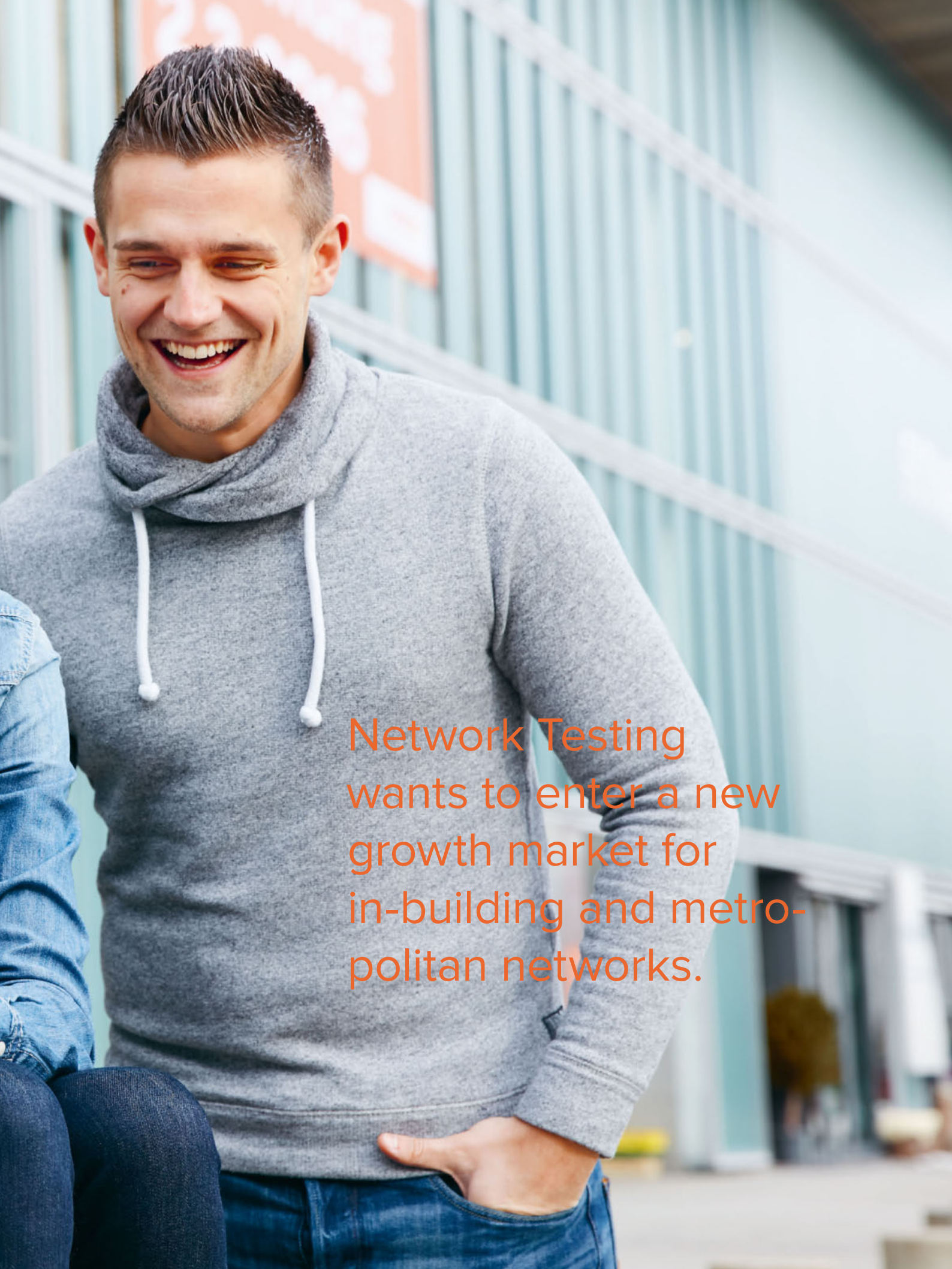
In 2015, Ascom established a new global solutions unit. This unit is focused on meeting key healthcare goals: increase patient satisfaction and outcomes, enhance caregiver experience, and improve efficiency as well as financial performance, risk management and regulatory compliance.

To best leverage the use of its solutions and to enhance the application of its leading smart device Ascom Myco, Ascom has established an ecosystem of partners in healthcare worldwide, which is constantly growing. The objective is to further increase the number of healthcare technology, applications and solutions partners going forward to enable better integration with the multitude of existing and emerging medical devices and applications



Our focused M&A strategy complements our organic growth initiatives. Ascom's strategy is to gain additional healthcare competencies, market access and scale in the areas of software, ICT solutions and systems integration.





Network Testing  
wants to enter a new  
growth market for  
in-building and metro-  
politan networks.

## Difficult market environment for Network Testing

During 2015, the Network Testing Division suffered from difficult market conditions mainly in its key North American market, and reported a revenue decline of 4.5% at constant currencies to CHF 107.0 million (2014: CHF 119.0 million). To align the testing business to the new market realities, the Network Testing Division initiated structural changes and cost measures to substantially improve its profitability. Moreover, the business unit Systems & Solutions was divested in December 2015.

Excluding restructuring costs of around CHF 4 million, the EBITDA margin for the division in fiscal year 2015 amounted to 2.7%. The division's testing business (excluding the result of the Systems & Solutions business unit sold at the end of 2015) posted an EBITDA margin of 6.0% excluding restructuring costs on revenues of CHF 93.9 million.

The restructuring announced in December 2015 was largely implemented in January 2016. In addition, various growth initiatives have been launched, including a partnering with Ranplan to offer solutions for in-building and metropolitan networks. This cooperation will support Network Testing to enter a new growth market.

### Network Testing hit by harsh market environment

In the second half-year 2015, Network Testing faced an increasingly challenging market environment due to substantial changes in the North American telecom sector. Mobile operators are facing stringent cost pressure, which resulted in late autumn 2015 in several announcements by some of the largest customers of Network Testing of major restructurings impacting their network-related spending patterns. One major North American operator postponed significant network investments with infrastructure and service providers into 2016, resulting in a revenue decline of USD 8 million for Network Testing in 2015. The negative impact

was partly offset by otherwise good results, limiting the revenue decline in North America to a low single digit percentage.

The business in the Asia Pacific region, including China, performed very well, posting double-digit growth rates in both revenue and incoming orders during the financial year 2015. One of the world's largest network operators in China selected Network Testing as the only non-Chinese vendor for Test & Measurement products and signed a contract for TEMS VoLTE technology. In addition, business in the Middle East and in India continued to perform strongly, whereas revenues in Africa declined, as operators in Africa were adversely impacted by macroeconomic developments and the impact of the Ebola epidemic. Otherwise, Network Testing was able to gain market share in Asia and Middle East. In Latin America, where Network Testing had focused on expanding its business, the division achieved double-digit growth rates as well.

In Europe, revenues declined due to a difficult market environment impacting in particular the business unit Systems & Solutions. In the testing business, incoming orders strengthened towards the end of the year, resulting in a positive book-to-bill ratio for the region.

Due to the temporary disruption in operator spending in North America, the Test & Measurement product unit posted a revenue decline in 2015 compared to the previous year. The Benchmarking & Monitoring product unit on the other hand delivered solid growth driven by market success in the service assurance area served by the TEMS Monitor Master suite. The development in the Reporting & Analysis product unit was in line with the previous year.

### Business activities adapted to new market situation

The structural changes and cost measures announced in December 2015 amounted to about CHF 4 million and have been initiated to align the testing business of Network Testing to the new market situation in order to improve the division's profitability substantially. The restructuring was largely implemented in January 2016 and encompasses product consolidation in the benchmarking area, centralization of supply operations and further measures to improve efficiencies. The resulting savings will lead to a significant reduction in the division's cost basis and to a sustainable improvement in the EBITDA margin in fiscal year 2016.

The business unit Systems & Solutions performed below expectations and reported a revenue decline of about 25% for fiscal year 2015. As of 31 December 2015, Ascom sold the Systems & Solutions business unit to Axino Solutions GmbH in Germany and achieved a book gain of CHF 2.6 million. This transaction was the first result from Ascom's review of strategic options for the Network Testing Division.



**Performance review 2015**

The 2015 operating results of the division were not only affected by the disappointing business development in North America, but also by the significant appreciation of the Swiss franc.

Overall, the Network Testing Division recorded revenue of CHF 107.0 million in 2015 (2014: CHF 119.0 million) representing a decline of 4.5% at constant currencies and reflecting negative currency translation effects of 5.6%. The testing business of the division (excluding the divested Systems & Solutions business unit) generated revenue of CHF 93.9 million (2014: CHF 101.3 million), yielding a decline of 2.2% at constant currencies.

In 2015, the Network Testing Division reached incoming orders of CHF 101.1 million (2014: CHF 117.3 million). Adjusted for the divestment of the Systems & Solutions business unit, Network Testing reported for its core testing business incoming orders of CHF 92.9 million (2014: CHF 102.1 million), representing a decline of 3.9% at constant currencies.

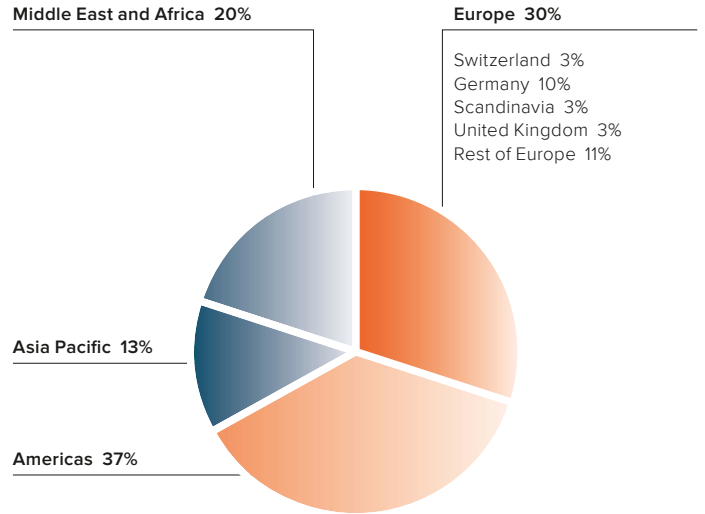
In terms of profitability, the Network Testing Division closed the financial year 2015 with an EBITDA of CHF 2.9 million (2014: CHF 10.6 million) before restructuring costs, representing an EBITDA margin of 2.7% (2014: 8.9%). Including restructuring costs, the division reported a loss of CHF 1.1 million at EBITDA level for fiscal year 2015. The testing business of the division (excluding the divested business unit Systems & Solutions) reached an EBITDA margin of 6.0% before restructuring costs.

**Innovation and focus on customer needs**

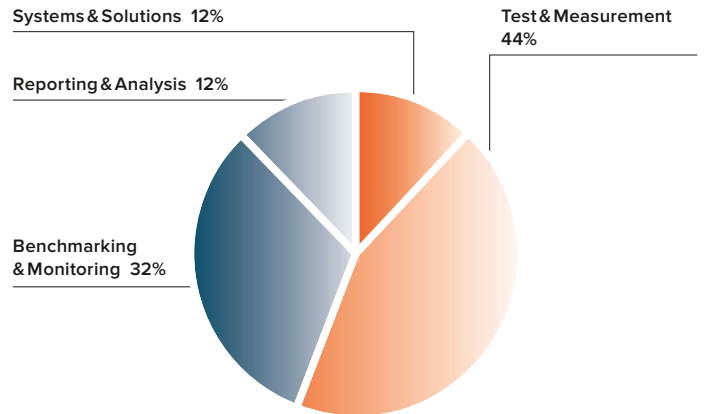
All product lines of Network Testing launched new releases in 2015 in order to fulfill customer needs for the support of new network technologies, new devices as well as efficiency and workflow enhancing features and functionality. Network Testing has a strong product pipeline in all areas of investment. In the workflow efficiency area, important enhancements include streamlined fleet management functionality for both Test & Measurement as well as Benchmarking & Monitoring.

In January 2016, Network Testing announced a partnering with Ranplan, a British mobile network planning and design innovator, to offer solutions that reduce the cost of deploying mobile coverages and capacity in dense indoor-outdoor environments such as buildings and metropolitan areas. The partnering will expand the division's leading TEMS portfolio by adding new planning and workflow management solutions to Network Testing's existing deployment and analytics tools, offering customers an end-to-end workflow in a single product suite from a single vendor. With this step, Network Testing expands into an above-industry average growth market segment.

**Revenue by region**



**Revenue by product group**



**Outlook**

In the current year and beyond, the demand for operational efficiency including service offerings, in-built/indoor-outdoor environment focused solutions; service assurance and analytics based solutions will be the most important business drivers for Network Testing. The partnering with Ranplan will support Network Testing to enter a new growth market for in-building and metropolitan networks.

In 2016, the division has the objective to return to growth combined with a significant improvement in profitability. In addition, Ascom is actively pursuing ongoing discussions of potential strategic options for the division's business with various interested parties.

## Network Testing is evolving in a fast changing industry

Ascom Network Testing is an industry leader in mobile network testing with a global sales presence and an innovative, integrated product portfolio. Uniquely positioned as the mobile industry's independent authority for validating network performance and customer experience across disparate network infrastructures, technologies, and devices, Ascom offers expertise and solutions that enable wireless operators to expand network capacity, improve operational efficiency and deliver premium customer experiences. Our software solutions require extensive knowledge of our customers' business challenges and of their highly complex network infrastructure and business processes.

The division develops mobile network testing, monitoring and post-processing solutions that have been trusted by mobile operators for decades under the TEMS brand. These solutions enable field testing (drive, in-building, autonomous) of mobile networks, automated post-processing and visualization of data collected via these and other third-party products, OSS-based network troubleshooting and optimization, and application testing and monitoring.

Network Testing ensures closeness to customers – mobile network operators, network infrastructure vendors and their service partners as well as telecom regulatory authorities – through our direct sales organization with representation in all regions of the world, coupled with an extensive network of distributors. This enables Network Testing to meet the demand and needs of customers in more than 180 countries.

### Market trends and strategic focus

The most important growth drivers in wireless telecommunications continue to be technologies that cater to the subscriber demand for increased network capacity. Currently such technologies include LTE, Voice over LTE (VoLTE), and Voice over WiFi and technologies that enable densification of networks (HetNets). Looking ahead, we expect the next major step in technology with investments in 5G, the fifth generation of wireless communication. The need for 5G networks, which provide even faster data download and sending, is driven by an increasing demand for mobile data and the emergence of a more connected world, e.g. the Internet of Things (IoT) for example seamless communication among autonomous cars. As a member of the 5G Innovation Center, Guildford, UK, Network Testing is actively engaged in the development of these future mobile network technologies.

Mobile operators continue to be challenged with high data consumption by their customers and the necessary investments into the networks, indoor and outdoor. Although the demand increase is relentless, the average revenue per user is under pressure due to strong market competition. The standard service bundling (typically voice, text messaging and data services) of the mobile operators is hardly a sufficient basis for competitive differentiation, with new operator services being displaced by over-the-top (OTT) providers.

Operators are forced down a route of continuous investing in converged networks and technology infrastructure to reduce cost, improve delivery and support flexible development of new potential offerings. The vendor landscape, including Radio Access Network engineering, faces changing requirements and is shifting from hardware solutions to a broader set of software solutions and value-added services.

Within this environment of changing operator capital and operating spending patterns, increasing business opportunities emerge for Network Testing, including:

- Continued growth in “new” or “accelerating” testing and analytics areas such as in-building.
- Further shift from products to services and from product near services (installation, commissioning and maintenance) to full outsourcing of ongoing testing activities.

### Network Testing transformation towards Vision 2020

Network Testing's large installed customer base, trusted TEMS brand and its successfully evolving service business provide for an excellent platform to expand into a full solutions-oriented future portfolio with a higher degree of service content. Strong indications from our customers support this direction, with continually expanding requests for complete solutions that provide not only tools, data and information, but also intelligent answers and continuing service.

Network Testing is already in possession of key strategic advantages that make this transformation of the business both feasible and attractive in order to drive growth and increase profitability:

- The TEMS brand is well known by virtually everyone in the industry knowledgeable about the network aspect of mobile operators.
- Our customer base spans the entire globe. Almost all operators are already customers of Network Testing. Our relationships with tier-one operators are deep and unparalleled.
- Our TEMS-branded product portfolio is globally known, market leading, technically highly complex and suitable to solve a multitude of use-cases.



Amidst challenging market conditions, Network Testing continues its relentless and successful pursuit of its vision into 2016 through focused execution of the business and operating model alignment activities announced in December 2015, with parallel investing and customer delivery activities including:

- Expanded provisioning and offering of product-near and value-added services, with a clear target to grow where we can utilize product advantages to secure robust higher margin levels.
- Expand the offering to include full solutions for indoor/HetNet deployment activities to capture the higher-than-average growth in this area. Network Testing already participates in this market with Test & Measurement and Analytics products. In January 2016, the division announced a partnering with Ranplan, an innovative UK-based technology company specialized on software tools for outdoor/indoor wireless network planning. This partnering will complement and complete the solution and enable our customers to procure the full planning, testing and workflow management solution from one vendor.
- Continue to build on the significant success and growth in service assurance experienced in 2015. We see an ongoing and longer-term growth opportu-



nity as these solutions target specific ongoing challenges for operators.

- Continued development in analytics, a multi-year growth story for Network Testing. Although results in 2015 were below expectations, influenced by the aforementioned temporary disruptions in operator spending, the purchasing trend of operators is clear: Analytics-based solutions are taking share of wallet from data collection tools, and operators are looking to these solutions to increase efficiencies through improved workflows and reduced costs.

# Sustainability

## Innovative products together with socially and environmentally conscious behavior for the benefit of all our stakeholders

**As an international technology Group, Ascom takes the business, environmental and social responsibilities seriously. A responsible approach means delivering our products and services in an environmentally friendly, secure and reliable manner while remaining committed to business success.**

In 2010, Ascom became a member of the UN Global Compact, and we remain fully committed to promoting and communicating about the ten principles.

In our business activities, we focus on sustainable growth and value creation based on innovation and quality management, both of which rely on a diverse, skilled, trained and engaged workforce as well as on a respectful and tolerant workplace culture.

Ascom's sustainability management is based on the company's materiality matrix, which identified the most relevant sustainability issues for Ascom and its key stakeholders. Derived from this matrix, the Executive Board defined four key work streams signifying Ascom's four major stakeholder groups: products, employees, supply chain, and investors.

Our sustainability working group, headed by the CEO and consisting of decision makers from Wireless Solutions and Network Testing, gathers on a regular basis to review the actions carried out in the four work streams. In addition, first discussions were held about the EU Directive 2014/95 regarding the disclosure of non-financial and diversity information and its impact on Ascom.

### Compliance at the center of doing business

Laws have been tightened in recent years to provide more transparency in publicly listed companies, to prevent fraud, to ensure the independence of auditors and to prohibit bribery. There is a broad consensus that a general commitment to good behavior and integrity is essential for every publicly listed company.

Our operations are guided by our Code of Ethical Business Conduct, which lays down core legal and ethical standards for all Ascom employees throughout the world. Our commitment towards the Ten Principles of the UN Global Compact forms an integral part of the Code. According to Ascom's three-part approach to compliance – educate, examine and enforce – every manager has to ensure that the standards of the Code are implemented, communicated to employees and lived by on a daily basis.

Additionally, compliance issues are a recurring topic at the annual kick-off meeting for the Top 40 Management of the Group. The Company Secretary, who also holds the position of Compliance Officer, held working groups about compliance revolving around practical cases from the business. The cases served as starting points for matter-of-fact discussions about Ascom's responsibilities and own rules.

Another compliance session was held as a part of the Group's finance conference bringing together all finance managers of Ascom. Finally, specific compliance trainings for both divisions with local managers took place in Germany and France.

During 2015, one incident was reported through our whistleblower channel regarding a data security issue: In a transition phase confidential data was left unprotected. This potential leak could be closed within a day and without any data being compromised.

### Value-adding products, solutions and services

Ascom's two divisions are committed to helping customers increase their operational efficiency through trailblazing hardware, software and accompanying services. Wireless Solutions supports its customers to optimize the workflow of qualified staff mainly in health-care institutions, with potential positive impacts on both quality and reliability of healthcare services.

The two main aspects of Wireless Solution's environmental impact are power consumption during use and materials used in its products and solutions. They account for close to 80% of the division's carbon footprint. Consequently, the division continued to address the energy-efficiency of its products and solutions on several fronts. During 2015, an independent life cycle analysis (LCA) on Ascom Myco, the purpose-built smartphone solution for healthcare, was conducted. According to this analysis, Myco produces between 52 and 73 kg in CO<sub>2</sub>e across its full life cycle (light vs. heavy usage). In comparison to commercial smartphones, sold on the consumer market, Myco's devices consume slightly less energy. However, the study also showed that the solution's length of life and the source of the electricity that powers it have a huge impact on the overall carbon footprint. Evidently, customers' choices play an important role in terms of reducing the overall environmental impact.

The division will continue to sensitize its customers accordingly.

Moreover, the division also adopted new guidelines for product development: Developers are required to determine potential efficiency gains and to come up with feasible ways to achieve them. As a positive example, the new device from the IP DECT range will use 3% less power than its previous model.

As far as our key suppliers are concerned, Ascom engages with them on a weekly or at minimum monthly basis. In the case of Wireless Solutions, the key suppliers are the four manufacturers of Ascom’s hardware such as our new Ascom Myco. Overall, our supplier contracts and vendor agreements encompass a clause referring to Ascom’s sustainability and UN Global Compact commitments.

Network Testing is basically a software company and its products and services have only limited environmental impact. Nevertheless, the division includes environmental check-offs in the development process for next generation products and services in order to further reduce resource-intensity and energy-consumption during usage.

**Engaged employees**

To attract, develop and retain the best people, Ascom builds on four pillars: fostering a culture of diversity, offering career opportunities, creating healthy and safe working environments, and continuously improving employees’ engagement levels.

As a global company with about 1,600 employees, Ascom has a very diverse workforce. While the great majority of people at Wireless Solutions works in European countries, Network Testing has one-third of its workforce each in Europe, the Americas and AMEA. Diversity, particularly in gender, ethnicity, and age, is a core value in all our recruiting, promotion and development activities and the principle of non-discrimination is laid down in the Ascom Code of Ethical Business Conduct.

In 2015, many employees had personal development plans in line with business requirements and therefore completed specific vocational and product-related trainings. Moreover, both divisions have leadership programs and/or development plans for first or second line managers in place.

At Network Testing, 45 leaders and top talents attended an Ascom custom designed four-day program at the Darden School of Business, which focused on customer centric innovation. At Wireless Solutions, 154 managers took part in sixteen so-called Leadership Boot Camps, each lasting for three days. Additionally, the division successfully piloted of a new Leadership Development Program, an eight-day training for all newly recruited or promoted managers.

Every other year, a group-wide employee survey to stay attuned to our employee’s needs is conducted.



“Our strategy implementation also means further embedding sustainability into our organization.”

The road of our further business development is paved with challenges and opportunities from a sustainability point of view. In order to achieve sustainable higher returns we need to keep an eye on the social and environmental value we create. Primarily, we focus on our biggest levers: our products, solutions and services. They have a direct positive impact on the efficiency and reliability of processes and workflows at our customers’ operations and they indirectly benefit the lives of countless caregivers and patients in an increasingly digitalized and wireless-dependent economy.

Fritz Mumenthaler, CEO Ascom



# Corporate Governance

## 1. CORPORATE STRUCTURE AND SHAREHOLDERS

### Operating corporate structure (as of 1 January 2016)

<b>Board of Directors</b>	
<b>CEO</b> Fritz Mumenthaler*	
<b>CFO</b> Bianka Wilson*	<b>General Counsel</b> Dr Judith Bischof
<b>Head of Strategy &amp; Business Development</b> Francis Schmeer*	<b>Company Secretary/ Communications</b> Dr Daniel Lack
<b>Wireless Solutions</b> Claes Ödman*	<b>Network Testing</b> Rikard Lundqvist*

\* Member of the Executive Board.

Ascom is fully committed to good Corporate Governance. The information published in the Corporate Governance report follows the SIX Swiss Exchange directives on standards relating to Corporate Governance. All information within this Corporate Governance report refers to rules and regulations that were in effect as of 31 December 2015.

### Listed corporation: Ascom Holding AG

Ascom Holding AG (Ascom Holding SA, Ascom Holding Ltd.) is a joint-stock Company headquartered in Baar, Switzerland. It has a share capital of CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

The Company's registered shares are traded on the SIX Swiss Exchange Swiss Reporting Standard under ISIN CH0011339204, symbol ascn. Ticker symbols:

- **Bloomberg: ASCN SW**
- **Reuters: ASCN.S**

Market capitalization as of 31 December 2015 was CHF 572.4 million.

### Unlisted Group companies

The following companies belong to the Ascom Holding AG scope of consolidation (see table on page 19).

### Shareholders

#### Registered shareholders

As of 31 December 2015, there were 4,412 shareholders registered in the share register of Ascom Holding AG.

#### Share ownership as of 31 December 2015

Number of shares	Number of shareholders
1 to 100	935
101 to 1,000	2,346
1,001 to 5,000	895
5,001 to 10,000	99
More than 10,000	137
<b>Total</b>	<b>4,412</b>

### Changes subject to disclosure requirements during the 2015 financial year

In an announcement dated 10 February 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), BlackRock Inc., New York, USA, disclosed that it held Ascom securities representing 6.01% of the voting rights.

In an announcement dated 14 March 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), JP Morgan Chase & Co., New York, USA, disclosed that it held Ascom securities representing 3.032% of the voting rights.

In an announcement dated 6 May 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), JP Morgan Chase & Co., New York, USA, disclosed that it held Ascom securities representing 5.026% of the voting rights.

In an announcement dated 2 August 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Sterling Strategic Value Ltd., Tortola, British Virgin Islands, disclosed that it held Ascom securities representing 3.06% of the voting rights.

In an announcement dated 11 December 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), JP Morgan Chase & Co., New York, USA, disclosed that it held Ascom securities representing 7.026% of the voting rights.

In an announcement dated 11 December 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Schroders plc., London, UK, disclosed that it held Ascom securities representing 5.068% of the voting rights.

**Unlisted Group companies: Ascom Holding AG (as of 31 December 2015)**

Country	Company	Registered Office	Share Capital	Parent Company	Group's Interest
<b>Australia</b>	GTM Resources Pty. Ltd.	Chippendale	AUD 3	Ascom Holding AG	100%
	Ascom Integrated Wireless Pty. Ltd.	Chippendale	AUD 3,000,000	GTM Resources Pty. Ltd.	100%
<b>Belgium</b>	Ascom (Belgium) NV	Brussels	EUR 1,424,181	Ascom Holding AG	100%
<b>Brazil</b>	Ascom Soluções em Telefonia Móvel Limitada	São Paulo	BRL 1,000	Ascom (Sweden) Holding AB	100%
<b>China</b>	Ascom (Beijing) Network Testing Service Co., Ltd.	Beijing	CNY 17,000,000	Ascom (Sweden) Holding AB	100%
<b>Denmark</b>	Ascom Danmark A/S	Glostrup	DKK 1,200,000	Ascom Holding AG	100%
<b>Finland</b>	Ascom Miratel Oy	Turku	EUR 33,638	Ascom Holding AG	100%
<b>France</b>	Ascom Holding SA	Nanterre	EUR 80,000	Ascom Holding AG	100%
	Ascom (France) SA	Nanterre	EUR 2,000,000	Ascom (Sweden) AB	100%
<b>Germany</b>	Ascom Deutschland GmbH	Frankfurt a. M.	EUR 2,137,200	Ascom Unternehmensholding GmbH	100%
	Technologiepark Teningen GmbH	Emmendingen	EUR 6,136,000	Ascom Unternehmensholding GmbH Mocsa AG in Liquidation	94% 6%
	Ascom Unternehmensholding GmbH	Frankfurt a. M.	EUR 5,113,000	Ascom Holding AG	100%
<b>India</b>	Ascom Network Testing Private Limited	Mumbai	INR 64,929,938	Ascom (Sweden) Holding AB	100%
<b>Malaysia</b>	Ascom Network Testing Sdn Bhd	Subang Jaya	MYR 500,000	Ascom (Sweden) Holding AB	100%
	Ascom (Malaysia) Sdn Bhd	Ampang	MYR 750,000	Ascom Holding AG	100%
<b>Netherlands</b>	Ascom (Nederland) BV	Utrecht	EUR 1,361,000	Ascom (Sweden) AB	100%
	Ascom Tateco BV	Utrecht	EUR 18,151	Ascom (Nederland) BV	100%
<b>Norway</b>	Ascom (Norway) A/S	Oslo	NOK 1,250,000	Ascom (Sweden) AB	100%
<b>Poland</b>	Ascom Poland Sp. z o.o.	Warsaw	PLN 2,405,200	Ascom Holding AG	100%
<b>South Africa</b>	Ascom Network Testing (PTY) Ltd.	Durban	ZAR 1,000	Ascom (Sweden) Holding AB	100%
<b>Sweden</b>	Ascom (Sweden) AB	Gothenburg	SEK 96,154,000	Ascom Holding AG	100%
	Ascom (Sweden) Holding AB	Gothenburg	SEK 70,000,000	Ascom Holding AG	100%
	Ascom Network Testing AB	Skellefteå	SEK 100,000	Ascom (Sweden) Holding AB	100%
<b>Switzerland</b>	Ascom Management Ltd.	Baar	CHF 200,000	Ascom Holding AG	100%
	Mocsa AG in Liquidation	Berne	CHF 100,000	Ascom Holding AG	100%
	Ascom Solutions Ltd.	Mägenwil	CHF 10,000,000	Ascom Holding AG	100%
<b>United Kingdom</b>	Ascom Network Testing Ltd.	Elstead	GBP 2	Ascom UK Group Ltd.	100%
	Ascom (UK) Ltd.	Birmingham	GBP 50,000	Ascom (Sweden) AB	100%
	Ascom UK Group Ltd.	Birmingham	GBP 600,000	Ascom Holding AG	100%
<b>UAE</b>	Ascom MEA FZ-LLC	Dubai	AED 50,000	Ascom (Sweden) Holding AB	100%
<b>USA</b>	Ascom Holding Inc.	Rockaway NJ	USD 10	Ascom Holding AG	100%
	Ascom (US) Inc.	Morrisville NC	USD 1	Ascom (Sweden) AB	100%
	Ascom Network Testing Inc.	Reston VA	USD 1	Ascom Holding AG	100%

In an announcement dated 12 December 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), JP Morgan Chase & Co., New York, USA, disclosed that it held Ascom securities representing 6.021% of the voting rights.

In an announcement dated 12 December 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), UBS Fund Management (Switzerland) AG, Basel, disclosed that it held Ascom securities representing 4.99% of the voting rights.

In an announcement dated 21 December 2015, published in compliance with Art. 20 of the Stock

Exchange Act (SESTA), Lombard Odier Asset Management (Switzerland) SA, Petit-Lancy GE, disclosed that its share of voting rights in Ascom had fallen below 3%.

In an announcement dated 22 December 2015, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), JP Morgan Chase & Co., New York, USA, disclosed that it held Ascom securities representing 5.481% of the voting rights.

### Significant shareholders

The following significant shareholders exceeding a threshold of 3% of voting rights were recorded in the share register as of 31 December 2015:

- UBS Fund Management (Switzerland) AG, Basel: 3.80%

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 43.39% as of 31 December 2015.

In accordance with the disclosure announcements made according to the Stock Exchange Act (SESTA), the following parties with voting rights exceeding a threshold of 3% are regarded as significant shareholders in Ascom:

- BlackRock Inc., New York, USA: Ascom securities representing 6.01% of the voting rights (announcement dated 10 February 2015)
- JP Morgan Chase & Co., New York, USA: Ascom securities representing 5.481% of the voting rights (announcement dated 22 December 2015)
- Schroders plc, London, UK: Ascom securities representing 5.068% of the voting rights (announcement dated 11 December 2015)
- UBS Fund Management (Switzerland) AG, Basel: Ascom securities representing 4.99% of the voting rights (announcement dated 12 December 2015)
- Bank Julius Bär & Co. Ltd., Zurich: Ascom securities representing 3.74% of voting rights as well as sale positions with voting rights conferred of 4.99% (announcement dated 20 February 2008)
- Norges Bank, Oslo, Norway: Ascom securities representing 3.16% of the voting rights (announcement dated 30 April 2014)
- Sterling Strategic Value Ltd., Tortola, British Virgin Islands: Ascom securities representing 3.06% of the voting rights (announcement dated 2 August 2015)

Details about disclosure of shareholdings may be downloaded from the disclosure platform of the SIX Swiss Exchange at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

The free float of the shares of Ascom Holding AG is 100% since 1 November 2013.

As of the balance sheet date, the Company held 220,894 treasury shares, representing 0.61% of voting rights. The Company only held own shares to back the ongoing long-term incentive plans (stock option plans, share matching plans).

There are no known shareholders' agreements.

### Cross-shareholdings

The Ascom Group has not entered into cross-shareholdings with other companies in terms of capital or voting rights.

## 2. CAPITAL STRUCTURE

### Ordinary share capital

Since 6 April 2006, the share capital has amounted to CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share. The share capital is fully paid up.

At the Annual General Meeting held on 6 April 2006, the Company's share capital was reduced from CHF 198,000,000 to CHF 18,000,000 (par value reduced to CHF 0.50). Par value of CHF 5 per registered share was repaid on 28 June 2006.

At the Extraordinary General Meeting held on 4 December 2003, the share capital was reduced in two stages from CHF 225,000,000 to CHF 123,750,000 (par value reduced to CHF 5.50) and subsequently increased by CHF 74,250,000 to CHF 198,000,000 through the issue of 13,500,000 new shares with a par value of CHF 5.50 per share. In a resolution passed on 22 December 2003, the Board of Directors noted that the capital increase had been implemented.

### Share structure

	Number	31.12.15 (CHFm)	Number	31.12.14 (CHFm)
Registered shares par value CHF 0.50	36,000,000	18.0	36,000,000	18.0
Registered shareholders	4,412		5,006	

### Bonus certificates

Ascom Holding AG has not issued any bonus certificates.

### Authorized share capital/conditional share capital

The Company has no authorized or conditional share capital.



## Changes in equity

The equity of Ascom Holding AG has changed as follows:

CHF 1,000	2015	2014 <sup>1</sup>	2013	2012
Share capital	18,000	18,000	18,000	18,000
Legal reserves	6,523	6,523	17,577	34,477
Retained earnings	469,538	432,053	384,232	354,770
Treasury shares	(2,345)	(9,206)	n/a	n/a
<b>Total</b>	<b>491,716</b>	<b>447,370</b>	<b>419,809</b>	<b>407,247</b>

<sup>1</sup> The figures have been adjusted to the new Swiss accounting legislation of the Swiss Code of Obligations.

## Limitations on transferability and nominee registrations

- In principle, the Articles of Association of Ascom Holding AG contain no limitations on transferability and no statutory privileges.
- The share registration guidelines are published on the Company's website (<http://www.ascom.com/en/share-registration-guidelines.pdf>).
- Every person recorded in the share register is regarded as a shareholder or beneficiary vis-à-vis the Company.
- For registered shares, a share register is maintained in which the names and addresses of the owners and beneficiaries are entered. Changes must be reported to the Company.
- Entry in the share register requires proof of acquisition of title to the shares or of beneficiary status. A purchaser of registered shares is entered in the share register upon request as a voting shareholder if he/she expressly declares that he/she acquired the registered shares in his/her own name and on his/her own account. If the purchaser is not prepared to make such a declaration, the Board of Directors may refuse registration as a voting shareholder.
- After consulting the party involved, the Company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.
- Admission of nominees is decided by the Board of Directors. No applications in this regard were submitted in 2015.

## Options/convertible bonds

### Options/share matching plans

Ascom stock option plans as well as the share matching plan are listed in the Remuneration Report on pages 34 to 46.

### Convertible bonds

Ascom Holding AG has not issued any convertible bonds.

### Management transactions

The listing rules of the SIX Swiss Exchange stipulate a disclosure obligation in respect of management transactions, including exercise of options, acquisitions and sales of Ascom shares. To ensure compliance with these provisions, the Board of Directors has issued an Annex to the Organization Regulations. Members of the Board of Directors and the Executive Board as well as the Company Secretary are required to make a disclosure to the company. In 2015, 16 individual disclosures (see table) were submitted as follows:

Transaction	Number of shares	Type of transaction	Amount in CHF
21.08.2015	15,000	Sale	27,000
25.08.2015	65,000	Sale	103,297
26.08.2015	27,000 <sup>1</sup>	Sale	41,850
27.08.2015	7,000	Sale	56,000
02.09.2015	8,109	Sale	64,872
03.09.2015	891	Sale	7,128
10.09.2015	18,000	Acquisition	157,500
11.09.2015	7,000 <sup>1</sup>	Sale	62,300
15.09.2015	7,305 <sup>2</sup>	Acquisition	129,298
15.09.2015	7,000	Sale	61,643
15.09.2015	10,000 <sup>1</sup>	Sale	87,000
16.09.2015	10,000 <sup>1</sup>	Sale	88,500
18.09.2015	550	Acquisition	9,762
28.09.2015	7,000	Sale	61,250
07.10.2015	6,000	Sale	53,925
21.10.2015	10,000	Sale	181,000

<sup>1</sup> Cash-settled options.

<sup>2</sup> Phantom shares.

All management transactions of the members of the Executive Board were related to long-term Incentive plans.

# Members of the Board of Directors



30 years of executive leadership, including 9 years as CEO in two listed companies. 20 years Chairman or board member in listed companies in Switzerland and abroad. Global technology business expert including over 100 M&A transactions.

## Juhani Anttila Chairman

**Nationality:** Finland | **Born** 1954 |  
**Place of residence:** Zug, Switzerland |  
**Member since** 2001 | **Chairman**  
**since** 2002 | **Elected until** AGM in 2016

Studied law at the University of Helsinki, Finland (**1976** Bachelor's degree, **1978** Master's degree); moved to Switzerland in **1978**; **1981–1985** Managing Partner at CA Corporate Advisers, Zurich; **1985** Appointed Managing Director of Nokia GmbH, Zurich, and responsible for various activities for the Nokia Group; **1990–1995** Chairman of the Executive Board of Nokia (Deutschland) GmbH, Pforzheim; **1996–2002** CEO of the Swisslog Group; **since 14 May 2002** Chairman of the Board of Directors of Ascom Holding AG; **1 January 2003–31 May 2004** also CEO of the Ascom Group; **Since 2004** Managing Partner of Valcrea AG, Zug



Global market and technology strategist. 25 years executive leadership in technology, sales and as CEO. Over 10 years Chairman or board member in listed companies.

## Dr J.T. Bergqvist

**Nationality:** Finland | **Born** 1957 |  
**Place of residence:** Helsinki, Finland |  
**Member since** 2005 | **Elected until**  
**AGM in** 2016

**1981** Master of Science, Helsinki University of Technology; **1987** Doctorate in Computer Science, Helsinki University of Technology; **1980–1987** Software specialist and Project Manager at Nokia; **1988** Assistant Professor at Helsinki School of Economics; **1988–1995** Area General Manager, Nokia Networks; **1995** Vice President, Cellular Transmission, Nokia Networks; **1997** Senior Vice President, Radio Access Systems, Nokia Networks; **2000–2005** Senior/Executive Vice President & General Manager, Global Business Units, Nokia Networks; **2002–2005** Member of the Group Executive Board, Nokia Corporation; **2009–2012** CEO (and later Chairman) of K. Hartwall Oy AB, Söderkulla, Finland; **Since 2014** Chairman and CEO of Huurre Group, Vantaa, Finland



13 years as Partner/Vice President in global Consulting companies with international roles. 25 years of management and consulting experience in the entire healthcare industry. Extensive knowledge in strategy and digitalization programs.

## Dr Harald Deutsch

**Nationality:** Germany | **Born** 1962 |  
**Place of residence:** Schwalbach am Taunus,  
Germany | **Member since** 2014 | **Elected**  
**until** AGM in 2016

**1987** Graduation as physician. Medical exam, University of Cologne; **1988** Approbation, and member of German Medical Association; **1988** Graduation as Master of Science (MSc) in Physics, University of Cologne; **1989** Promotion to Medical Doctor (MD), University of Cologne; **1988–1989** Bundeswehr (Germany Armed Forces): Military Surgeon; **1990–1998** Behringwerke AG, Marburg, Germany: Software Director; **1998–2003** Booz Allen & Hamilton, Frankfurt/M.: Principal and Member of the German Board; **2003–2008** Accenture, Kronberg, Germany: Executive Partner and Managing Director; **2008–2012** CSC Computer Sciences Corporation, Aldershot, UK, and Wiesbaden, Germany: Vice President healthcare EMEA; **2012–2015** BearingPoint GmbH, Frankfurt/M. and Amsterdam: Partner and Industry Lead healthcare; **Since 2015** Independent Consultant



Profound expertise as CFO in several listed and internationally active Swiss companies. 25 years executive leadership in globally operating businesses. Strategy development and execution in technology companies.

**Urs Leinhäuser**

**Nationality:** Switzerland | **Born 1959** | **Place of residence:** Winterthur, Switzerland | **Member since 2015** | **Elected until AGM in 2016**

**1983** Degree in Business Administration, Zurich University of Applied Sciences; **1983–1986** Cantonal Tax Department Schaffhausen: Tax Inspector; **1986–1988** Refidar Moore Stephens, Zurich: Tax Consultant, Deputy Head Tax Consultancy Department; **1988–1994** Cerberus AG, Männedorf: Group Controller; **1992** Also Managing Director Cerberus Denmark; **1998** IMD Lausanne (SSE); **1995–1999** Georg Fischer AG, Schaffhausen: Head of Corporate Controlling; later Head of Finance and Controlling Piping Systems Division; **1999–2003** Mövenpick Holding, Adliswil: CFO, Group Executive Committee; **2003–2011** Rieter Holding AG, Winterthur: CFO and Head Corporate Center, Group Executive Committee; **2011–2014** Autoneum Holding AG, Winterthur: CFO and Deputy CEO, Group Executive Board; **Since 2014** Entrepreneur



Profound consulting expertise in M&A, Strategy and Operational Excellence. 20 years of management experience across various industries. Considerable knowledge of Asian markets and healthcare industry.

**Christina Stercken**

**Nationality:** Germany | **Born 1958** | **Place of residence:** Munich, Germany | **Member since 2014** | **Elected until AGM in 2016**

**1982** Master in Economics, University of Bonn; **1983–1984** BMW Pty Ltd., Isando, South Africa: Marketing Consultant; **1985–1987** Siemens AG, Munich: Consultant Strategic Planning and Marketing for Communication and Information Technology Group; **1988–1989** Siemens AG, Munich: Consultant Management Tools and Training, Corporate Development&Strategy; **1989–1994** Siemens AG, Munich: Senior Consultant Corporate Projects (Inhouse Consulting) Corporate Development&Strategy; **1994–1995** Siemens AG, Munich: Head of Regional Strategy, Corporate Development&Strategy; **1995–1997** Siemens Ltd. China, Beijing: Head of Task Force China; **1998–2000** Siemens Business Services GmbH&OHG, Munich: Head of Business Unit Public Sector; **2000–2006** Siemens AG, Munich: Managing Director Corporate Finance, Mergers&Acquisitions; **Since 2006** EAC–Euro Asia Consulting PartG, Munich, Shanghai, Mumbai, and Moscow: Partner



20 years executive leadership in global industrial businesses. Strategy execution/value creation in private equity environment. Strong experience in emerging markets including M&A.

**Andreas Umbach**

**Nationality:** Switzerland/Germany | **Born 1963** | **Place of residence:** Zug, Switzerland | **Member since 2010** | **Elected until AGM in 2016**

**1989** Master in Mechanical Engineering, Technische Universität Berlin; **1991** Master of Business Administration (MBA), University of Texas, Austin TX; **1991–1995** Management Audit, Corporate Planning and Developing Department, Siemens AG, Munich; **1995–1999** Commercial Manager, Business Unit Pilot and Sensing Devices, Drives and Automation Group, Siemens AG, Erlangen; **1999–2002** General Manager, subsequently division President of Metering, Power Transmission and Distribution Group, Siemens Metering AG, Zug; **Since 2002** President &COO/CEO, Landis+Gyr Group, Zug

### 3. BOARD OF DIRECTORS

#### Primary tasks of the Board of Directors

The Board of Directors holds ultimate decision-making authority and determines the strategic, organizational and financial planning guidelines for the Group as well as the Company objectives. The Board of Directors is responsible for the overall direction as well as the supervision and control of the management. It sets guidelines for business policies and ensures that it is regularly informed on the course of business.

The primary tasks of the Board of Directors under the Swiss Code of Obligations and the Articles of Association of Ascom Holding AG are:

- Overall management of the Company and the Group, including setting the strategic direction as well as issuing directives as required
- Defining the organization and management structure
- Laying out the forms of accounting and financial control as well as financial planning
- Appointing and discharging persons entrusted with the management and representation of the Company and determining who is entitled to sign on behalf of the Company
- Ultimate supervision of business activities
- Drawing up the Annual Report and the Remuneration Report as well as preparing the Annual General Meeting and carrying out its resolutions
- Informing the courts in the event of excessive indebtedness
- Passing resolutions on the financing of business, and in particular deciding on capital increases and IPOs and the consequent changes to the Articles of Association
- Passing resolutions on participations of major/strategic significance
- Determining the compensation for members of the Board of Directors and the Executive Board subject to the approval of the Annual General Meeting

#### Election and composition of the Board of Directors of Ascom Holding AG

The Articles of Association define the election of the Board of Directors of Ascom Holding AG as follows:

- The Board of Directors consists of at least three and not more than seven members.
- The General Meeting elects the members and the Chairman of the Board of Directors individually.
- The terms of office of the members of the Board of Directors as well as the term of office of the Chairman of the Board of Directors shall end no later than at the closing of the ordinary General Meeting following their election. Re-election is permitted.

- The majority of the members of the Board of Directors shall be independent members.
- Members of the Board of Directors retire from the Board of Directors at the Annual General Meeting of the respective year when they complete their 70<sup>th</sup> year of age.

The Board of Directors aims for a balanced professional expertise and diversity of its members when proposing them for election to the Annual General Meeting. The selection process is regardless of origin, nationality, culture, religion, or gender.

At the Annual General Meeting of Ascom Holding AG held on 15 April 2015, the shareholders elected the following members of the Board of Directors individually and for a term of one year until the Annual General Meeting 2016:

	Member since	Elected until AGM
Juhani Anttila, Chairman	2001	2016
Dr J.T. Bergqvist	2005	2016
Dr Harald Deutsch	2014	2016
Urs Leinhäuser	2015	2016
Christina Stercken	2014	2016
Andreas Umbach	2010	2016

The shareholders re-elected Juhani Anttila as a Chairman of the Board for a term of one year.

The shareholders elected as members of the Compensation Committee Andreas Umbach, Dr J.T. Bergqvist, and Dr Harald Deutsch for a term of one year.

All members of the Board of Directors are non-executive members. No member of the Board of Directors has any significant business relationship with Ascom Holding AG or its subsidiaries.

#### Secretary of the Board of Directors

Dr Daniel Lack has served as Secretary of the Board of Directors since May 2001.

#### Changes to the Board of Directors

Cornelia Gehrig decided not to stand for re-election and stepped down from the Board of Directors as of the Annual General Meeting 2015.

Urs Leinhäuser was elected as new member to the Board of Directors at the Annual General Meeting 2015 for a term of one year.

### Internal organization

- Except for the election of the Chairman of the Board and the members of the Compensation Committee, the Board of Directors is self-constituting and designates its other committees and the Secretary. The latter needs not be a member of the Board.
- The Board of Directors is quorate when the majority of members are present. In the event of capital increases, such a quorum is not required for decisions concerning definition of the capital increase, amendments to the Articles of Association or resolutions regarding the capital increase report.
- The Board of Directors passes its resolutions by a majority of the votes cast. The Chairman holds the casting vote.
- Resolutions may also be adopted by written consent to a proposal circulated by the Chairman among all members and passed by a majority of all members of the Board of Directors.
- Minutes are kept of deliberations and resolutions, and are signed by the Chairman and the Secretary.
- Members of the Board of Directors may exercise a consulting mandate for the Ascom Group alongside their activity on the Board, subject to the unanimous consent of the Board of Directors. There were no such consulting mandates as of the balance sheet date.

### Mandates outside the Ascom Group of members of the Board of Directors

Article 20d of the Articles of Association defines the mandates outside the Ascom Group:

- Members of the Board of Directors may occupy or exercise four additional positions against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register and that are neither controlled by nor that control the Company.
- In addition, members of the Board of Directors may occupy or exercise five uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- The Chairman of the Board of Directors may exercise a total of up to three positions in other publicly traded companies.
- In addition to these mandates, members of the Board of Directors may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the Instructions of the Company.

	Mandates outside the Ascom Group (profit-oriented)	Mandates outside the Ascom Group (non-profit-oriented)
Juhani Anttila, Chairman	Actelion Ltd., Allschwil <sup>1</sup> Agrifutura Oy, Eura (Finland) Valcrea AG, Zug Anttila & Co. Advisors, Zug	Diamond Circle Foundation, Zug
Dr J.T. Bergqvist	Huurre Group Oy, Vantaa (Finland) Innofactor Oyj, Espoo (Finland) <sup>1</sup> Redla Industriförvaltning Ab, Helsinki (Finland) J.T. Bergqvist Oy, Helsinki (Finland)	None
Dr Harald Deutsch	None	None
Urs Leinhäuser	Burckhardt Compression Holding AG, Winterthur <sup>1</sup> (including 1 mandate in affiliated Group company) Liechtensteinische Landesbank AG, Vaduz, Liechtenstein <sup>1</sup> Ammann Group Holding AG, Berne (including 1 mandate in affiliated Group company)	Universität St. Gallen, Institut IFF, St. Gallen
Christina Stercken	EAC – Euro Asia Consulting PartG, Munich (Germany) (including 3 mandates in affiliated Group companies)	Amara Foundation e.V., Munich (Germany)
Andreas Umbach	Landis+Gyr AG, Zug (including 1 mandate in affiliated Group company) Wasserwerke Zug AG, Zug <sup>1</sup> Lichtblick SE, Hamburg (Germany) (including 1 mandate in affiliated Group company)	Stiftung Talentia, Zug

<sup>1</sup> Publicly listed companies.

Juhani Anttila also acted as CEO of the Ascom Group concurrently from 1 January 2003 to 31 May 2004. The combination of the Chairman and CEO function was an absolute exception due to existential problems of the Company.

None of the other members of the Board of Directors previously worked for the Ascom Group, nor does any member of the Board of Directors perform any permanent management or consultancy functions for important Swiss or foreign interest groups or hold any official positions or political offices.

### Mode of operation of the Board of Directors

As a rule, the Board of Directors meets on a monthly basis. Additional meetings or conference calls are held as and when necessary. In general, the CEO and CFO attend all ordinary meetings of the Board of Directors. In addition, executive sessions are held. Other members of the Executive Board as well as external experts are invited to attend meetings to address specific topics if necessary.

19 meetings (including both physical meetings and conference calls) were held in 2015. Board attendance was 94.7%. The ordinary meetings of the Board of Directors last one full day and strategy meetings last two days.

### Self-evaluation of the Board of Directors

Since 2005, the Board of Directors has carried out a self-evaluation at year-end on the basis of a standardized process using a comprehensive questionnaire. The results are discussed in the first quarter in the next year, and any measures necessary for improvements are agreed and implemented as required.

### Committees of the Board of Directors

To support the efficient and effective organization of its duties, the Board of Directors has set up a structure with two permanent committees whose primary role is to prepare materials as a basis for decisions by the Board of Directors in specialized areas. The two permanent committees are the Audit Committee and the Compensation Committee. The authority to make decisions lies with the Board of Directors. All members of the Board are entitled to attend any meetings of these committees.

The nomination of candidates for election to the Board of Directors and the selection of candidates for appointment to the Executive Board and as Head of Corporate Functions are done by the entire Board.

### Audit Committee

#### Members: Urs Leinhäuser (Chairman) and Christina Stercken

The Board of Directors elects the members and the chairman of the Audit Committee for a term of office of one year until the closing of the ordinary General Meeting following the election.

The Audit Committee is composed of two non-executive members of the Board of Directors and generally meets four times a year (at least one meeting per quarter), although the Chairperson may convene meetings as often as business requires. Eight Audit Committee meetings were held in 2015, generally lasting several hours, whereof the external auditors attended four. Committee attendance was 100%. The

Chairman of the Board of Directors attended seven meetings of the Audit Committee, while the CEO attended five meetings. The CFO attended all meetings. The Secretary of the Board of Directors prepares the meetings and records minutes. The full Board of Directors is kept informed of the Audit Committee's activities following each meeting, and receives a copy of the minutes.

#### The Audit Committee's main activities are:

- Internal control
- Financial reporting
- Finance management
- Risk management
- Tax management
- External auditing
- Compliance
- Litigation matters

### Compensation Committee

#### Members: Andreas Umbach (Chairman), Dr J.T. Bergqvist and Dr Harald Deutsch

According to the Articles of Association, the General Meeting elects the members of the Compensation Committee individually for a term of office of one year until the closing of the ordinary General Meeting following the election. The Compensation Committee consists of at least two and not more than three members of the Board of Directors. The Chairman of the Compensation Committee has to be independent. He is elected by the Board of Directors. In the event that the Compensation Committee has fewer members than the number of members elected by the last General Meeting and is therefore not fully stuffed, the Board of Directors elects the missing members for the remaining term.

The Compensation Committee is composed of three non-executive members of the Board of Directors and is convened by the Chairperson as often as business requires. Five meetings were held in 2015, generally lasting several hours. Committee attendance was 100%. The Chairman of the Board attended all meetings in 2015. The CEO attended the meetings as and when required. The Secretary of the Board of Directors prepares the meetings and records the minutes. The full Board of Directors is kept informed of the Compensation Committee's activities following each meeting, and receives a copy of the minutes.

A major task of the Compensation Committee is to prepare the resolution of the Board of Directors concerning the compensation of the members of the Board of Directors and the members of the Executive Board to be approved by the Annual General Meeting. To fulfill its duties, the Compensation Committee may consult other persons and external consultants for support. In 2015, no external consultants were brought in.

Other main fields of work of the Compensation Committee shall consist of making recommendations to the Board in relation to

- Ascom Group remuneration policies
- Fixing compensation models for the Board of Directors and the Top Management
- Implementation and monitoring of long-term incentive plans

**Areas of responsibility**

The Board of Directors has delegated the operational management of the Company and the entire Ascom Group to the CEO unless otherwise required by the law, the Articles of Association or the Organization Regulations. The CEO, together with the Executive Board, is responsible for the overall management of the Ascom Group.

The Board of Directors explicitly reserves the power to decide on the following matters:

- Authorizing important acquisitions and divestments
- Appointing and discharging members of the Executive Board and the Heads of Corporate Functions
- Defining compensation models for members of the Board of Directors and the Executive Board (subject to the approval of the Annual General Meeting), and the Head of Corporate Functions
- Approving the budget
- Arranging public bonds and important framework credit agreements
- Substantial investments
- Issuing the Organization Regulations and their Annexes
- Defining the internal audit and submitting the proposal to the Annual General Meeting for election of the auditors
- Submitting proposals on dividends to the Annual General Meeting
- Issuing and implementing long-term incentive plans

**Information and control instruments in respect of the Executive Board/management instruments**

The Ascom Group’s management information system (MIS) consists of management reporting and financial consolidation.

Each month, the balance sheet, income statement, incoming orders, order backlog and employee headcount for the individual companies are entered in the management reporting system. This information is based on the regulation and accounting standards and consolidated for the various divisions and for the Group as a whole, and compared against the previous year’s figures and the current budget. The Executive Board discusses the results in detail on a monthly basis and decides on actions to be taken.

Full financial consolidation (including cash flow statement) in compliance with the regulation and accounting standards is performed on a quarterly basis.

Financial reports are submitted to the Board of Directors on a monthly basis. Additional management instruments for monitoring management processes include strategic medium-term planning (MTP), annual planning and quarterly forecasts.

A quarterly report on pending law suits is submitted to the Audit Committee. As part of Business Risk and Opportunity Management (BROM), an updated risk map for the Group and the individual divisions is submitted to the Board of Directors on a semi-annual basis. The meetings of the Board of Directors and the Audit Committee are attended by the CEO and CFO as well as, whenever necessary, by other members of Management.

**Internal audit**

The Group does not have an in-house internal audit function. The Board of Directors empowered the Audit Committee to mandate an external audit firm to carry out special focus audits, as needed. Accordingly, such internal audits are conducted from time to time as mandated by the Audit Committee. During 2015, one special focus audit has been commissioned to EY. Internal audit fees are based on the scope of services rendered. Fees incurred in 2015 were CHF 80,000 (2014: CHF 62,550).

**Risk management**

As an internationally active group, Ascom is exposed to a variety of risks arising from its operations in the normal course of business. Risk management is therefore an integral part of Group management and hence part of the business processes. Group Treasury centrally monitors financial risks (liquidity, foreign currency, interest rate, credit risks) in accordance with written guidelines. Capital risk is also monitored using defined thresholds for the debt ratio and the equity ratio.

Further information on risk management can be found in note 28 to the financial statements of the Ascom Group on page 80 of this Annual Report.

**Internal Control System (ICS)**

A Board directive of 11 December 2008 and the ICS manual govern the Internal Control System (ICS). The ICS ensures the implementation of appropriate procedures and measures for the purpose of identifying and monitoring the main financial risks to which the Company is exposed. In particular, the aim of the ICS is to ensure the integrity and completeness of accounting, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements.

# Members of the Executive Board

## Fritz Mumenthaler Chief Executive Officer

**Nationality: Switzerland | Born 1958**

**1985** Master of Economics (major)& Law (minor) from the University of Berne (lic. rer. pol.); **1985** Manager HR, Credit Suisse; Zurich; **1988** MBA from INSEAD, Fontainebleau (France); **1989** Assistant Director, Swiss-phone Telecommunications, Samstagern ZH; **1992** Project Manager Corporate Development, Landis&Gyr, Zug; **1994** Marketing Manager, subsequently Head of Marketing Europe Landis&Gyr Building Control/Landis&Stäfa, Zug; **2000** Executive VP, Head of Global Marketing, member of the Executive Board Siemens Building Technologies, Building Automation division, Zug; **2002** Executive VP, Head of Zone Europe, member of the Executive Board Siemens Building Technologies, Building Automation Division, Zug; **1 June 2005** General Manager Wireless Solutions and member of the Executive Board of the Ascom Group; **From 20 August 2007** also Deputy CEO; **Since 1 April 2011** CEO of the Ascom Group

## Bianka Wilson Chief Financial Officer

**Nationality: Switzerland/Germany | Born 1967**

**1993** Bachelor of Business Administration from Cameron University, Lawton OK (USA); **1994** Master of Professional Accounting from University of Texas, Austin TX (USA); **1995–2000** Audit Manager KPMG, Houston TX (USA); **1997** US Certified Public Accountant; **2000–2007** Senior Manager KPMG (Transaction Services, International Accounting&Reporting), Zurich; **2007** Executive MBA, KPMG EMBA Program, ENPC School of International Management, Paris/University of Edinburgh (UK); **2007–2013** Partner of KPMG (Advisory), Zurich; **Since 1 October 2013** CFO and member of the Executive Board of the Ascom Group

## Francis Schmeer Head of Strategy & Business Development

**Nationality: USA | Born 1972**

**1994** Bachelor of Marketing Georgetown University, Washington DC (USA); **1994–1999** Goldman Sachs, Associate New York/London; **2001** Master of Business Administration, London Business School; **2001–2003** Samsung Group, Global Strategist, Seoul; **2003–2005** T-Mobile International, International Marketing Head of SMS and IP Messaging London/Bonn; **2005–2006** Empower Interactive, Chief Marketing Officer, London/Singapore; **2006–2009** Sony Ericsson Mobile Communications, Vice President & Global Head of Strategy and Corporate Development, London/Lund (Sweden); **2010–2013** OC Oerlikon Group Executive Vice President&Head of Group Business Development, Member of Executive Leadership Team, Pfäffikon (Switzerland); **Since 1 September 2014** Head of Strategy & Business Development and member of the Executive Board of the Ascom Group





LTR: Claes Ödman, Rikard Lundqvist, Fritz Mumenthaler, Francis Schmeer, Bianka Wilson

**Claes Ödman**  
**General Manager**  
**Wireless Solutions**

**Nationality: Sweden | Born 1965**

**1990** Master of Science in Engineering Physics and Master of Business Administration (Chalmers University Gothenburg); **1990–1994** Area Manager Saab Marine Electronics AB, Gothenburg; **1994–1998** Area Manager Ericsson Radio Systems, Stockholm; **1998–2001** Vice President Ericsson Taiwan Ltd., Taipei (Taiwan); **2001–2005** President & Country Manager Ericsson Telecom PTE Ltd., Singapore; **2005–2011** Vice President Ericsson AB, Stockholm **2005–2008**: Multimedia Solutions; **2008–2009**: Head of Sales and Marketing; **2010**: Head of Region Project; **2010–2011**: Engagement Practices Region Northern Europe and Central Asia; **Since 14 June 2011** General Manager Wireless Solutions and member of the Executive Board of the Ascom Group

**Rikard Lundqvist**  
**General Manager**  
**Network Testing**

**Nationality: Sweden/USA | Born 1967**

**1991–1994** Software Engineer TEMS, Skellefteå (Sweden); **1992** Master of Science in Computer Science and Engineering (University of Luleå, Sweden); **1994–1996** Manager Product Market Strategies TEMS, Skellefteå (Sweden); **1996–1999** Regional Sales Manager TEMS, Dallas TX (USA); **1999–2005** Director Global Product Management TEMS, Reston VA (USA); **2005–2006** Chief Technology Officer TEMS, Reston VA (USA); **2006–2008** Head of Strategy and Business Development Advise Group, Ericsson Global Services, Reston VA (USA); **2008–2009** Vice President and General Manager TEMS, Reston VA (USA); **Since 1 January 2010**, General Manager Network Testing and member of the Executive Board of the Ascom Group

Continuation of page 27

In order to achieve these targets, Group companies in scope are determined annually. Hereby, it is ensured that at least 80% of the revenue and of total assets of the Group are covered. The external audit confirms the existence of the ICS in connection with the year-end audit. Additionally, external audit submits improvement suggestions on a yearly basis, which are implemented in the following year.

#### 4. EXECUTIVE BOARD

##### The Executive Board of the Ascom Group

The Board of Directors has delegated the operational management of the Company and the entire Ascom Group to the CEO unless otherwise required by the law, the Articles of Association or the Organization Regulations. As members of the Executive Board are considered the CEO and each further person who is explicitly appointed as such by the Board of Directors. As a rule, members of the Board of Directors shall not be on the Executive Board.

##### Composition of the Ascom Executive Board

The Ascom Group Executive Board comprised the following members as of 31 December 2015:

		Executive Board member since
Fritz Mumenthaler	CEO	01.06.2005 (CEO since 01.04.2011)
Bianka Wilson	CFO	01.10.2013
Rikard Lundqvist	General Manager Network Testing	01.01.2010
Claes Ödman	General Manager Wireless Solutions	14.06.2011
Francis Schmeer	Head of Strategy & Business Development	01.09.2014

##### Changes in the Executive Board

None.

##### Mandates outside the Ascom Group of members of the Executive Board

Article 20d of the Articles of Association defines the mandates outside the Ascom Group:

- Members of the Executive Board may occupy or exercise – subject to the approval of the Board of Directors – one additional position against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register and that are neither controlled by nor that control the Company.

- In addition, members of the Executive Board may occupy or exercise three uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- The Chairman of the Board of Directors may exercise a total of up to three positions in other publicly traded companies.
- In addition to these mandates, members of the Executive Board may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the instructions of the Company.

	Mandates outside the Ascom Group against compensation	Mandates outside the Ascom Group without compensation
Fritz Mumenthaler	None	None
Bianka Wilson	None	Ascaro Vorsorgestiftung, Berne <sup>2</sup>
Rikard Lundqvist	None	None
Claes Ödman	Sensys Gatso Group AB, Stockholm (Sweden) <sup>1</sup>	None
Francis Schmeer	None	None

<sup>1</sup> Publicly listed company.

<sup>2</sup> Position held based on the instructions of the Company.

##### Heads of Corporate Functions

The Heads of Corporate Functions are invited as permanent guests to the meetings of the Executive Board.

		In this function since
Dr Daniel Lack	Company Secretary & Chief Communications Officer	01.01.2003
Dr Judith Bischof	General Counsel	01.09.2011

##### Mode of operation of the Executive Board

As a rule, a half- or full-day meeting of the Executive Board is held on a monthly basis. The meeting is subdivided in a general part including guests and a closed session for the members of the Executive Board. Additional meetings or conference calls are held as and when necessary. Twelve meetings were held in 2015.

##### Management contracts

There are no management contracts within the Ascom Group.

##### Business relationships with closely related companies and persons

No significant business transactions exist with closely related companies or persons.

## 5. COMPENSATION, SHAREHOLDINGS AND LOANS

All details of compensation, shareholdings and loans are listed in the Remuneration Report on pages 34 to 46 to this Annual Report.

## 6. SHAREHOLDERS' PARTICIPATION RIGHTS

### Voting rights and protective rights

Shareholders in Swiss public listed companies have extensive participation and protective rights governed in principle by the Swiss Code of Obligations (OR) and supplemented by the respective Company's Articles of Association.

### Annual General Meeting

#### Voting rights and representation

Each share entitles the holder to one vote represented at the Annual General Meeting. There are no voting right restrictions.

Each shareholder may be represented at the Annual General Meeting by a third person who is authorized as proxy in writing or by the Independent Representative.

Sole proprietor companies, partnerships and legal entities may be represented persons with written authorization to act on their behalf.

The Board of Directors makes the requisite arrangements to determine voting rights and to establish the results of votes and elections.

#### Independent Representative

According to the Articles of Association, the General Meeting elects an Independent Representative. The term of office of the Independent Representative ends with the closing of the ordinary General Meeting following the election of the Independent Representative. Re-election is admissible. If the Company has no Independent Representative, the Board of Directors designates an Independent Representative for the next General Meeting.

The Independent Representative is obliged to vote the shares for which he or she received proxies in accordance with the instructions given. If he or she has not received any instructions with respect to votes, he or she abstains from voting the respective shares. The general instruction for motions contained and/or not contained in the invitation to vote in line with the motion of the Board of Directors qualifies as a valid instruction for the exercise of the voting right.

The shareholders elected at the Annual General Meeting 2015 Franz Müller, Berne, as Independent Representative for a term of one year until the completion of the Annual General Meeting 2016, and Dr Gian Sandro Genna, Berne, as his representative. Franz Müller and Dr Gian Sandro Genna are independent and have no further mandates for the Ascom Group.

All shareholders have the possibility to register on the Sherpany platform and to give on-line instructions to the Independent Representative ([www.ascom.com/en/index/investor-relations/annual-general-meeting.htm](http://www.ascom.com/en/index/investor-relations/annual-general-meeting.htm)). Details of the electronic proxies and voting instructions to the Independent Representative are explained in the invitation to the Annual General Meeting.

#### Resolutions and elections

The General Meeting is capable of passing resolutions regardless of the number of shares represented.

Unless the law or the Articles of Association require otherwise, the General Meeting shall pass resolutions and elections with an absolute majority of the votes validly cast, whereby abstentions, blank votes and invalid votes shall not count as votes cast.

The Board of Directors shall define the voting procedure. Shareholders representing registered shares with a nominal value of CHF 100,000 may request a secret ballot. This threshold corresponds to 0.5% of the votes.

#### Convocation of the General Meeting

The General Meeting is convened by the Board of Directors or, if needed, by the auditors.

Convocation is effected no later than 30 days before the date of the meeting by a single announcement in the Company's publication of record (the Swiss Official Gazette of Commerce – SOGC) and by letter to the shareholders.

#### Agenda

In accordance with Art. 699 para. 3 of the Swiss Code of Obligations, requests to place an item on the agenda must be submitted to the Board of Directors no later than 45 days before the date of the General Meeting. The party submitting such request must represent shares of at least CHF 100,000 par value.

The invitation to submit agenda items is published in a single announcement in the Company's publication organ (the SOGC).

### Registration in the share register

All shareholders recorded in the share register as voting shareholders 10 days before the date of the General Meeting are admitted to the meeting and entitled to vote.

The Board of Directors is empowered to strike entries from the share register with retroactive effect to the registration date if, after consulting the parties involved, it determines that such entries have been made based on false information on the part of the acquirer.

Shareholders who dispose of their shares before the General Meeting are no longer entitled to vote.

## 7. CHANGE OF CONTROL AND DEFENSIVE MEASURES

### Obligation to submit a purchase offer

The Articles of Association of Ascom Holding AG contain neither an opting-out nor an opting-up clause. Any party who acquires one-third (33⅓%) of share capital in Ascom Holding AG is obliged under the Stock Exchange Act (Art. 32, SESTA) to submit a public purchase offer for the remaining shares.

### Change of control clauses

Contracts of employment with members of the Executive Board, the Head of Corporate Functions or other members of the senior management provide for no special severance payment.

The period of notice for members of the Executive Board is maximal 12 months.

In the event of a takeover and a delisting of the Company, the participants of the Ascom share matching plans shall receive the same number of matching shares as they hold investment shares at the date of the publication of the delisting.

## 8. AUDITORS

### Auditors

The auditors are appointed by the Annual General Meeting for a term of one year. PricewaterhouseCoopers AG, Zurich (formerly STG-Coopers & Lybrand Ltd), have acted as auditors since 1987. According to the Swiss Code of Obligations, the lead auditor has to be rotated at least every seven years. Thomas Wallmer is auditor-in-charge since 2015.

### Auditing fee

PricewaterhouseCoopers AG was paid compensation of CHF 681,400 (previous year: CHF 901,800) for services in connection with auditing the annual financial statements of Ascom Holding AG and the Group companies as well as the consolidated statements of the Ascom Group for the year ended 31 December 2015.

### Additional fees

PricewaterhouseCoopers AG was paid the following additional fees in 2015:

Tax consulting	CHF 17,000 (previous year: CHF 396,700)
Miscellaneous	CHF 147,000 (previous year: CHF 11,300)
<b>Total</b>	<b>CHF 164,000 (previous year: CHF 408,000)</b>

The level of the non-audit fees of PricewaterhouseCoopers AG amounting to CHF 164,000 corresponds to 24.1% of the total audit fees of CHF 681,400.

### Monitoring and control instruments

As a committee of the Board of Directors, the Audit Committee evaluates the performance, fees and independence of the external auditors each year.

The external auditors prepare a detailed audit report at least once a year and report in detail to the Audit Committee. The main findings and recommendations contained in the audit reports of the external auditors are then discussed in detail with the CFO.

In 2015, the external auditors drew up two detailed management reports (for the Half-Year Report and the Annual Report). The external auditors attended four of the Audit Committee meetings held in 2015.

Each year, the Board of Directors reviews the selection of auditors in order to propose them to shareholders for appointment at the Annual General Meeting. The aim is to ensure the general independence of the auditors as well as the personal independence of the auditor-in-charge and determine their understanding of Ascom's business activities and the specific business risks relevant for Ascom, the nature of collaboration between the external auditors and the Audit Committee, and the manner in which support is provided for implementation of the legal provisions as well as requirements from regulation and accounting standards (Swiss GAAP FER).

The Audit Committee assesses the effectiveness of the auditors in compliance with the legal provisions in Switzerland. The Board of Directors bases the rotation cycle for the auditor-in-charge on the relevant provisions of the Swiss Code of Obligations, according to which the auditor-in-charge may perform this mandate for no more than seven years.

The Audit Committee also examines the ratio between the fee for the annual audit and fees for additional services performed by the auditors, in order to ensure that the auditors' independence is not impaired. For the 2015 reporting year, the Board of Directors concluded that the auditors' independence was fully assured.

## 9. INFORMATION POLICY

The Board of Directors and the Executive Board have undertaken to align their organizational structure with the latest corporate governance standards.

Ascom's information policy is based on commitment to a high degree of transparency and equal treatment of all stakeholder groups. Corporate Communications come under the remit of the Company Secretary. Ascom provides a wide range of communication tools to keep its shareholders, the media, analysts and other stakeholder groups informed:

### Publications

- Annual Report
- Half-Year Report
- The official publication organ is the Swiss Official Gazette of Commerce (SOGC)

### Events

- Annual Media Conference and Half-Year Media Conference for media representatives and analysts
- Ad hoc media conferences
- Analyst & Investor Day
- Annual General Meeting of Shareholders
- Road shows for institutional investors

### Media releases

In accordance with the provisions of the SIX Swiss Exchange, Ascom publishes information on an ad hoc and regular basis. Furthermore, Ascom publishes Ascom media releases on significant business activities and on important product and service innovations.

### Donations/Sponsoring

The main focus of the donation policy of the Group is on UNICEF in order to support children all over the world.

Moreover, Ascom is sponsoring together with other reputable Swiss companies the project "venture" to support innovation in Swiss industry and young entrepreneurs in founding a company.

### Online communication

The website [www.ascom.com](http://www.ascom.com) provides a comprehensive overview of the Company's structure and activities and the offerings of the individual business units.

All media releases and presentations at media conferences can be downloaded from the website at <http://www.ascom.com/en/index/latest-news-corporate.htm> and <http://www.ascom.com/en/index/investor-relations/ir-reports-presentations.htm>. Media releases may also be received by e-mail by subscribing to the News Service on the website.

The Articles of Association of Ascom Holding AG, the Organization Regulations, a current extract from the Commercial Register, the Code of Business Conduct and the share registration guidelines can also be downloaded from the website under "Corporate Governance" (<http://www.ascom.com/en/index/corporate-governance/articles-of-association.htm>). The minutes of past Annual General Meetings are available at <http://www.ascom.com/en/index/investor-relations/financial-calendar/annual-general-meeting.htm>.

### Implementation of publication requirements under stock exchange regulations

The Board of Directors has issued an Annex to the Organization Regulations entitled "Corporate Policy and Procedure on Insider Trading", which in particular prohibits Ascom employees and governing bodies of Ascom from engaging in insider trading. An absolute ban on trading applies during a period of four weeks prior to the publication of the annual results and half-year results.

Information on management transactions is published at <https://www.six-exchange-regulation.com/en/home/publications/management-transactions.html>. Detailed information on disclosure announcements can be viewed at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>.

### Dates and contacts

A list of important dates in 2016 and Corporate Communications and Investor Relations contacts is provided on page 99 of this Annual Report.

# Remuneration Report

## Note

PricewaterhouseCoopers AG as statutory auditors have audited the Remuneration Report according to Clause 17 of the Ordinance against Excessive Compensation ("OaEC"). The audit was limited to the information contained in the sections II/1 lit.a , II/2 (Table "Compensation Executive Board 2015"), II/2 lit.g and II/2 lit.h; all marked as "audited information".

## I. ASCOM REMUNERATION POLICY

### 1. Corporate Governance as basis of the remuneration policy

Remuneration is a part of Corporate Governance (see also p. 18 to 33 of the Annual Report) and Corporate Governance is a key topic for Ascom. Both the Board of Directors and Management are committed to good Corporate Governance in order to ensure sustainable development of the Company. According to the Articles of Association, it is a major task of the Compensation Committee to prepare the resolution of the Board of Directors concerning the compensation of the members of the Board of Directors and the members of the Executive Board to be approved by the Annual General Meeting.

The Annual General Meeting 2015 approved with a majority of over 98% the revised Articles of Association, which reflect the implementation of the Swiss Ordinance against Excessive Compensation ("OaEC").

#### Basic rules and regulations to be followed are set out in:

- Swiss Code of Obligations
- Ordinance against Excessive Compensation with respect to stock exchange listed companies ("OaEC")
- Listing Rules of SIX Swiss Exchange
- Articles of Association of Ascom Holding AG
- Organizational Regulations of Ascom Holding AG
- Ascom Code of Ethical Business Conduct
- Swiss Code of Best Practice for Corporate Governance

### 2. Remuneration principles for the Board of Directors

#### a) Legal background

According to Article 20b of the Articles of Association, the compensation of the members of the Board of Directors shall be adequate, competitive and performance-oriented and shall be set in line with the operative and strategic goals, the success of the Company, as well as the long-term interests of the shareholders.

#### b) Compensation structure

Members of the Board of Directors receive a fee in accordance with the Remuneration Regulations (Annex to the Organization Regulations). The members of the Board of Directors receive a fixed fee without a variable component, and this fee is paid in cash. No other remuneration is paid. Members of the Board of Directors receive no severance payment.

The fees for members of the Board of Directors are reviewed on an annual basis and are set by the full Board of Directors subject to the approval of the Annual General Meeting. The assessment of the fees is based on external (e.g. benchmark to other international stock-listed technology companies with similar market capitalization) and internal criteria (e.g. workload, request of availability). Committee work, additional meetings or special projects are not compensated with an additional fee and no attendance fees are paid out either. The mandate of the Chairman corresponds to about 40% of his working time, and the mandate of the other Board members to about 10% of their working time.

According to Article 20e of the Articles of Association, expense recovery is no compensation. The Company reimburses the members of the Board of Directors for all necessary expense, also in form of lump sum expense recoveries within the amount accepted by the tax authorities.

### c) Mandates outside the Ascom Group

Article 20d of the Articles of Association defines the mandates outside the Ascom Group:

- Members of the Board of Directors may occupy or exercise four additional positions against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register and that are neither controlled by nor that control the Company.
- In addition, members of the Board of Directors may occupy or exercise five uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- The Chairman of the Board of Directors may exercise a total of up to three positions in other publicly traded companies.
- In addition to these mandates, members of the Board of Directors may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the Instructions of the Company.

The members of the Board of Directors comply with this regulation. The mandates outside the Ascom Group are listed in the Corporate Governance part (p. 25).

## 3. Remuneration principles for the Executive Board

### a) Legal background

According to Article 20b of the Articles of Association, the compensation of the members of the Executive Board shall be adequate, competitive and performance-oriented and shall be set in line with the operative and strategic goals, the success of the Company, as well as the long-term interests of the shareholders.

The Company may pay to the members of the Executive Board in addition to a fixed compensation a performance-related compensation in cash. The amount of such compensation is dependent on the qualitative and quantitative goals and parameters determined by the Board of Directors, in particular the overall result of the Company and the individual contribution of the respective member.

The amount of the performance-related compensation of a member of the Executive Board (excluding any possible allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying) cannot exceed the fixed compensation of such member.

Beside a cash compensation, the Company may also allocate equity securities, conversion rights, option rights or other rights with equity securities as underlying to the members of the Executive Board as part of their total compensation ("long-term incentive"). In case of an allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying, the amount of the compensation is equal to the value of the securities or, respectively, the rights allocated, determined as at the time of the allocation (grant) in accordance with the accounting standards applied by the Company for its consolidated accounts. The total value of the long-term incentive for a member of the Executive Board cannot exceed 50% of his fixed compensation.

### b) Appointment of members of the Executive Board

As members of the Executive Board are considered the CEO and each further person who is explicitly appointed as such by the Board of Directors.

In 2015, the Executive Board consisted of five members: CEO, CFO, General Manager Wireless Solutions Division, General Manager Network Testing Division, and Head of Strategy & Business Development.

### c) Determination of the remuneration of the Executive Board members

The remuneration package of the members of the Executive Board consists of three parts:

- **Base salary** (fixed compensation in cash) including social benefits: according to market benchmarks of the peer group (other international stock-listed technology companies with similar market capitalization)
- **Performance-related variable compensation** (in cash): dependent on the quantitative goals and parameters such as net revenue, EBIT or EBITDA, NWC as determined by the Board of Directors. The goals shall be in line with the yearly budgets of the Company. Performance-related variable compensation cannot exceed the fixed compensation.
- **Long-term incentive (share matching plan):** The Board of Directors decided to introduce a share matching plan as a long-term incentive instead of options. The long-term incentive consists of a retention part and a performance-related part. During a defined subscription period, the members of the Executive Board as beneficiaries have the opportunity to buy Company shares at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan. The beneficiaries receive a certain percentage of the number of their investment shares as matching shares after a three-year vesting period for free (“retention part”), if their employment contract with Ascom has not been terminated at this point of time. Moreover, the beneficiaries may get – up to a certain percentage of the number of their investment shares – matching shares in addition, provided that defined mid-term profitability targets are achieved (“performance-related part”). As a maximum, the Company will honor each investment share with one matching share.

According to Article 20e of the Articles of Association, expense recovery is no compensation. The Company reimburses the members of the Executive Board for all necessary expense, also in form of car allowances and other lump sum expense recoveries within the amount accepted by the tax authorities.

### d) System of CEO Compensation

Salary part	Target salary CEO
Long-term incentive (share matching plan)	Opportunity to invest investment shares up to a maximum of CHF 325,000
Variable compensation (performance-related)	Minimal variable salary: CHF 0 Target variable salary: CHF 325,000 Maximal variable salary: CHF 650,000
Fixed compensation (base salary)	CHF 650,000

### e) Number of external mandates and functions

Article 20d of the Articles of Association define the mandates outside the Ascom Group:

- Members of the Executive Board may occupy or exercise – subject to the approval of the Board of Directors – one additional position against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register and that are neither controlled by nor that control the Company.
- In addition, members of the Executive Board may occupy or exercise three uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- In addition to these mandates, members of the Executive Board may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the Instructions of the Company.

The members of the Executive Board comply with this regulation. The mandates outside the Ascom Group are listed in the Corporate Governance part (p. 30).



**f) Employment agreements with members of the Executive Board**

According to Article 20c of the Articles of Association, employment agreements with members of the Executive Board that form the basis of the compensation for the respective members are entered into for a fixed term of not more than one year or an indefinite term with a termination period of not more than twelve months as per the end of each calendar month.

All members of the Executive Board comply with this regulation.

**g) Pension payments**

According to Article 20c of the Articles of Association, the members of the Executive Board receive pension payments from the occupational pension scheme in accordance with the domestic or foreign occupational welfare law or pension regulations applicable to them, including possible supplementary benefits.

Pension payments outside the occupational pension scheme to a member of the Executive Board by the Company, an affiliate of the Company or any third party are admissible to the extent of not more than 25% of the annual total compensation of the person concerned, as far as the respective person is not affiliated to a Swiss or foreign benefit institution.

**4. Approval Mechanism**

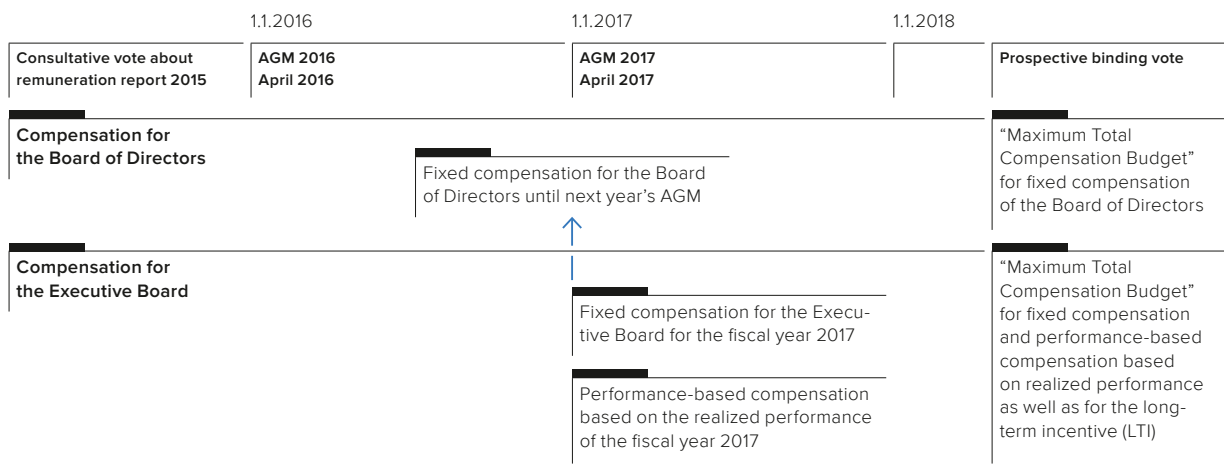
**a) Statutory approval mechanism**

According to Article 20e of the Articles of Association, the General Meeting votes annually, separately and in a binding manner on the maximum total amounts proposed by the Board of Directors for:

- The compensation of the Board of Directors for the year of office following the ordinary General Meeting until the next ordinary General Meeting
- The fixed compensation of the Executive Board for the next fiscal year (1 January–31 December) following the ordinary General Meeting
- The variable and other compensation of the Executive Board (including the allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying) for the same approval period

In addition, the Board of Directors submits the remuneration report for the business year prior to the Annual General Meeting for a consultative vote.

**Ascom Compensation Approval Mechanism**



**b) Level of decision authority**

Type of compensation	Compensation Committee	Full Board of Directors	Annual General Meeting
<b>Compensation Board of Directors</b>			
Maximum compensation for the Board of Directors for the period until the next Annual General Meeting	Recommendation	Proposal to the Annual General Meeting <sup>1</sup>	Approval
Individual compensation for the members of the Board of Directors in the reporting year	Proposal	Approval <sup>1</sup>	–
<b>Compensation Executive Board</b>			
Maximum compensation for the members of the Executive Board (fixed compensation, variable compensation, long-term incentive) for the fiscal year following the Annual General Meeting	Recommendation	Proposal to the Annual General Meeting	Approval
Individual compensation for the CEO (fixed compensation, variable compensation, long-term incentive) in the reporting year	Review, recommendation	Approval	–
Individual compensation (fixed compensation, variable compensation, long-term incentive) for the members of the Executive Board (without CEO) in the reporting year	Review at the request of the CEO, recommendation	Approval	–

<sup>1</sup> In any case of potential conflict of interest the respective member of the Board of Directors shall abstain from voting.

**c) Approvals of the Annual General Meeting 2015**

The shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2015:

- Board of Directors: maximal amount of CHF 900,000 for the period from the Annual General Meeting 2015 until the Annual General Meeting 2016
- Executive Board: maximal amount of CHF 2,500,000 as fixed compensation (including contributions to pension funds and other social benefits) for the business year 2016. In addition, a maximal amount of CHF 1,900,000 as variable compensation and a maximal amount of CHF 900,000 as long-term incentive both for the business year 2016

## II. REMUNERATION IN FISCAL YEAR 2015

### 1. Board of Directors

#### a) Remuneration in fiscal year 2015 (audited information)

Members of the Board of Directors were paid a gross remuneration totaling CHF 900,000 in fiscal year 2015 (2014: CHF 915,000).

	2015 <sup>1</sup>	2015	2014 <sup>1</sup>	2014 <sup>1</sup>
	Gross remuneration including employee contributions to the Swiss social insurances	Employer contributions to the Swiss social insurances (AHV/IV/ALV)	Gross remuneration including employee contributions to the Swiss social insurances	Employer contributions to the Swiss social insurances (AHV/IV/ALV)
Juhani Anttila, Chairman	300,000	17,706	300,000	17,706
Dr J.T. Bergqvist	120,000	7,500	120,000	7,500
Andreas Umbach	120,000	7,500	120,000	7,500
Dr Harald Deutsch <sup>2</sup>	120,000	–	90,000	–
Christina Stercken <sup>2</sup>	120,000	–	90,000	–
Urs Leinhäuser <sup>3</sup>	85,000	5,312	–	–
Cornelia Gehrig <sup>4</sup>	35,000	2,187	120,000	7,500
Paul E. Otth <sup>5</sup>	–	–	45,000	2,550
Kenth-Ake Jönsson <sup>5</sup>	–	–	30,000	1,875
Total	900,000	40,205	915,000	44,631

<sup>1</sup> including employee contributions to the Swiss social insurances (AHV/IV/ALV).

<sup>2</sup> since Annual General Meeting 2014.

<sup>3</sup> since Annual General Meeting 2015.

<sup>4</sup> until Annual General Meeting 2015.

<sup>5</sup> until Annual General Meeting 2014.

The fees for the members of the Board remained unchanged since 1 January 2011. An ordinary member of the Board of Directors receives an annual gross remuneration of CHF 120,000, while the Chairman is compensated with a gross remuneration of CHF 300,000 per annum.

According to Swiss law, the Company paid Swiss social insurance (AHV/IV/ALV) employer contributions for the members of the Board. These payments do not represent an additional remuneration for the members of the Board as they do neither constitute nor increase Swiss social insurance pension benefits due to the actuarial cap.

No member of the Board of Directors received any additional remuneration as defined by Art. 663b<sup>bis</sup> of the Swiss Code of Obligations.

No remuneration was made to parties closely related to the Board of Directors.

No members of the Board of Directors or closely related parties were granted any loans by the Company nor do such loans exist.

#### b) Compliance with the decisions of the Annual General Meeting 2014

According to the previous Articles of Association, the shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2014: CHF 900,000 for the Board of Directors for the period from the Annual General Meeting 2014 until the Annual General Meeting 2015.

The remuneration amounting to CHF 900,000 paid to the members of the Board of Directors in the period between the Annual General Meeting 2014 and the Annual General Meeting 2015 is in line with the approval of the Annual General Meeting 2014.

## 2. Executive Board

### a) Members of the Executive Board

In 2015, the Executive Board consisted of the following members:

- Fritz Mumenthaler, CEO
- Bianka Wilson, CFO
- Claes Ödman, General Manager Wireless Solutions
- Rikard Lundqvist, General Manager Network Testing
- Francis Schmeer, Head of Strategy & Business Development

### Compensation Executive Board 2015 (audited information)

in CHF	Basic salary	Variable salary component	Miscellaneous	Pension contributions	LTI <sup>6</sup>	Total
CEO	650,000 <sup>1</sup>	164,125 <sup>1</sup>	3,180 <sup>4</sup>	88,672	276,534	1,182,511
CFO	325,000 <sup>1</sup>	65,650 <sup>1</sup>	–	37,036	–	427,686
GM Wireless Solutions	276,000 <sup>2</sup>	93,840	1,115 <sup>4</sup>	82,190	–	453,145
GM Network Testing	352,590 <sup>3</sup>	9,167	84,151 <sup>5</sup>	10,239	112,227	568,374
Head of Strategy & Business Development	320,000 <sup>1</sup>	64,640 <sup>1</sup>	–	30,176	8,449	423,265
<b>Total Executive Board</b>	<b>1,923,590</b>	<b>397,422</b>	<b>88,446</b>	<b>248,313</b>	<b>397,210</b>	<b>3,054,982</b>

<sup>1</sup> Including the statutory employer contributions paid to the Swiss social insurance.

<sup>2</sup> = SEK 2,400,000.

<sup>3</sup> = USD 365,000.

<sup>4</sup> Contributions to medical benefit plans and special premiums.

<sup>5</sup> Contributions to medical benefit plans and pay-out of holiday accruals.

<sup>6</sup> Weighted average fair value of the matching shares at grant (1 investment share = CHF 15.363).

### Compensation Executive Board 2014 (audited information)

in CHF	Basic salary	Variable salary component	Miscellaneous <sup>4</sup>	Pension contributions	LTI <sup>5</sup>	Total
CEO	650,000 <sup>1</sup>	188,668 <sup>1</sup>	–	86,679	164,140	1,089,487
CFO	325,000 <sup>1</sup>	75,467 <sup>1</sup>	15,000	28,834	7,714	452,015
GM Wireless Solutions	320,160 <sup>2</sup>	108,493	6,670	95,600	9,766	540,689
GM Network Testing	334,815 <sup>3</sup>	5,302	17,868	10,343	–	368,328
Head of Strategy & Business Development (since 1.9.2014)	118,224 <sup>1</sup>	47,290 <sup>1</sup>	–	8,245	–	173,759
<b>Total Executive Board</b>	<b>1,748,199</b>	<b>425,220</b>	<b>39,538</b>	<b>229,701</b>	<b>181,620</b>	<b>2,624,278</b>

<sup>1</sup> Including the statutory employer contributions paid to the Swiss social insurance.

<sup>2</sup> = SEK 2,400,000.

<sup>3</sup> = USD 365,000.

<sup>4</sup> Contributions to medical benefit plans and special premiums.

<sup>5</sup> Weighted average fair value of the matching shares at grant (1 investment share = CHF 16.414).

According to Swiss law, the Company paid the following Swiss social insurance (AHV/IV/ALV) employer contributions for the members of the Executive Board:

in CHF	Employer contributions to the Swiss social insurances (AHV/IV/ALV)	
	2015	2014
CEO	63,056	61,317
CFO	23,383	22,467
GM Wireless Solutions	–	–
GM Network Testing	–	–
Head of Strategy & Business Development (since 1.9.2014)	21,548	6,959
<b>Total</b>	<b>107,987</b>	<b>90,743</b>

These Swiss social insurance employer contributions do not represent an additional remuneration for the members of the Executive Board as they do neither constitute nor increase Swiss social insurance pension benefits due to the actuarial cap.

The Company paid for the General Manager of Wireless Solutions employer contributions of CHF 62,406 (2014: CHF 44,814) to the Swedish social insurances. These contributions do neither constitute nor increase the pension benefits of the employee.

#### **b) Fixed compensation**

The basic salaries (including social benefits) paid to the five members of the Executive Board in the 2015 financial year totaled CHF 1,923,590 (2014: CHF 1,748,199 – at which the Head of Strategy & Business Development only started as of 1 September 2014).

#### **c) Performance-related variable compensation**

##### **▪ Principles**

Targets are defined at the beginning of each year in alignment with the budget targets by the full Board of Directors. If all defined targets are achieved in full, the respective member of the Executive Board receives a predetermined percentage of his basic salary as a variable component (performance-related part). If the results fall short, no variable salary component is paid.

The CEO receives a variable salary component of 50% of his basic salary on fully achieving all targets. In cases where the targets set are exceeded, the CEO is paid a higher variable salary component (performance-related part) up to 100% of his basic salary.

The other members of the Executive Board receive a variable salary component of 40% of their basic salary on fully achieving all targets. In cases where the targets set are exceeded, the General Managers are paid a variable salary component (performance-related part) up to a maximum of 80% of their basic salaries.

Performance-related variable compensation cannot exceed the fixed compensation of a Member of the Executive Board.

##### **▪ Performance-related targets 2015**

The Board of Directors set the performance targets for 2015 with the aim to incentivize profitable growth of the Group and to assure financial stability.

The performance-related variable compensation for the CEO, the CFO, and the Head of Strategy & Business Development in 2015 was linked to the achievement of the following measurable quantitative targets (incl. weighting):

- Net revenue: 30%
- EBITDA: 40%
- Net working capital: 30%

In agreement with the budget, the targets were defined as follows:

- Net revenue Group: CHF 425.1 million
- EBITDA Group: CHF 56.2 million
- Net working capital Group: 17.7%

The CEO, the CFO and the Head of Strategy & Business Development overall achieved 50.5% of the performance-related targets set for 2015. Thus, the CEO receives a performance-related variable compensation of CHF 164,125 corresponding to 25.3% of his basic salary whilst the CFO receives a performance-related variable compensation of CHF 65,650 and the Head of Strategy & Business Development a performance-related variable compensation of CHF 64,640, for both corresponding to 20.2% of their basic salary.

The performance-related variable compensation for the Divisional General Managers for 2015 was linked to the achievement of the following measurable quantitative targets (incl. weighting):

- EBITDA Group: 20%
- Net revenue division 45%
- EBITDA division: 25%
- Net working capital division: 10%

In agreement with the budget, the targets were defined as follows:

- EBITDA Group: CHF 56.2 million
- Net revenue division: Wireless Solutions: CHF 301.0 million; Network Testing: CHF 121.3 million
- EBITDA division: Wireless Solutions: CHF 45.0 million; Network Testing: CHF 12.7 million
- Net working capital division: Wireless Solutions 13.5%; Network Testing: 28.3%

In 2015, the General Manager Wireless Solutions achieved 85.0% of the targets set. Thus, he receives a performance-related variable compensation of CHF 93,840 corresponding to 34.0% of his basis salary. The General Manager Network Testing achieved 6.5% of the targets set due to the partial achievement of a half-year target. Thus, he receives a performance-related variable compensation of CHF 9,167 corresponding to 2.6% of his basis salary.

The variable salary component was slightly below the previous year, amounting to CHF 397,422 in 2015 (2014: CHF 425,220). The variable salary component will be paid in April 2016 following the approval of the 2015 financial statements at the Annual General Meeting.

In 2015, the variable salary component (performance-related part) corresponds to 25.3% of the basic salary of the CEO (2014: 29%) and on average to 18.3% of the basic salary in the case of the other four Executive Board members (2014: 22%).

#### **d) Long-term incentive**

The Board of Directors decided to introduce the Ascom share matching plan 2015. The beneficiaries get 35% of the number of their investment shares as matching shares after a three-year vesting period for free ("retention part"), if their employment contract with Ascom has not been terminated at that point in time. In addition, the beneficiaries may get up to 65% of the number of their investment shares as matching shares, provided that defined mid-term profitability targets are achieved ("performance-related part"). The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2017. In order to receive additional matching shares, the Ascom core business must achieve at least an EBITDA margin of 14.0% in 2017. Every participant will receive the maximum of 65% of additional investment shares in case that the EBITDA margin of the Ascom core business in 2017 amounts to 18.0% or higher. As a maximum, the Company will honor each investment share with one matching share.

The CEO invested 18,000 investment shares and the other members of the Executive Board in total invested 7,855 investment shares. The fair value of a matching share at grant amounts to CHF 15.363 (weighted average fair value). Thus, the fair value of all matching shares allocated to the Executive Board amounts to CHF 397,210 whereof an amount of CHF 276,534 for the matching shares is allocated to the CEO, assuming full achievement of all performance targets.

#### **e) Total compensation of the members of the Executive Board**

The total compensation for all five members of the Executive Board amounted to CHF 3,054,982 (2014: CHF 2,624,278). In 2014, one member of the Executive Board only started on 1 September 2014.

#### **f) Highest compensation**

The highest total remuneration within the Ascom Group was paid to the CEO. The total remuneration for the CEO in 2015, consisting of the basic salary and variable salary component including a special premium, amounted to CHF 817,305 (2014: CHF 838,668). The employers' pension contributions amounted to CHF 88,672 (2014: CHF 86,679). The value of the matching shares allocated to the CEO are valued at a total of CHF 276,534 (2014: CHF 164,140), based on the value at the time they were granted and assuming all performance targets will be achieved. Thus, the total CEO remuneration amounted to CHF 1,182,511 (2014: CHF 1,089,487).

**g) Additional payments (audited information)**

No members of the Executive Board received any additional payments as defined by Art. 663b<sup>bis</sup> of the Swiss Code of Obligations, nor were any payments made to parties closely related to the Executive Board.

The Company granted no members of the Executive Board or closely related parties any loans nor do such loans exist.

**h) Severance payments (audited information)**

Contracts of employment with members of the Executive Board provide for no special severance payment. The period of notice for members of the Executive Board is maximal 12 months.

In the event of a takeover and a delisting of the Company, the participants of the Ascom share matching plans shall receive the same number of matching shares as they hold investment shares at the date of the publication of the delisting.

**i) Compliance with the decisions of the Annual General Meeting 2014**

According to the previous Articles of Association, the shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2014 for the then 4 members of the Executive Board for fiscal year 2015:

- CHF 2,300,000 as fixed compensation (including contributions to pension funds and other social benefits)
- CHF 1,700,000 as variable compensation
- CHF 800,000 as long-term incentive

**Reported compensation of the Executive Board during fiscal year 2015 compared to the amount approved by shareholders**

In CHF	Executive Board compensation earned during FY 2015 (5 members)	Maximum amount approved by shareholders at the 2014 AGM (4 members)	Amount within the amount approved by shareholders at the 2014 AGM and compensation ratio
Fixed compensation (including contribution to pension funds and other social benefits)	2,171,903	2,300,000	Yes 94.4%
Variable compensation	397,422	1,700,000	Yes 23.4%
Long-term incentive (LTI)	392,210	800,000	Yes 49.0%
<b>Total compensation Executive Board</b>	<b>3,054,982</b>	<b>4,800,000</b>	<b>Yes 63.6%</b>

The overall amount of CHF 3,054,982 paid out to 5 members of the Executive Board in fiscal year 2015 is in line with the approved amount of CHF 4,800,000 for 4 members of the Executive Board by the Annual General Meeting 2014.

The corresponding reporting of the Executive Board compensation 2016 approved by the Annual General Meeting 2015 as well as the reporting of the compensation ratio will be disclosed in the Remuneration Report 2016.

**3. Former members of the Executive Board**

No former members of the Executive Board or parties closely related to them received any payments or loans from the Company in 2015.

### III. SHARE OWNERSHIP

Number of shares and options held in Ascom Holding AG as of 31 December 2015:

#### 1. Board of Directors

All members of the Board of Directors and closely related parties, in total: 135,750 shares.

	Shares <sup>1</sup>
Juhani Anttila, Chairman	90,000
Dr J.T. Bergqvist	10,000
Dr Harald Deutsch	2,000
Urs Leinhäuser	–
Christina Stercken	–
Andreas Umbach	33,750
<b>Total Board of Directors</b>	<b>135,750</b>

<sup>1</sup> Acquired by the Board members from the market.

No members of the Board of Directors or closely related parties hold any conversion or option rights.

#### 2. Executive Board

All members of the Executive Board and closely related parties, in total: 70,920 shares and 32,000 options (all employee options).

	Shares <sup>1</sup>	Options	Employee options (exercisable) <sup>3</sup>
Fritz Mumenthaler, CEO	58,000	–	32,000
Bianka Wilson, CFO	4,470	–	–
Claes Ódman, GM WS	595	–	–
Rikard Lundqvist, GM NT	7,305 <sup>2</sup>	–	–
Francis Schmeer, Head of Strategy&Business Dev.	550	–	–
<b>Total Executive Board</b>	<b>70,920</b>	<b>–</b>	<b>32,000</b>

<sup>1</sup> Acquired by the members of the Executive Board from the market.

<sup>2</sup> Phantom shares.

<sup>3</sup> According to the provisions of the Ascom stock option plan 2012. Ratio 1:1.

#### 3. Share allotment in 2015

Ascom Holding AG allotted no shares in 2015.

### IV. LONG-TERM INCENTIVE PLANS

#### 1. Ascom stock option plan 2011

In accordance with the resolution passed by the Board of Directors on 13 April 2011, a total of 491,000 options were issued to 42 members of Ascom's senior management on 13 April 2011, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 15.00. The options have a term of five years and are subject to a fixed vesting period of three years (one participant is entitled under the terms of his contract of employment to exercise one third of the options after one year) and an exercise hurdle (the share price must be at least CHF 16.50 at the time of exercising the option, and must have outperformed the SMI index within any given 12-month period).



325,177 of the remaining 385,177 options outstanding at the beginning of the year were exercised in 2015, and 21,000 options were forfeited. Thus, 39,000 options are still outstanding.

## 2. Ascom stock option plan 2012

In accordance with the resolution passed by the Board of Directors on 18 April 2012, a total of 486,000 options were issued to 36 members of Ascom's senior management on 18 April 2012, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 9.00. The options have a term of five years and are subject to a fixed vesting period of three years (one participant is entitled under the terms of his contract of employment to exercise one third of the options after one year) and an exercise hurdle (the share price must have outperformed the SMI index within any given 12-month period).

357,000 of the remaining 422,000 options outstanding at the beginning of the year were exercised in 2015 and 6,000 options were forfeited. Thus, 59,000 options are still outstanding.

## 3. Ascom share matching plan 2013

The Board of Directors decided in its Board Meeting of 14 August 2013 to introduce a share matching plan 2013 for the Ascom senior management as a long-term incentive instead of options. With this new long-term incentive plan, the Board of Directors would like to encourage the management to become investors in Ascom in order to ensure an alignment with the interests of the long-term shareholders.

The beneficiaries had the opportunity to buy Company shares during a defined subscription period at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan. They get 35% of the number of their investment shares as matching shares after a three-years vesting period for free, if their employment contract with Ascom has not been terminated at this point in time. In addition, the beneficiaries may get up to 65% of the number of their investment shares as matching shares in addition, provided that defined mid-term profitability targets are achieved. The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2015. In order to distribute additional matching shares to the beneficiaries, the Ascom Group must achieve at least an EBITDA margin of 16% in 2015. Every participant will receive the maximum of 65% of additional investment shares in case the EBITDA margin of the Ascom Group in 2015 amounts to 18% or higher. As a maximum, the Company will honor each investment share with one matching share.

13 members of the Ascom senior management decided to participate and they invested in total 61,720 investment shares. 1,000 of the outstanding 60,720 investment shares were forfeited in 2015. Thus, 59,720 investment shares still may qualify for matching shares.

## 4. Ascom share matching plan 2014

The Board of Directors decided in its Board Meeting of 31 March 2014 to introduce a share matching plan 2014 for the Ascom senior management as a long-term incentive. The beneficiaries had the opportunity to buy Company shares during a defined subscription period at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan. They get 35% of the number of their investment shares as matching shares after a three-years vesting period for free, if their employment contract with Ascom has not been terminated at this point in time. In addition, the beneficiaries may get up to 65% of the number of their investment shares as matching shares in addition, provided that defined mid-term profitability targets are achieved.

The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2016. In order to distribute additional matching shares to the beneficiaries, the Ascom core business must achieve at least an EBITDA margin of 15.7% in 2016. Every participant will receive the maximum of 65% of additional investment shares in case the EBITDA margin of the Ascom core business in 2016 amounts to 17.2% or higher. As a maximum, the Company will honor each investment share with one matching share.

36 members of the Ascom senior management decided to participate and they invested in total 36,427 investment shares. 2,125 investment shares were forfeited in 2015. Thus, 34,302 investment shares still may qualify for matching shares.

## 5. Ascom share matching plan 2015

The Board of Directors decided in its Board Meeting of 21 August 2015 to introduce a share matching plan 2015 for the Ascom senior management as a long-term incentive. The beneficiaries had the opportunity to buy Company shares during a defined subscription period at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan. They get 35% of the number of their investment shares as matching shares after a three-years vesting period for free, if their employment contract with Ascom has not been terminated at this point in time. In addition, the beneficiaries may get up to 65% of the number of their investment shares as matching shares in addition, provided that defined mid-term profitability targets are achieved. The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2017. In order to distribute additional matching shares to the beneficiaries, the Ascom core business must achieve at least an EBITDA margin of 14.0% in 2017. Every participant will receive the maximum of 65% of additional investment shares in case the EBITDA margin of the Ascom core business in 2017 amounts to 18.0% or higher. As a maximum, the Company will honor each investment share with one matching share.

42 members of the Ascom senior management decided to participate and they invested in total 60,550 investment shares.

## 6. Options held of 31 December 2015

SOP	Duration in years	Strike price in CHF	Issued options	Exercised options	Expired options	Retained options
2011	5	15.00	491,000	416,000	36,000	39,000
2012	5	9.00	486,000	394,000	33,000	59,000

## 7. Investment shares held of 31 December 2015

Share matching plan	Matching date	Underlying yearly result	Lower performance hurdle (EBITDA margin)	Upper performance hurdle (EBITDA margin)	Number of outstanding investment shares
2013	30.06.2016	2015	16.0%	18.0%	59,720
2014	30.06.2017	2016	15.7%	17.2%	34,302
2015	30.06.2018	2017	14.0%	18.0%	60,550

As of 31 December 2015, 154,572 investment shares were outstanding. Each investment share may entitle the holder to a maximum of one matching share.

The 98,000 shares subject to exercise of issued and outstanding options as of 31 December 2015, together with the 154,572 outstanding matching shares, correspond in total to 0.70% of the total share capital of the Company.



## To the General Meeting of Ascom Holding AG, Baar

### Report of the statutory auditor to the General Meeting

We have audited the information marked as “Audited information” in the accompanying remuneration report for the year ended 31 December 2015.

#### Board of Directors’ responsibility

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 against Excessive Compensation in Stock Exchange Listed Companies (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 information marked as “Audited information” in the remuneration report of Ascom Holding AG for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Thomas Wallmer  
Audit expert  
Auditor in charge

Blaženka Kovács-Vujević  
Audit expert

Zurich, 19 February 2016



# Financial statements 2015

## Ascom Group

- 50 Consolidated balance sheet
- 51 Consolidated income statement
- 52 Consolidated statement of changes in equity
- 53 Consolidated statement of cash flows
- 54 Notes to the consolidated financial statements
- 86 Report of the statutory auditors on the consolidated financial statements
- 88 Summary of key financial data

## Ascom Holding AG

- 89 Balance sheet
- 90 Income statement
- 91 Notes to the annual financial statements
- 93 Comments on the financial statements
- 94 Proposals for the appropriation of retained earnings and reserves from capital contribution 2015
- 95 Report of the statutory auditors on the financial statements
- 97 Key financial data on the share capital

# Consolidated balance sheet

## Assets

CHFm	Note	31.12.2015	31.12.2014
Cash and cash equivalents		57.4	50.2
Trade receivables	5	101.8	110.5
Other short-term receivables	6	12.6	15.7
Inventories and work in progress	7	22.6	24.8
Prepayments and accrued income		10.3	21.2
<b>Current assets</b>		<b>204.7</b>	<b>222.4</b>
Property, plant and equipment	8	14.4	15.2
Intangible assets	9	40.7	48.5
Financial assets	10	26.6	27.3
<b>Non-current assets</b>		<b>81.7</b>	<b>91.0</b>
<b>Total assets</b>		<b>286.4</b>	<b>313.4</b>

## Liabilities and shareholders' equity

CHFm	Note	31.12.2015	31.12.2014
Borrowings	11	20.0	–
Trade payables		29.4	32.9
Other liabilities	12	21.1	32.3
Provisions	13	6.7	7.1
Customer prepayments and deferred revenue	15	29.4	40.6
Accrued liabilities	16	33.0	37.2
<b>Current liabilities</b>		<b>139.6</b>	<b>150.1</b>
Borrowings	11	0.1	23.1
Other liabilities		0.4	0.5
Provisions	13, 14, 24	29.6	31.8
<b>Non-current liabilities</b>		<b>30.1</b>	<b>55.4</b>
<b>Total liabilities</b>		<b>169.7</b>	<b>205.5</b>
Share capital	17	18.0	18.0
Capital reserves		14.6	12.6
Own shares	17	(2.3)	(9.2)
Retained earnings		86.4	86.5
<b>Shareholders' equity</b>		<b>116.7</b>	<b>107.9</b>
<b>Total liabilities and shareholders' equity</b>		<b>286.4</b>	<b>313.4</b>

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2015. Prior-year figures have been adjusted accordingly (refer to note 1 of the consolidated financial statements).

# Consolidated income statement

CHFm	Note	2015	2014
Net revenue	18	410.8	437.7
Cost of goods sold	19, 23	(204.1)	(210.4)
<b>Gross profit</b>		<b>206.7</b>	<b>227.3</b>
Marketing and sales	19, 23	(98.6)	(98.9)
Research and development	19, 23	(43.1)	(40.5)
Administration	19, 23	(31.7)	(31.2)
Other operating income	20	2.8	2.2
Other operating expenses	20	(8.8)	(11.3)
<b>Operating result (EBIT)</b>		<b>27.3</b>	<b>47.6</b>
Financial income	21	6.4	1.1
Financial expenses	21	(2.0)	(3.0)
<b>Ordinary result</b>		<b>31.7</b>	<b>45.7</b>
Non-operating result	22	0.4	3.1
<b>Profit before income tax</b>		<b>32.1</b>	<b>48.8</b>
Income tax	24	(7.8)	(11.3)
<b>Group profit for the period<sup>1</sup></b>		<b>24.3</b>	<b>37.5</b>

<sup>1</sup> Attributable to the owners of the parent.

EBITDA		43.8	64.8
EBITDA before restructuring costs		47.8	64.8

## Earnings per share in CHF

CHFm	Note	2015	2014
Basic	25	0.69	1.07
Diluted	25	0.68	1.06

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2015. Prior-year figures have been adjusted accordingly (refer to note 1 of the consolidated financial statements).

# Consolidated statement of changes in equity

CHFm	Attributable to owners of the parent							
	Capital reserves				Retained earnings			Total shareholders' equity
	Share capital <sup>1</sup>	Own shares <sup>1</sup>	Share premium	Other capital reserves	Currency translation adjustments	Goodwill offset	Other retained earnings	
<b>Balance at 31.12.2013 (IFRS)<sup>2</sup></b>	<b>18.0</b>	<b>(11.1)</b>	<b>1.1</b>	<b>10.2</b>	<b>(36.7)</b>	<b>–</b>	<b>264.9</b>	<b>246.4</b>
Adjustments Swiss GAAP FER conversion <sup>2</sup>	–	–	–	–	36.7	(168.5)	(23.2)	(155.0)
<b>Balance at 1.1.2014 (Swiss GAAP FER)<sup>2</sup></b>	<b>18.0</b>	<b>(11.1)</b>	<b>1.1</b>	<b>10.2</b>	<b>–</b>	<b>(168.5)</b>	<b>241.7</b>	<b>91.4</b>
Group profit for the period	–	–	–	–	–	–	37.5	37.5
Currency translation adjustments	–	–	–	–	(3.1)	–	–	(3.1)
Goodwill offset with equity	–	–	–	–	–	(7.1)	–	(7.1)
Share-based payments	–	–	–	0.4	–	–	–	0.4
Purchase of own shares	–	(0.1)	–	–	–	–	–	(0.1)
Disposal of own shares	–	2.0	–	0.9	–	–	–	2.9
Dividend paid	–	–	–	–	–	–	(14.0)	(14.0)
<b>Balance at 31.12.2014</b>	<b>18.0</b>	<b>(9.2)</b>	<b>1.1</b>	<b>11.5</b>	<b>(3.1)</b>	<b>(175.6)</b>	<b>265.2</b>	<b>107.9</b>
Group profit for the period	–	–	–	–	–	–	24.3	24.3
Currency translation adjustments	–	–	–	–	(8.6)	–	–	(8.6)
Goodwill offset with equity	–	–	–	–	–	–	–	–
Share-based payments	–	–	–	0.2	–	–	–	0.2
Purchase of own shares	–	(0.2)	–	–	–	–	–	(0.2)
Disposal of own shares	–	7.1	–	1.8	–	–	–	8.9
Dividends paid	–	–	–	–	–	–	(15.8)	(15.8)
<b>Balance at 31.12.2015</b>	<b>18.0</b>	<b>(2.3)</b>	<b>1.1</b>	<b>13.5</b>	<b>(11.7)</b>	<b>(175.6)</b>	<b>273.7</b>	<b>116.7</b>

<sup>1</sup> Refer to note 17.

<sup>2</sup> Refer to note 1.4.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2015. Prior-year figures have been adjusted accordingly (refer to note 1 of the consolidated financial statements).

Non-distributable statutory and legal reserves of Ascom Holding AG; CHF 3.6 million (previous year: CHF 3.6 million).



# Consolidated statement of cash flows

CHFm	Note	2015	2014
Group profit for the period		24.3	37.5
+ Depreciation of property, plant and equipment	8	3.6	3.7
+ Amortization of intangible assets	9	12.8	13.9
+ (Profit)/loss from impairment/reversal of impairment	8, 9	0.4	–
+/- (Profit)/loss from disposal of property, plant and equipment	22	–	(4.8)
+/- (Profit)/loss from divestment of a subsidiary or business	3	(2.6)	–
+/- (Profit)/loss from disposal of investments in third parties	22	–	(0.9)
+ Share-based payments		0.3	0.4
+/- Addition/(release) of provisions		5.6	(0.2)
+/- Adjustment for non-cash items		(0.4)	1.1
+/- Change in inventory and work in progress		(0.9)	0.2
+/- Change in trade receivables		2.2	(14.0)
+/- Change in trade payables		(1.5)	9.0
+/- Change in other receivables and prepayments		11.3	(6.3)
+/- Change in accrued and other short-term liabilities and deferred income		(19.2)	1.1
– Interest income	21	(0.2)	(0.6)
+ Interest expenses	21	0.9	1.8
+ Interest received		0.2	0.4
– Interest paid		(0.2)	(0.5)
+ Income tax expenses	24	7.8	11.3
– Income tax paid		(10.1)	(6.7)
+/- Foreign currency translation differences on intra-group positions		(1.0)	0.1
<b>Cash flow from operating activities</b>		<b>33.3</b>	<b>46.5</b>
– Purchase of property, plant and equipment	8	(4.3)	(4.3)
+ Proceeds from disposal of property, plant and equipment		–	5.2
– Purchase of intangible assets	9	(9.0)	(9.2)
– Acquisition of a subsidiary or business		(1.8)	(0.4)
+ Proceeds from divestment of a subsidiary or business	3	0.7	–
+ Proceeds from disposal of investments in third parties	22	–	1.8
+/- Change in financial assets and other non-current assets		1.1	3.9
<b>Cash flow from investing activities</b>		<b>(13.3)</b>	<b>(3.0)</b>
+/- Proceeds from/(repayment of) short-term borrowings		30.0	20.2
+/- Proceeds from/(repayment of) long-term borrowings		(33.0)	(60.1)
+ Proceeds from disposal of own shares		8.9	2.9
– Purchase of own shares	17	(0.2)	(0.1)
– Dividends paid		(15.8)	(14.0)
<b>Cash flow from financing activities</b>		<b>(10.1)</b>	<b>(51.1)</b>
+/- Foreign currency translation differences on cash and cash equivalents		(2.7)	(0.4)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>7.2</b>	<b>(8.0)</b>
+ Cash and cash equivalents at 1.1.		50.2	58.2
<b>Cash and cash equivalents at 31.12.</b>		<b>57.4</b>	<b>50.2</b>

The notes on pages 54 to 85 are an integral part of the consolidated financial statements.

# Notes to the consolidated financial statements

## 1. GENERAL INFORMATION

### 1.1 Description of the business

Ascom is an international solutions provider with comprehensive know-how in healthcare workflow intelligence and telecommunications. The company focuses on two businesses, Wireless Solutions (an international leader in high-value, wireless and customer-specific on-site communication and workflow optimization solutions and services, primarily for healthcare, but also for industrial, retail and secure establishment) and Network Testing (a global leader in mobile network testing, benchmarking, monitoring, post-processing analysis and performance optimization solutions and services).

### 1.2 The parent company of the Group

Ascom Holding AG, the parent company of the Group, is a public limited company and is domiciled in Baar (Switzerland). Ascom registered shares (symbol ASCN) are listed on the SIX Swiss Exchange in Zurich (Switzerland).

### 1.3 Adjustments as a result of changes in accounting principles

Until 30 June 2015, Ascom Group had prepared its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards).

With the media release as per 8 October 2015, Ascom announced the decision of its Board of Directors to change the accounting principles of the Group from IFRS to Swiss GAAP FER as of the 2015 business year.

The main reason for changing from IFRS to Swiss GAAP FER is the growing complexity and intricacy of the detailed rules and disclosure requirements of IFRS. It is expected that this development will continue to intensify and thus the cost-benefit ratio will become increasingly unfavorable. By focusing on the essentials, Swiss GAAP FER is less complex and more practicable in use for Groups the size of Ascom. Management is convinced that Swiss GAAP FER, as a true and fair view principles based accounting framework, represents a comprehensive and solid alternative to IFRS for Ascom, while permitting the Group to maintain a high standard of transparency and disclosure of relevant financial information.

The accounting principles applied in the preparation and presentation of the 2015 consolidated financial statements deviate in the following essential points from the consolidated annual financial statements for 2014 prepared according to IFRS:

#### a) Goodwill from acquisitions

Goodwill from acquisitions are directly offset, as at the acquisition date, against retained earnings in equity in accordance with the allowed treatment under Swiss GAAP FER 30 "Consolidated Financial Statements". Under IFRS, goodwill was capitalized and its recoverable value tested annually. Under Swiss GAAP FER, transaction costs incurred in connection with acquisitions are treated as part of acquisition costs.

#### b) Employee benefit obligations

In accordance with Swiss GAAP FER 16 "Pension Benefit Obligations", the economic obligation or benefit to the employer from Swiss pension schemes is determined from the schemes' financial statements prepared on the basis of Swiss GAAP FER 26 "Accounting of Pension Plans". The accounting for pensions plans of foreign subsidiaries which are not organized as independent legal entity are determined based on the local valuation methods in effect. Under IFRS, defined benefit plans were calculated in accordance with the projected unit credit method and recognized in accordance with IAS 19.

c) Deferred income taxes

The above-mentioned valuation and balance sheet adjustments have consequences for deferred income taxes in the balance sheet and income statement.

d) Translation differences

As a result of the switch to Swiss GAAP FER, accumulated translation differences recorded under IFRS amounting to CHF 36.7 million are offset against retained earnings as per the conversion date. Under Swiss GAAP FER, foreign exchange translation differences that have occurred after 1 January 2014 are reflected in the consolidated statement of changes in equity.

#### 1.4 Presentation and structure

The presentation and structure of the balance sheet, income statement, statement of changes in equity, and cash flow statement were adjusted to meet the requirements of Swiss GAAP FER. The prior-year period has been restated in order to ensure comparability with the presentation of the current year. The effects of the above-mentioned adjustments on equity and group profit are shown in the following table:

CHFm	31.12.2014	01.01.2014
<b>Adjustments equity</b>		
<b>Shareholders' equity according to IFRS</b>	<b>242.9</b>	<b>246.4</b>
Removal of goodwill	(169.0)	(168.5)
Adjustment of pension liabilities	29.6	3.8
Adjustment of other liabilities	(0.2)	–
Adjustment deferred tax assets/liabilities	4.6	9.7
<b>Shareholders' equity according to Swiss GAAP FER</b>	<b>107.9</b>	<b>91.4</b>
<b>CHFm</b>		
	<b>2014</b>	
<b>Adjustments group profit for the period</b>		
<b>Group profit for the period according to IFRS</b>	<b>38.5</b>	
Adjustment pension expenses	(0.9)	
Adjustment other operating expenses	(0.2)	
Adjustment deferred tax expenses	0.1	
<b>Group profit for the period according to Swiss GAAP FER</b>	<b>37.5</b>	

## 2. SUMMARY OF THE GENERAL GROUP ACCOUNTING POLICIES

### 2.1 Basis of preparation

The functional and presentation currency of Ascom Holding AG is Swiss francs (CHF). Ascom's consolidated financial statements are prepared based on the individual financial statements of each Group company. These are based on historical costs, except for the revaluation of certain financial assets at fair value, and are prepared in accordance with Swiss GAAP FER, including the valuation and accounting policies described below. The accounting policies have been applied consistently by Group companies. Furthermore, applied accounting and disclosure policies comply with the provisions of the listing rules of the SIX Swiss Exchange and the Swiss company law.

The preparation of financial statements in conformity with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles FER/ FER = Fachempfehlung zur Rechnungslegung = Accounting and reporting recommendations) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.3.

The closing date for the Group and the individual Group companies is 31 December.

## 2.2 Changes in accounting policy and disclosures

Ascom early adopted all Swiss GAAP FER standards changes, which were published by the end of 2015, including standards changes which are binding after 31 December 2015, and where early adoption is permitted. The early adoption had only minor impact on the consolidated financial statements.

## 2.3 Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements and information about uncertainties related to assumptions and estimates that have the potential risk of resulting in a significant adjustment in the year ending 31 December 2015 are included in the following notes:

- Note 9 – recognition of internally generated intangible assets: whether the Group has met the criteria for recognition of internally generated development costs relating to the design and testing of new or improved products.
- Note 9 – measurement of intangibles: key assumptions and estimates underlying valuation and recoverability of intangible assets from acquisitions initially capitalized at their fair value at acquisition date as well as of capitalized internally generated intangible assets, including achievement of the forecasted cash flows as used in the initial business plan.
- Note 14 – measurement of pension liabilities related to certain pension plans: key actuarial assumptions, including discount rate, future salary or pension increases and average life expectancy, as well as plan assets performance and funded status.
- Notes 13 and 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of net future outflow of cash related to onerous lease contracts, including cash flow forecasts, discount rates and likelihood of finding tenants for vacant space in the foreseeable future.
- Note 24 – recognition and measurement of the worldwide provision for income tax and recognition of deferred income tax assets: availability of qualified future taxable profit against which tax loss carry-forwards can be used.

## 2.4 Consolidation

The consolidated financial statements cover Ascom Holding AG and all subsidiaries over which the Group has control. Ascom controls a subsidiary when Ascom is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Profits or losses from disposal of subsidiaries are recorded in profit or loss, including the effect of recycling of any goodwill previously offset against equity. The list of the consolidated Group companies is included in note 35. Percentages of the Group's interest in share capital correspond to percentages in voting rights held. Group companies are included in the consolidated financial statements in their entirety.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are capitalized and allocated to Goodwill. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated.

## 2.5 Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF), which is the Group's reporting currency.

All assets and liabilities of foreign entities are translated into the Group's reporting currency at the exchange rates prevailing on 31 December. Income, expenses and cash flows of foreign entities are translated at average exchange rates for the year. Exchange differences arising from the reconversion of the net investment in subsidiaries in foreign functional currencies are recorded as currency translation adjustments in equity. Upon disposal of a foreign operation, accumulated currency translation adjustments are recognized in the income statement.

### Foreign currency translation

CHFm	ISO code	Unit	31.12.2015	Average 2015	31.12.2014	Average 2014
Euro	EUR	1	1.084	1.075	1.203	1.214
Pound sterling	GBP	1	1.476	1.476	1.538	1.507
Swedish krona	SEK	1	0.118	0.115	0.127	0.133
US dollar	USD	1	0.995	0.966	0.989	0.917

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate prevailing on the acquisition date. Transactions in foreign currencies are accounted for at the average exchange rates of the prior month, as an approximation of the exchange rate at the transaction date. Gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Such balances are converted into the functional currency of the foreign entity at the exchange rates prevailing on 31 December.

## 2.6 Revenue recognition

Net revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Net revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

### a) Sales of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods as well as the authority to dispose of the property have passed to the buyer, usually on delivery of the goods. Goods include hardware and software sold to customers in the two core divisions of the Group. Accumulated experience is used to estimate and provide for the returns. In certain cases, an assignment of rights for a non-refundable amount under a non-cancellable software license contract permits the customer to use those rights freely, and Ascom has no remaining obligations to perform. In these cases, the license sale is recognized on delivery or when the general revenue recognition conditions for the sale of goods are also met.

#### b) Rendering of services

Revenue from fixed-price contracts for delivery of services or service components of multi-element transaction contracts are generally recognized in the period the services are provided, using a straight-line basis over the term of the contract. Such revenue could also be recognized based on the services performed to date as a percentage of the total services to be performed, if more appropriate. The basis for the allocation of the total revenue arising from multi-element transactions is the fair value of the separable components, which is normally the price regularly charged for such a component when sold separately.

#### c) Contracts under PoC

Revenue from significant customer projects is determined based on the stage of completion using the percentage-of-completion method (PoC) if the stage of completion and expected outcome can be measured reliably. The respective calculation is based either on the units completed compared to the total number of contracted units, or if this approach is not applicable, on the costs incurred compared to the total costs to complete.

### 2.7 Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production cost (i.e. historical cost) less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the items acquired. Leases of property, plant and equipment where the Group holds the risks and rewards incident to ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the lease payments (see note 2.19). Property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset. Land is valued at cost and is not depreciated.

Depreciation on property, plant and equipment is calculated using the straight-line method based on the estimated useful life as shown in the following table:

	Useful life in years
Buildings	20–40
Installations	7–10
Production equipment, measuring and test equipment, IT hardware, furniture	3–5
Tools and demo equipment	3

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they incur.

Items of property, plant and equipment are eliminated from the balance sheet from their date of disposal. All gains or losses arising from the disposal of such items are included in profit or loss.

### 2.8 Intangible assets

Intangible assets other than goodwill are recorded at acquisition or production cost less accumulated amortization. The amortization charge is calculated on a straight-line basis over the period of its estimated useful economic life as shown in the following table:

	Useful life in years
Customer relations	10
Technology	5–7
Internally generated intangibles	3–5
Other (trademarks, licenses and software)	3–5

Intangible assets not ready to use are carried at cost less any accumulated impairment losses.

Goodwill resulting from acquisitions (the excess of the purchase price over the fair value of the acquired assets, liabilities or equity interests) is offset in equity against retained earnings at the date of acquisition. The consequences of a theoretical capitalization and amortization of goodwill are explained in note 9. If the purchase price contains contingent elements that are dependent on future results (e.g. earn-out), a liability is recognized in the balance sheet at the date of acquisition based on an estimate of the earn-out payment expected to be paid at the agreed future date. Changes in this estimate during the earn-out period or differences between the recorded liability and the final settlement are recorded in the income statement. On the disposal of an entity, the goodwill previously offset in equity is transferred to the income statement (recycling).

All research costs are charged to profit or loss as incurred. Costs incurred on development projects (relating to the design, development and testing of major new products, products' improvements or software platforms) are recognized as intangible assets, when specific criteria are fulfilled regarding technical feasibility, commitment of resources and recoverability through future economic benefits.

Development costs that cannot be capitalized are charged to profit or loss in the period in which they occur.

## 2.9 Financial assets and liabilities

### a) Financial assets

Financial assets mainly comprise loans to third parties, non-controlling interests of less than 20% held over the longer term, and pension assets. Loans are stated at acquisition cost less valuation adjustments. Non-controlling interests are stated at their actual value or at their historical cost less any impairment if there is no actual value available.

### b) Financial liabilities

Financial liabilities comprise bank loans, mortgages, convertible, and other bonds. They are carried at nominal value. Borrowing costs are recognized in the income statement, with the exception of borrowing costs that can be allocated directly to the development or purchase of a qualifying asset. These borrowing costs are capitalized as part of the cost of this asset.

## 2.10 Derivative financial instruments

Derivative financial instruments are recognized at fair value at the trade date. The method of recognizing the gain or loss from subsequent revaluations depends on the purpose for the hedging and the underlying transaction.

Due to the global nature of its activities, the Group is exposed to foreign exchange risk. Foreign exchange gains or losses arise from transactions as well as from assets and liabilities denominated in foreign currencies (mainly EUR, USD, SEK and GBP) if these are not the entity's functional currency. Group Treasury is responsible for managing group-wide foreign exchange transaction risk on an ongoing basis. The Group may hedge expected future foreign currency cash flows by executing forward contracts. Where such forward contracts are linked to specific projected transactions and cash flows, the hedging is deemed to be effective and documented accordingly, with changes in the fair value of the cash flow hedges recognized in equity. The gain or loss relating to fair value changes of other forward contracts is recognized immediately in the income statement as part of the financial result, as these contracts are deemed ineffective hedges.

Gains or losses related to fair value changes of foreign currency forward contracts, which have been recognized in equity, are recycled in the income statement in the periods in which the hedged item affects gain or loss. The gain or loss from ineffective cash flow hedges related to flow of goods is recorded in the income statement under cost of goods sold. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the income statement.

### **2.11 Inventories and work in progress**

Inventories are stated at the lower of purchase costs/manufacturing costs or net realizable value. Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and estimated selling costs. Manufacturing costs include direct material and production costs as well as material and production overheads. The costs are determined using the weighted-average method. Purchase discounts are treated as a purchase price reductions.

Value adjustments are made for obsolete and slow-moving items. Construction contracts are recognized according to the stage of completion of the contract (percentage-of-completion method), and the respective effect is recognized in profit or loss. Provisions are made to cover all anticipated losses as soon as these are identified.

### **2.12 Trade receivables**

Trade receivables are recognized at their nominal value less any provision for doubtful debts. A provision for doubtful debts is recognized when it becomes obvious that the receivable is not fully realizable. The amount of the provision is the receivable recognized at nominal value less the amount of the expected realization. The carrying amount of the asset is reduced through the use of a provision account and the loss is recorded in marketing and sales expenses. When a trade receivable is uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against marketing and sales expenses.

### **2.13 Other current assets**

Other short-term receivables, prepayments and accrued income are stated at nominal value less impairment, if any.

### **2.14 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### **2.15 Equity**

Registered shares are classified as equity. Own shares, expenses for equity-settled share-based payments, realized gains or losses from disposals of own shares as well as costs relating to capital increases and decreases are recorded in equity. Dividends are charged to equity in the period in which they are approved. The share premium represents the excess of the issued share capital over its nominal value.

### **2.16 Borrowings**

Liabilities are classified as current if they are settled within 12 months or if there is no unconditional right to extend the settlement to at least 12 months after the balance sheet date. Initial recognition is at fair value, net of transaction costs incurred. Liabilities are recognized at the value of the consideration received, as agreed in exchange for the transfer of the liability. As a rule, this value remains unchanged up to the settlement of the liability. In certain cases (e.g. provisions or earn-outs), liabilities are recognized in the amount expected to be paid to settle the liability in the ordinary course of business.

### **2.17 Pension and other post-employment benefits**

#### **a) Pension obligations**

Various employee benefit plans exist within the Group, which are individually tailored to suit the local conditions in their respective countries. The actual economic effects of pension schemes on the Group are calculated at balance sheet date. An economic obligation is recognized as a liability if the requirements for the recognition of a provision are met under Swiss GAAP FER. An economic benefit is capitalized provided that the Company is entitled to such benefit in the future, for example, to offset future Group pension expenses. Freely available employer contribution reserves are capitalized.



Employees of Swiss Group companies are insured as part of the Ascaro pension foundation, which is a multi-employer, independent separate legal entity under Swiss Law (“Gemeinschafts-stiftung”) financed by contributions from both employers and employees. Surpluses or deficits are calculated based on the pension fund’s financial statements, which are prepared in accordance with Swiss GAAP FER 26. The Group’s pension costs include the employer contributions accrued in the period as legally required to be made by Ascom for active plan participants under the terms of the benefit plan, as well as any economic effects from the excess/shortfall related to the Group’s active employee participants and the change in employer contribution reserves.

Ascom also sponsors post-retirement/pension schemes in several other countries. Some Group companies operate fully financed pension funds. These funds are accounted for in the same way as the Swiss plan, i.e. Ascom employer contributions are recorded as expenses. In some countries, Ascom sponsors or participates in pension plans that do not have their own assets, whereby the corresponding benefit provisions are recognized directly in the balance sheet, with changes recognized in the income statement, using the projected unit credit method.

#### b) Other post-employment benefits

A small number of Group companies provide post-retirement medical care benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

#### c) Termination benefits

Termination benefits are payable when employment is terminated in advance of the terms of the contract, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes such benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

### 2.18 Provisions and contingent liabilities

Provisions are made when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. If an outflow of resources to settle an obligation is not probable, a contingent liability is disclosed. Where the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation in the future. The increase in the provision due to passage of time is recognized as interest expense. For costs that are expected to arise in connection with site closures, the disposal of companies or business units and restructuring, provisions are made at the time of the decision of approved measures. For onerous contracts, provisions are provided if the unavoidable costs of meeting the obligation exceed the economic benefit to be received.

Contingent liabilities and other off-balance sheet commitments are evaluated at each reporting date and valued at the estimated amount of the future unilateral contributions to be made and costs to be incurred. Any guaranteed considerations from other parties (e.g. insurance coverage) must be taken into account. If contingent liabilities and other off-balance sheet commitments are expected to lead to an outflow of funds without a simultaneous usable inflow of funds and the outflow of funds is probable and estimable, a corresponding provision is required.

## 2.19 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

### a) Lessee accounting

Leases in which a significant portion of the risks and rewards of ownership are transferred from the lessor to the lessee are classified as finance leases. The leased assets are carried at cost not higher than the minimal lease payments and depreciated along with other property, plant and equipment (see note 2.7). The corresponding leasing obligations are shown as liabilities. Leasing payments are allocated accordingly as either capital repayments or interest expenses. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### b) Lessor accounting

When assets are leased out under a finance lease, the present value of the net minimum lease payments is recognized as a receivable under financial assets. The difference between the gross receivable (gross investment in leases) and the present value of the net minimum lease payments is recognized as unearned interest income. Each lease installment is allocated between the receivable and interest income. When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Operating lease income is recognized in profit or loss over the term of the lease on a straight-line basis.

## 2.20 Share-based payments

Selected members of Ascom's senior management receive remuneration in the form of share-based payment transactions pursuant to share matching and stock option plans, whereby employees render services as consideration for such equity instruments (equity-settled instruments). Employees, who are residents of the USA, are granted share appreciation rights, which can only be settled in cash (cash-settled instruments).

For share matching plans, the costs of matching shares are measured initially at fair value at grant date, taking into consideration a deduction for the dividend yield as well as expected fluctuation of the plan participants.

For stock option plans, the costs of options are measured initially at fair value at the grant date using a binomial model, further details of which are given in note 26.

The initial fair value is recognized as expense over the vesting period, together with a corresponding increase in other capital reserves in equity for equity-settled instruments or with a corresponding liability included in other provision for cash-settled instruments.

To the extent the vesting conditions in the plans are tied to market conditions (such as the price of Ascom's shares), they are taken into consideration in determining the fair value of the plans. If the plans contain non-market-vesting conditions (such as the company's EBITDA margin), Ascom revises its estimates of the number of instruments that are expected to vest, based on the best available estimate regarding the outcome of the non-market-vesting conditions at the end of each reporting period, up to and including the settlement date, with changes recognized as personnel expenses.

## 2.21 Borrowing costs

Borrowing costs directly attributable to the material acquisition, development or production of an internally generated asset that necessarily takes a substantial period of time to get ready for its intended use or sale (i.e. qualifying asset) are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

## 2.22 Income tax

Income tax is recorded based on the period to which it properly relates. Deferred income tax is recorded in full using the liability method. Deferred income tax assets and liabilities arise on temporary differences between carrying amounts of assets and liabilities for Group purposes and their related tax values. These temporary differences arise mainly from depreciation of property, plant and equipment, amortization of intangible assets, revaluation of certain non-current assets (e.g. employee benefit obligations) and tax loss carry-forwards, and, in the case of acquisitions, the difference between the fair value of the net assets acquired and their tax base. The tax rates and laws enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary deductible differences can be offset.

Deferred income tax is recognized on temporary differences arising from investments in subsidiaries. Exceptions are temporary differences for which the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets result from tax loss carry-forwards, tax credits as well as temporary valuation differences of assets and liabilities. They are recognized to the extent that realization through future taxable profits is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax relates to the same tax authority.

## 2.23 Depreciation and impairment of assets

All assets are to be tested as to whether indicators exist that the carrying amount of the asset might exceed its recoverable amount. If impairment exists, the carrying amount is to be reduced to the recoverable amount, whereas the impairment loss is charged to the result of the period. Depreciation and impairment of assets are to be determined and recognized in the financial statements according to economic principles. Depreciation is determined on the basis of expected economic useful life or similar criteria. The depreciation value is based on the acquisition cost or production cost of an asset less its residual value, systematically distributed over the asset's estimated useful life. The assets' residual value and useful life are reviewed, and adjusted if appropriate, at each balance sheet date. If there is any indication that an asset may be impaired, an impairment test is carried out. Where the carrying amount of an asset is higher than the recoverable amount, the asset is impaired to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Intangible assets not yet available for use are not subject to amortization and are tested for impairment at least once a year. Each cash-generating unit or group of cash-generating units to which intangible assets not yet available for use are allocated represents the lowest level within the entity at which such assets are evaluated for recoverability.

## 2.24 Definition of non-GAAP measures

Earnings before interest and income tax (EBIT) correspond to the operating result.

Earnings before interest, income tax, depreciation and amortization (EBITDA) as a subtotal includes EBIT before deduction of depreciation and impairment of property, plant and equipment as well as amortization and impairment of intangible assets.

Earnings before interest, income tax, depreciation and amortization and corporate charges (EBITDA before corporate charges) as a subtotal includes EBITDA before corporate charges.

As defined, EBIT, EBITDA and EBITDA before corporate charges do not include the impact of non-operating or extraordinary results.

### 3. SIGNIFICANT TRANSACTIONS AND OPERATIONAL CHANGES

#### Disposal of System & Solutions business unit (2015)

On 31 December 2015, Ascom disposed of its Aachen-based (Germany) business unit Systems & Solutions to Axino Solutions GmbH. The Systems & Solutions business unit has been part of the Network Testing Division. Systems & Solutions plans and implements comprehensive IT solution in the field of operations support systems for companies in the telecommunications, automotive, energy and retail industries, mainly in Germany and Switzerland. Systems & Solutions generated revenue of CHF 13.1 million in 2015 (previous year: CHF 17.7 million) and an operating loss of CHF 2.8 million in 2015 (previous year: operating loss of CHF 0.1 million). The disposal gain amounts to CHF 2.6 million. Under the asset deal agreement, Axino Solutions GmbH will take over the Systems & Solutions business from Ascom (Deutschland) GmbH and Ascom Solutions AG. The net purchase price was settled in cash. An additional contingent purchase price of up to EUR 1.7 million has not been recognized, as this earn-out component depends on the achievements of certain incoming orders and revenue targets in 2016 and 2017.

#### Acquisition of Integrated Wireless (2014)

On 2 January 2014, Ascom acquired all the shares of GTM Resources Pty. Ltd., which holds all the shares of Integrated Wireless Pty. Ltd. and Integrated Wireless Software Pty. Ltd. Integrated Wireless is a specialist provider of wireless communication systems in Australia and New Zealand and is headquartered in Sydney with additional offices in Melbourne, Brisbane, Perth and Auckland. All 62 employees were taken over at their existing locations. Prior to closing the acquisition, Integrated Wireless was the exclusive distributor of Ascom Wireless products in Australia and New Zealand. This acquisition gives Ascom Wireless Solutions direct access to the Australian and New Zealand markets and creates opportunities to combine the business activities of Integrated Wireless with its existing portfolio. Moreover, Ascom gains a foothold to further develop its position in the Asia Pacific market. The purchase price of CHF 12.0 million was allocated as follow:

CHFm	Book value	Fair value adjustments	Goodwill	Goodwill/fair value
Goodwill	–	–	6.3	6.3
Intangible assets from acquisition	–	2.1	–	2.1
Trade receivables	2.1	–	–	2.1
Cash and cash equivalents	2.1	–	–	2.1
Other current and non-current assets	3.4	–	–	3.4
<b>Total assets</b>	<b>7.6</b>	<b>2.1</b>	<b>6.3</b>	<b>16.0</b>
<b>Total liabilities</b>	<b>3.4</b>	<b>0.6</b>	<b>0.0</b>	<b>4.0</b>
<b>Total purchase price</b>				<b>12.0</b>
Offset by				
Cash				11.1
Contingent consideration				0.9

The goodwill of CHF 6.3 million is attributable to the acquired workforce, additional growth potential in the Asia Pacific markets and other product portfolio synergies. The contingent consideration of CHF 0.9 million, originally payable one year after closing, was not paid as related revenue and profitability targets were not met during the earn-out period.

#### Acquisition of Scanditronic (M) Sdn Bhd (2014)

On 4 August 2014, Ascom Wireless Solutions acquired the Malaysian distributor Scanditronic (M) Sdn Bhd, a privately held specialist provider of wireless end-to-end communication solutions for increased workflow efficiency. Scanditronic (M) Sdn Bhd is headquartered in Kuala Lumpur, and all eight of the company's employees were taken over. The cash purchase price of CHF 1.5 million included goodwill of CHF 0.8 million, attributable to acquired workforce, additional growth potential in the Asia Pacific markets and other product portfolio synergies.

## 4. SEGMENT INFORMATION

### Key figures by segment

CHFm	Wireless Solutions		Network Testing		Corporate and other		Consolidation		Total Ascom	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Incoming orders	311.8	333.3	101.1	117.3	–	–	(0.4)	(0.2)	412.5	450.4
Order backlog	117.5	117.7	17.7	32.7	–	–	–	–	135.2	150.4
<b>Net revenue</b>	<b>304.2</b>	<b>318.9</b>	<b>107.0</b>	<b>119.0</b>	<b>–</b>	<b>0.2</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>410.8</b>	<b>437.7</b>
of which with other segments	0.4	0.3	–	–	–	–	(0.4)	(0.3)	–	–
Cost of goods sold	(150.6)	(155.5)	(53.4)	(54.4)	(0.2)	–	0.1	(0.5)	(204.1)	(210.4)
<b>Gross profit/(loss)</b>	<b>153.6</b>	<b>163.4</b>	<b>53.6</b>	<b>64.6</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(0.3)</b>	<b>(0.9)</b>	<b>206.7</b>	<b>227.3</b>
as % of revenue	50.5%	51.2%	50.1%	54.3%	n/a	100.0%	n/a	n/a	50.3%	51.9%
Marketing and sales	(70.3)	(73.9)	(27.7)	(25.0)	(0.6)	(0.7)	–	0.7	(98.6)	(98.9)
Research and development	(24.0)	(21.2)	(19.1)	(19.3)	–	–	–	–	(43.1)	(40.5)
Administration	(12.3)	(12.3)	(8.6)	(8.4)	(11.1)	(10.6)	0.3	0.1	(31.7)	(31.2)
Other operating income	–	1.7	2.6	–	11.3	9.7	(11.1)	(9.2)	2.8	2.2
Other operating expenses	(8.2)	(7.0)	(11.7)	(13.2)	–	(0.3)	11.1	9.2	(8.8)	(11.3)
<b>Operating result (EBIT)</b>	<b>38.8</b>	<b>50.7</b>	<b>(10.9)</b>	<b>(1.3)</b>	<b>(0.6)</b>	<b>(1.7)</b>	<b>–</b>	<b>(0.1)</b>	<b>27.3</b>	<b>47.6</b>
as % of revenue	12.8%	15.9%	n/a	n/a	n/a	n/a	0.0%	n/a	6.6%	10.9%
Financial income/(expenses), net									4.4	(1.9)
Non-operating result									0.4	3.1
<b>Profit before income tax</b>									<b>32.1</b>	<b>48.8</b>
Income tax									(7.8)	(11.3)
<b>Group profit for the period</b>									<b>24.3</b>	<b>37.5</b>

### Additional information

<b>EBITDA</b>	<b>45.5</b>	<b>55.8</b>	<b>(1.1)</b>	<b>10.6</b>	<b>(0.5)</b>	<b>(1.5)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>43.8</b>	<b>64.8</b>
as % of revenue	15.0%	17.5%	n/a	8.9%	n/a	n/a	n/a	n/a	10.7%	14.8%
Corporate charges	7.2	5.8	4.0	3.3	(11.2)	(9.1)	–	–	–	–
<b>EBITDA before corporate charges</b>	<b>52.7</b>	<b>61.6</b>	<b>2.9</b>	<b>13.9</b>	<b>(11.7)</b>	<b>(10.6)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>43.8</b>	<b>64.8</b>
as % of revenue	17.3%	19.3%	2.7%	11.7%	n/a	n/a	n/a	n/a	10.7%	14.8%
Restructuring costs	–	–	4.0	–	–	–	–	–	4.0	–
<b>EBITDA before restructuring costs</b>	<b>45.5</b>	<b>55.8</b>	<b>2.9</b>	<b>10.6</b>	<b>(0.5)</b>	<b>(1.5)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>47.8</b>	<b>64.8</b>
as % of revenue	15.0%	17.5%	2.7%	8.9%	n/a	n/a	n/a	n/a	11.6%	14.8%
Capital expenditures	10.9	11.4	2.1	1.8	0.2	0.4	–	–	13.2	13.6
Employees (FTE) at 31.12.	1,237	1,196	407	485	14	15	–	–	1,658	1,696
<b>Reportable segments' assets</b>	<b>120.2</b>	<b>132.1</b>	<b>74.8</b>	<b>92.9</b>	<b>12.1</b>	<b>15.4</b>	<b>(3.1)</b>	<b>(2.3)</b>	<b>204.0</b>	<b>238.1</b>
Deferred income tax assets									19.8	19.7
Financial assets									3.8	2.9
Income tax receivables									1.4	2.5
Cash and cash equivalents									57.4	50.2
<b>Total assets at 31.12.</b>									<b>286.4</b>	<b>313.4</b>

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Chief Executive Officer (CEO). Ascom's operating and reportable segments are the two divisions: Wireless Solutions and Network Testing (refer to business description in note 1.1). Corporate includes Group activities that are not assigned directly to the operating segments, primarily corporate headquarters activities.

Non-core activities related to businesses disposed in prior years, mainly leasing and facility management of industrial properties, represent non-operating activities that do not qualify as an operating segment and are shown in the consolidated income statement on a net basis as non-operating result.

Transactions between Ascom's operating segments are priced comparable to external customers. Intersegment revenues are eliminated on consolidation.

### Key figures by region

CHFm	Europe		Americas		Asia Pacific		Middle East and Africa		Total Ascom	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Incoming orders	266.5	311.0	97.3	86.8	25.9	25.3	22.8	27.3	412.5	450.4
Revenue	263.2	297.5	98.5	88.3	25.6	22.7	23.5	29.2	410.8	437.7
Non-current assets at 31.12. <sup>1</sup>	48.2	56.8	3.3	4.2	2.6	3.2	1.2	0.4	55.3	64.6
Employees (FTE) at 31.12.	1,174	1,253	284	261	157	153	43	29	1,658	1,696

<sup>1</sup> This line item exclusively contains property, plant and equipment, intangible assets as well as other non-current assets.

The incoming orders and revenue information above is based on the location of the customers.

CHF 47.8 million of the total revenue is attributable to Germany (previous year: CHF 57.0 million), CHF 59.2 million to the Netherlands (previous year: CHF 65.0 million) and CHF 88.6 million to the US (previous year: CHF 80.1 million).

Of the non-current assets disclosed in the table above, CHF 39.6 million are attributable to Sweden (previous year: CHF 46.1 million), CHF 4.7 million to Germany (previous year: CHF 5.6 million) and CHF 3.3 million to the US (previous year: CHF 4.2 million).

## 5. TRADE RECEIVABLES

CHFm	31.12.2015	31.12.2014
Receivables from third parties <sup>1</sup>	104.8	113.3
Less provision for doubtful debts	(3.0)	(2.8)
<b>Total</b>	<b>101.8</b>	<b>110.5</b>

<sup>1</sup> This line item includes CHF 2.5 million (previous year: CHF 1.7 million) of trade receivables arising from customer projects using the percentage-of-completion method.

The fair value of trade receivables equals the carrying amounts at year-end. The maximum exposure to credit risk at the reporting date is the carrying amount.

Trade receivables that are less than three months past due are not considered impaired and represent 20.6% (previous year: 24.3%) of total before provision for doubtful debt. These relate to a number of independent customers for whom there is no recent history of default.

Individually impaired receivables relate to customers which are in unexpectedly difficult economic situations. Amounts are generally written off when there is no expectation of recovering the cash. The Group does not hold any collateral as security for trade receivables.

## 6. OTHER SHORT-TERM RECEIVABLES

CHFm	31.12.2015	31.12.2014
Income tax and other tax receivables	5.2	10.3
Other receivables	5.6	3.7
Finance leases	0.6	0.5
Derivative financial instruments	1.2	0.1
Other short-term receivables	–	1.1
<b>Total other short-term receivables</b>	<b>12.6</b>	<b>15.7</b>

## 7. INVENTORIES AND WORK IN PROGRESS

CHFm	31.12.2015	31.12.2014
Raw materials and components	3.8	5.3
Work in progress <sup>1</sup>	6.0	7.4
Finished goods and goods for resale	20.5	19.3
Inventory provision	(7.7)	(7.2)
<b>Total</b>	<b>22.6</b>	<b>24.8</b>

<sup>1</sup> This line item includes CHF 2.0 million (previous year: CHF 0.7 million) of work in progress arising from customer projects using the percentage-of-completion method.

## 8. PROPERTY, PLANT AND EQUIPMENT

CHFm	Land and buildings	Machines, installations and equipment	Equipment under construction	Other	Total
<b>Cost</b>					
<b>Balance at 1.1.2014</b>	<b>30.5</b>	<b>50.0</b>	<b>0.2</b>	<b>22.0</b>	<b>102.7</b>
Additions	0.4	2.0	1.2	0.7	4.3
Disposals	(0.5)	(9.8)	–	(4.3)	(14.6)
Acquisition of a subsidiary or business	0.5	–	–	0.2	0.7
Reclassifications	–	0.1	(0.2)	0.1	–
Currency translation adjustments	(0.5)	(1.4)	(0.1)	(1.1)	(3.1)
<b>Balance at 31.12.2014</b>	<b>30.4</b>	<b>40.9</b>	<b>1.1</b>	<b>17.6</b>	<b>90.0</b>
Additions	0.2	1.5	0.9	1.7	4.3
Disposals	(10.0)	(13.1)	–	(0.9)	(24.0)
Disposal of a subsidiary or business	–	(0.7)	–	(0.1)	(0.8)
Reclassifications	0.1	0.4	(1.1)	0.6	–
Currency translation adjustments	(1.9)	(2.2)	(0.1)	(1.2)	(5.4)
<b>Balance at 31.12.2015</b>	<b>18.8</b>	<b>26.8</b>	<b>0.8</b>	<b>17.7</b>	<b>64.1</b>
<b>Accumulated depreciation and impairment</b>					
<b>Balance at 1.1.2014</b>	<b>(22.4)</b>	<b>(45.3)</b>	<b>–</b>	<b>(20.4)</b>	<b>(88.1)</b>
Depreciation charge	(0.6)	(2.3)	–	(0.8)	(3.7)
Disposals	0.1	9.8	–	4.3	14.2
Currency translation adjustments	0.3	1.3	–	1.2	2.8
<b>Balance at 31.12.2014</b>	<b>(22.6)</b>	<b>(36.5)</b>	<b>–</b>	<b>(15.7)</b>	<b>(74.8)</b>
Depreciation charge	(0.5)	(2.0)	–	(1.1)	(3.6)
Disposals	10.0	13.1	–	0.9	24.0
Disposal of a subsidiary or business	–	0.6	–	0.1	0.7
Currency translation adjustments	1.1	1.9	–	1.0	4.0
<b>Balance at 31.12.2015</b>	<b>(12.0)</b>	<b>(22.9)</b>	<b>–</b>	<b>(14.8)</b>	<b>(49.7)</b>
<b>Net carrying amount at 31.12.2014</b>	<b>7.8</b>	<b>4.4</b>	<b>1.1</b>	<b>1.9</b>	<b>15.2</b>
<b>Thereof non-operating<sup>1</sup></b>	<b>5.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5.4</b>
<b>Net carrying amount at 31.12.2015</b>	<b>6.8</b>	<b>3.9</b>	<b>0.8</b>	<b>2.9</b>	<b>14.4</b>
<b>Thereof non-operating<sup>1</sup></b>	<b>4.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4.7</b>

<sup>1</sup> Held exclusively for investment purposes (not for use)

At the balance sheet date, there were no assets under finance leases included in property, plant and equipment (previous year: nil). As at 31 December 2015, there were no contractual commitments for acquisition of property, plant and equipment (previous year: nil).



## 9. INTANGIBLE ASSETS

CHFm	Customer relations	Technology	Internally generated intangibles	Other	Total
<b>Cost</b>					
<b>Balance at 1.1.2014</b>	<b>38.0</b>	<b>42.9</b>	<b>12.1</b>	<b>29.3</b>	<b>122.3</b>
Additions	–	–	8.2	1.0	9.2
Acquisition of a subsidiary or business	2.3	0.1	–	–	2.4
Currency translation adjustments	(2.3)	(3.0)	(1.4)	(2.2)	(8.9)
<b>Balance at 31.12.2014</b>	<b>38.0</b>	<b>40.0</b>	<b>18.9</b>	<b>28.1</b>	<b>125.0</b>
Additions	–	–	4.7	4.3	9.0
Disposals	–	–	–	(0.2)	(0.2)
Disposal of a subsidiary or business	–	–	–	(0.2)	(0.2)
Currency translation adjustments	(2.5)	(2.8)	(1.2)	(1.8)	(8.3)
<b>Balance at 31.12.2015</b>	<b>35.5</b>	<b>37.2</b>	<b>22.4</b>	<b>30.2</b>	<b>125.3</b>
<b>Accumulated amortization and impairment</b>					
<b>Balance at 1.1.2014</b>	<b>(16.4)</b>	<b>(22.8)</b>	<b>(6.8)</b>	<b>(22.1)</b>	<b>(68.1)</b>
Amortization charge	(3.9)	(6.0)	(0.2)	(3.8)	(13.9)
Currency translation adjustments	1.3	2.0	0.5	1.7	5.5
<b>Balance at 31.12.2014</b>	<b>(19.0)</b>	<b>(26.8)</b>	<b>(6.5)</b>	<b>(24.2)</b>	<b>(76.5)</b>
Amortization charge	(3.5)	(5.2)	(2.0)	(2.1)	(12.8)
Impairment	–	–	(0.4)	–	(0.4)
Disposals	–	–	–	0.2	0.2
Disposal of a subsidiary or business	–	–	–	0.2	0.2
Currency translation adjustments	1.1	1.8	0.4	1.4	4.7
<b>Balance at 31.12.2015</b>	<b>(21.4)</b>	<b>(30.2)</b>	<b>(8.5)</b>	<b>(24.5)</b>	<b>(84.6)</b>
<b>Net carrying amount at 31.12.2014</b>	<b>19.0</b>	<b>13.2</b>	<b>12.4</b>	<b>3.9</b>	<b>48.5</b>
<b>Thereof acquired</b>	<b>19.0</b>	<b>13.2</b>	<b>–</b>	<b>3.9</b>	<b>36.1</b>
<b>Thereof generated internally</b>	<b>–</b>	<b>–</b>	<b>12.4</b>	<b>–</b>	<b>12.4</b>
<b>Net carrying amount at 31.12.2015</b>	<b>14.1</b>	<b>7.0</b>	<b>13.9</b>	<b>5.7</b>	<b>40.7</b>
<b>Thereof acquired</b>	<b>14.1</b>	<b>7.0</b>	<b>–</b>	<b>5.7</b>	<b>26.8</b>
<b>Thereof generated internally</b>	<b>–</b>	<b>–</b>	<b>13.9</b>	<b>–</b>	<b>13.9</b>

As at 31 December 2015, there were no contractual commitments for acquisition of intangible assets (previous year: nil).

Customer relations are capitalized using the excess-earning method for valuation of the existing customers at acquisition date. Technology and trademarks are capitalized using the relief from royalty method for valuation.

Development costs in the amount of CHF 4.7 million (previous year: CHF 8.2 million) were capitalized as internally generated intangibles, and research and development expenses in the amount of CHF 43.1 million (previous year: CHF 40.5 million) were charged to profit or loss.

Other intangibles comprise acquired trademarks, licences and softwares.

Goodwill from acquisitions is offset against the Company's equity at the acquisition date. The theoretical amortization is based on the straight-line method over a useful life of five years. The theoretical capitalization of the goodwill would affect the result of the consolidated financial statements as follows:

CHFm	2015	2014
<b>Acquisition cost</b>		
As of 1 January	169.0	168.5
Additions from acquisitions	–	7.1
Translation adjustment	(9.7)	(6.6)
<b>As of 31 December</b>	<b>159.3</b>	<b>169.0</b>
<b>Accumulated amortization</b>		
As of 1 January	(154.9)	(147.4)
Additions	(4.8)	(14.7)
Translation adjustment	8.7	7.2
<b>As of 31 December</b>	<b>(151.0)</b>	<b>(154.9)</b>
<b>Theoretical book values, net</b>		
As of 1 January	14.1	21.1
<b>As of 31 December</b>	<b>8.3</b>	<b>14.1</b>

#### Effect on income statement

CHFm	2015	2014
Operating result	27.3	47.6
Amortization goodwill	(4.8)	(14.7)
Theoretical operating result incl. amortization goodwill	22.5	32.9
Group profit for the period	24.3	37.5
Amortization goodwill	(4.8)	(14.7)
Theoretical group profit for the period incl. amortization goodwill	19.5	22.8

#### Effect on balance sheet

CHFm	2015	2014
Equity according to balance sheet	116.7	107.9
Theoretical capitalization net book value goodwill	8.3	14.1
Theoretical equity incl. net book value goodwill	125.0	122.0
Equity as % of balance sheet total	40.7%	34.4%
Theoretical equity incl. net book value goodwill as % of balance sheet total (incl. goodwill)	42.4%	37.3%

## 10. FINANCIAL ASSETS

CHFm	31.12.2015	31.12.2014
Deferred income tax assets	19.8	19.7
Assets from pension institutions	4.5	5.5
Finance leases	1.6	0.7
Other financial assets	0.7	1.4
<b>Total non-current portion</b>	<b>26.6</b>	<b>27.3</b>

Detailed information related to deferred income tax assets and assets from pension institutions are provided in notes 24 and 14. Other financial assets comprise mainly a loan granted in connection with the sale in previous years of real estate in Switzerland.

Future minimum lease payments under finance lease contracts together with the present value of the net minimum lease payments are as follows:

CHFm	Within 12 months	Between 1 and 5 years	Later	Total 31.12.2015
Gross investment in leases	0.7	1.5	0.4	2.6
Unearned interest income	(0.1)	(0.2)	(0.1)	(0.4)
<b>Present value of the net minimum lease payments</b>	<b>0.6</b>	<b>1.3</b>	<b>0.3</b>	<b>2.2</b>

CHFm	Within 12 months	Between 1 and 5 years	Later	Total 31.12.2014
Gross investment in leases	0.6	0.8	–	1.4
Unearned interest income	(0.1)	(0.1)	–	(0.2)
<b>Present value of the net minimum lease payments</b>	<b>0.5</b>	<b>0.7</b>	<b>–</b>	<b>1.2</b>

## 11. BORROWINGS

At 31 December 2015, the Group's total credit facilities comprised cash lines of CHF 140.0 million and guarantee lines of CHF 46.9 million available from financial institutions and banks worldwide (previous year: cash lines of CHF 143.8 million and guarantee lines of CHF 47.2 million). At 31 December 2015, Ascom used the cash lines as shown in the table below:

CHFm	Current portion		Total	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Non-current loans from financial institutions and banks	–	–	0.1	23.1
Current loans from financial institutions and banks	20.0	–	20.0	–
<b>Total</b>	<b>20.0</b>	<b>–</b>	<b>20.1</b>	<b>23.1</b>

The total borrowings consist mainly of one revolving multi-currency credit facility in an aggregate amount equal to CHF 140.0 million with a bank consortium at variable interest rates (LIBOR +0.8%), with an option to fix the interest rate monthly for a maximum period of 12 months. The final maturity date of the credit facility is 24 May 2016. The credit facility includes financial covenants such as debt service ratio (calculated as the ratio of net debt and outstanding bank guarantees to EBITDA), net interest coverage (calculated as the ratio of interest expenses to EBITDA) and equity ratio (calculated as the ratio of shareholders' equity to total assets). The financial covenants are fully complied with.

At 31 December 2015, current loans of CHF 20.0 million are denominated in CHF (previous year: CHF 17.8 million were denominated in USD and CHF 5.0 million in CHF). The fair value of the borrowings is equal to the carrying amount.

**12. OTHER LIABILITIES (CURRENT)**

CHFm	31.12.2015	31.12.2014
Income tax liabilities	4.3	7.9
VAT and other tax liabilities	6.3	9.8
Personnel-related liabilities	9.0	10.4
Derivative financial instruments	0.8	1.4
Other liabilities	0.7	2.8
<b>Total</b>	<b>21.1</b>	<b>32.3</b>

**13. PROVISIONS**

CHFm	Restructuring	Deferred tax provisions	Employee benefit obligation	Other provisions	Total
<b>Balance at 1.1.2014</b>	0.6	9.9	18.4	17.7	46.6
Additions	–	0.4	2.7	3.5	6.6
Increase in present value	–	–	1.0	0.3	1.3
Payments	(0.2)	–	(1.1)	(6.8)	(8.1)
Release of unused amounts	–	(4.7)	(0.1)	(2.0)	(6.8)
Acquisition of a subsidiary or business	–	0.7	0.2	0.1	1.0
Currency translation adjustments	–	(0.5)	(1.2)	–	(1.7)
<b>Balance at 31.12.2014</b>	<b>0.4</b>	<b>5.8</b>	<b>19.9</b>	<b>12.8</b>	<b>38.9</b>
Additions	2.7	0.4	0.8	3.8	7.7
Increase in present value	–	–	0.6	0.1	0.7
Payments	(0.1)	–	(1.0)	(5.5)	(6.6)
Release of unused amounts	–	(0.9)	–	(1.2)	(2.1)
Disposal of a subsidiary or business	–	–	(0.1)	(0.1)	(0.2)
Currency translation adjustments	–	(0.3)	(1.5)	(0.3)	(2.1)
<b>Balance at 31.12.2015</b>	<b>3.0</b>	<b>5.0</b>	<b>18.7</b>	<b>9.6</b>	<b>36.3</b>

**Expected payment**

CHFm	Restructuring	Deferred tax provisions	Employee benefit obligation	Other provisions	Total
Within 12 months	0.3	–	–	6.8	7.1
Later	0.1	5.8	19.9	6.0	31.8
<b>Balance at 31.12.2014</b>	<b>0.4</b>	<b>5.8</b>	<b>19.9</b>	<b>12.8</b>	<b>38.9</b>
Within 12 months	2.8	–	–	3.9	6.7
Later	0.2	5.0	18.7	5.7	29.6
<b>Balance at 31.12.2015</b>	<b>3.0</b>	<b>5.0</b>	<b>18.7</b>	<b>9.6</b>	<b>36.3</b>

On 21 December 2015, management decided the restructuring of the Network Testing business in response to unexpected shifts in the capital investment and spending patterns of large telecommunications network operators, in particular in North America, which led to the decision to discontinue a product line and the need to restructure the global supply chain and service functions. Total restructuring costs amounted to CHF 4.0 million (refer to note 23).

Other provisions comprise mainly obligations arising from claims or disputes in the normal course of Ascom's business operations, provisions for warranties, provisions for environmental costs relating to non-operating premises and obligations arising from cash-settled share-based payments.

Provisions for employee benefit obligation include the economical obligation (as disclosed in note 14) as well as provisions for other long-term employee benefits. The discount rate used for the calculation for certain foreign pension plans is the most important parameter and any changes can strongly impact the valuation of the pension liability. In 2015, the range of the applied discount rate varies between 2.0% and 3.8% (previous year: 1.7%–3.8%), which corresponds to local market conditions.

## 14. PENSIONS

### Employer contribution reserves (ECR)

CHFm						Result from ECR in personnel expense		Result from ECR in interests expense		
	Nominal value 31.12.2015	Renounced use 31.12.2015	Balance sheet 31.12.2015	Accumulation (+)/usage (-) 2015	CTA 2015	Balance sheet 31.12.2014	2015	2014	2015	2014
Patronage funds/ patronage pension institutions	1.4	–	1.4	–	–	1.4	–	(0.4)	–	–
Pension plans	3.1	–	3.1	(1.0)	–	4.1	–	–	–	(0.1)
<b>Total</b>	<b>4.5</b>	<b>–</b>	<b>4.5</b>	<b>(1.0)</b>	<b>–</b>	<b>5.5</b>	<b>–</b>	<b>(0.4)</b>	<b>–</b>	<b>(0.1)</b>

### Economical benefit/economical obligation and pension benefit expenses

CHFm	Economical part of the organization					Pension benefit expenses within personnel expenses		Pension benefit expenses within interests expenses		
	Surplus (-) / deficit (+) 31.12.2015	31.12.2015	31.12.2014	Change to prior-year period or recognized in the current result of the period	CTA 2015	Contributions concerning the business period	2015	2014	2015	2014
Pension plans without surplus/deficit	n/a	n/a	n/a	n/a	n/a	(14.0)	14.0	14.3	–	–
Pension plans with deficit	3.4	3.4	3.8	(0.4)	(0.2)	(0.6)	0.3	1.4	0.1	0.2
Pension plans without own assets	14.6	14.6	15.2	(0.6)	(1.2)	(0.5)	0.6	1.2	0.5	0.8
<b>Total</b>	<b>18.0</b>	<b>18.0</b>	<b>19.0</b>	<b>(1.0)</b>	<b>(1.4)</b>	<b>(15.1)</b>	<b>14.9</b>	<b>16.9</b>	<b>0.6</b>	<b>1.0</b>

## 15. CUSTOMER PREPAYMENTS AND DEFERRED REVENUE

CHFm	31.12.2015	31.12.2014
Customer prepayments <sup>1</sup>	18.0	31.3
Deferred revenue	11.4	9.3
<b>Total</b>	<b>29.4</b>	<b>40.6</b>

<sup>1</sup> This line item includes no customer prepayments (previous year: CHF 11.1 million) arising from customer projects using the percentage-of-completion method.

## 16. ACCRUED LIABILITIES

CHFm	31.12.2015	31.12.2014
Personnel-related accruals	19.8	19.6
Accrued liabilities arising from long-term contracts (PoC)	2.2	3.1
Other accrued expenses	11.0	14.5
<b>Total</b>	<b>33.0</b>	<b>37.2</b>

## 17. SHARE CAPITAL AND OWN SHARES

### Composition of share capital

CHFm	31.12.2015		31.12.2014	
	Number	Amount	Number	Amount
Registered shares nom. CHF 0.50	36,000,000	18.0	36,000,000	18.0
Number of registered shareholders	4,412		5,006	

The total authorized number of ordinary shares is 36,000,000 of which 35,779,106 are outstanding at 31 December 2015 (previous year: 35,109,106). Each share grants the owner one vote at the Annual General Meeting of the shareholders. All shares issued by the company were fully paid in.

### Own shares

CHFm	Number 2015	Amount 2015	Average transaction price	Number 2014	Amount 2014	Average transaction price
<b>Balance at 1.1.</b>	<b>890,894</b>	<b>9.2</b>	<b>10.33</b>	<b>1,073,169</b>	<b>11.1</b>	<b>10.30</b>
Additions	13,185	0.2	17.72	4,730	0.1	16.57
Disposals	(683,185)	(7.1)	10.41	(187,005)	(2.0)	10.30
<b>Balance at 31.12.</b>	<b>220,894</b>	<b>2.3</b>	<b>10.62</b>	<b>890,894</b>	<b>9.2</b>	<b>10.33</b>

The holdings of own shares stated under the changes in equity correspond to these registered shares.

## 18. NET REVENUE

CHFm	2015	2014
Sale of goods	292.5	316.8
Rendering of services	117.2	118.4
Other revenue	1.1	2.5
<b>Total</b>	<b>410.8</b>	<b>437.7</b>

Sale of goods comprises sale of hardware and software. Rendering of services comprises professional and maintenance services. The table below provides additional information for long-term contracts applying the percentage-of-completion method:

CHFm	31.12.2015	31.12.2014
Contract revenue recognized in the reporting period	22.5	29.8
Aggregate amount of costs incurred, to date	7.3	11.3
Aggregate amount of recognized profits (less recognized losses), to date	4.3	7.5
<b>Aggregate revenue for contract work, to date</b>	<b>11.6</b>	<b>18.8</b>
Aggregate progress billings, to date	(10.3)	(6.6)
<b>Net accrual for contract work</b>	<b>1.3</b>	<b>12.2</b>

## 19. PERSONNEL EXPENSES

The following personnel expenses are included in cost of goods sold, marketing and sales, research and development as well as administration expenses:

CHFm	2015	2014
Wages and salaries	(135.3)	(135.9)
Social security costs	(15.7)	(16.6)
Pension costs	(14.9)	(16.9)
Share-based payments	(0.5)	(0.6)
Other personnel expenses	(12.5)	(13.1)
<b>Total</b>	<b>(178.9)</b>	<b>(183.1)</b>

## 20. OTHER OPERATING INCOME/(EXPENSES)

CHFm	2015	2014
Increase of acquisition-related contingent consideration <sup>2</sup>	–	(0.5)
Amortization of intangible assets from acquisition <sup>1</sup>	(8.8)	(10.6)
Other operating expenses	–	(0.2)
<b>Total other operating expenses</b>	<b>(8.8)</b>	<b>(11.3)</b>
Release of acquisition-related contingent consideration <sup>2</sup>	–	0.9
Disposal of a business unit	2.6	–
Other operating income	0.2	1.3
<b>Total other operating income</b>	<b>2.8</b>	<b>2.2</b>

<sup>1</sup> This line item exclusively contains amortization of intangible assets initially capitalized due to a purchase price allocation at acquisition date.

<sup>2</sup> Prior-year number refers to last year's acquisition of Integrated Wireless (release of CHF 0.9 million) and the acquisition of the technology-related business of Veelong Corp. in 2012 (increase of CHF 0.5 million).

## 21. FINANCIAL INCOME AND EXPENSES

CHFm	2015	2014
<b>Financial income</b>		
Interest income	0.2	0.6
Net foreign exchange gains	6.1	0.5
Other financial income	0.1	–
<b>Total</b>	<b>6.4</b>	<b>1.1</b>
<b>Financial expenses</b>		
Interest expenses	(0.9)	(1.8)
Other financial expenses	(1.1)	(1.2)
<b>Total</b>	<b>(2.0)</b>	<b>(3.0)</b>
<b>Financial income/(expenses), net</b>	<b>4.4</b>	<b>(1.9)</b>

## 22. NON-OPERATING RESULT

CHFm	2015	2014
Non-operating income	3.5	16.8
Non-operating expense	(3.1)	(13.7)
<b>Total</b>	<b>0.4</b>	<b>3.1</b>

In 2015, non-operating income and expenses relate exclusively to non-core legacy real estate activities. In 2014, real estate activities generated an income of CHF 11.1 million with related costs amounting to CHF 13.7 million. In the prior year, non-operating income also included CHF 5.7 million attributable to the disposal of non-core properties in Switzerland and of the minority stake in CSEM AG, Neuchâtel.

## 23. RESTRUCTURING COSTS

CHFm	2015	2014
Restructuring included in cost of goods sold	(2.6)	–
Restructuring included in functional costs	(1.4)	–
<b>Total</b>	<b>(4.0)</b>	<b>–</b>

Restructuring expenses of CHF 4.0 million (previous year: nil) relate to the restructuring of the Network Testing business in response to unexpected shifts in the capital investment and spending patterns of large telecommunications network operators, in particular in North America, which led to the decision to discontinue a product line and to align the global supply chain and service function. The CHF 4.0 million charge comprises CHF 2.5 million of personnel related restructuring charges and exceptional inventory write-offs of CHF 1.5 million.



## 24. INCOME TAX

CHFm	2015	2014
Current income tax charge	(8.7)	(14.9)
Adjustments in respect of current income tax of previous years	–	0.4
Deferred income tax	0.9	3.2
<b>Total income tax</b>	<b>(7.8)</b>	<b>(11.3)</b>

The following reconciliation explains the difference between the expected and the actual income tax charge:

### Analysis of income tax rate

CHFm	2015	2014
Ordinary result	31.7	45.7
Weighted average expected income tax rate	24.6%	26.6%
Non-operating result	0.4	3.1
Weighted average expected income tax rate	23.4%	20.1%
<b>Profit before income tax</b>	<b>32.1</b>	<b>48.8</b>
Weighted average expected income tax rate	24.6%	26.2%
Expected income tax	(7.9)	(12.8)
Utilization of previously unrecognized tax loss carry-forwards	1.6	3.9
Effect from recognition of previous years tax losses	1.0	2.9
Effect from first-time recognition of previous years temporary differences	–	0.2
Effect of non-recognized current-year tax losses	(0.9)	(0.8)
Adjustments in respect of current income tax of previous years	–	0.4
Effect of income/(expenses) taxed with a different rate or not taxed	(0.3)	(4.5)
Effect of expiry/impairment of capitalized tax losses/tax credits	(1.3)	(0.6)
<b>Total income tax</b>	<b>(7.8)</b>	<b>(11.3)</b>

The total weighted average expected income tax rate of 24.6% (previous year: 26.2%) is calculated using the expected tax rates, based on earnings before income tax of the individual Group companies in each jurisdiction. These rates vary significantly. The increase in the weighted average expected income tax rate is mainly due to the different contributions of individual Group companies to the total earnings before income tax of the Group.

The deferred income tax assets and liabilities pertain to the following line items of the balance sheet:

CHFm	31.12.2015	31.12.2014
Intangible assets	3.8	4.0
Inventories and work in progress	1.8	2.3
Tax loss carry-forwards and tax credits	5.8	5.6
Other assets and liabilities	3.4	2.0
<b>Total</b>	<b>14.8</b>	<b>13.9</b>
Recognized as deferred income tax assets	19.8	19.7
Recognized as deferred income tax liabilities	(5.0)	(5.8)

Tax losses amounting to CHF 2.3 million (previous year: nil) are recognized for Group companies which incurred losses in 2015 or 2014 (previous year: 2014 or 2013) supported by increased future profitability and synergies as a result of restructuring.

Tax loss carry-forwards which are not recognized amount to CHF 328.8 million (previous year: CHF 368.1 million) and expire in the following years:

CHFm	31.12.2015	31.12.2014
2016 (2015)	0.6	1.2
2017–2021 (2016–2020)	3.3	5.1
Later	324.9	361.8

## 25. EARNINGS PER SHARE

Earnings per share are calculated by dividing the Group profit for the period attributable to owners of the parent by the time-weighted number of shares outstanding during the financial year. Own shares are not considered as outstanding shares.

	2015	2014
<b>Group profit for the period attributable to owners of the parent (CHFm)</b>	<b>24.3</b>	<b>37.5</b>
Weighted-average number of outstanding shares	35,422,077	35,058,294
<b>Earnings per share from Group profit (CHF)</b>	<b>0.69</b>	<b>1.07</b>

For the purpose of calculating diluted earnings per share, the weighted-average number of ordinary shares is adjusted by the weighted-average number of ordinary shares which would be issued on the conversion of all potential dilutive share options into ordinary shares.

	2015	2014
<b>Group profit for the period attributable to owners of the parent (CHFm)</b>	<b>24.3</b>	<b>37.5</b>
Weighted-average number of outstanding shares	35,422,077	35,058,294
Adjustment for the dilutive number of outstanding share options	137,269	161,409
<b>Weighted-average number of diluted shares</b>	<b>35,559,346</b>	<b>35,219,703</b>
<b>Diluted earnings per share from Group profit (CHF)</b>	<b>0.68</b>	<b>1.06</b>

## 26. SHARE-BASED PAYMENTS

In 2013, the Board of Directors decided to introduce a share matching plan for Ascom senior management as a long-term incentive instead of options plans. The beneficiaries get the opportunity to buy company shares (or phantom shares in the case of residents of the USA) at market price as investment shares up to a certain amount. They have to keep the investment shares over a defined period in order to benefit from the plan. Beneficiaries receive 35% of the number of their investment shares as matching shares after a three-year vesting period for free if they are still employed with Ascom at this point of time. As a performance-related part, the beneficiaries may receive up to 65% of the number of their investment shares as matching shares in addition, provided that defined mid-term profitability targets will be achieved. As a maximum, the company will honor each investment share with one matching share.

In the following table, the development of outstanding matching shares is presented:

	Number of matching shares 2015	Number of matching shares 2014	Number of matching shares 2013
<b>Matching shares outstanding at 1.1.</b>	<b>97,147</b>	<b>61,720</b>	<b>–</b>
Granted	60,550	36,427	61,720
Forfeited	(3,125)	(1,000)	–
<b>Matching shares outstanding at 31.12.</b>	<b>154,572</b>	<b>97,147</b>	<b>61,720</b>

	2015	2014	2013
Resolution passed by the Board of Directors on	21.08.	31.03.	14.08.
Number members of Ascom senior management who decided to participate	42	36	13
Vesting period (years)	2.79	3.25	2.87
Remaining contractual life of the matching shares outstanding at 31.12. (years) <sup>1</sup>	1.00	1.90	2.50
Fair value of the matching shares granted during the year (CHF) <sup>1</sup>	15.36	14.18	11.34
Personnel expenses for equity-settled matching shares recognized as other reserves (equity) (CHFm)	(0.2)	(0.1)	–

<sup>1</sup> At weighted average.

### Ascom Stock Option Plans 2011 and 2012

At 31 December 2015, options from the Ascom Stock Option Plans 2011 and 2012 were still outstanding. In the following table, the development of outstanding options is presented:

	Number of options 2015	Exercise price (CHF) <sup>1</sup> 2015	Number of options 2014	Exercise price (CHF) <sup>1</sup> 2014
<b>Options outstanding at 1.1.</b>	<b>807,177</b>	<b>11.86</b>	<b>1,004,000</b>	<b>12.03</b>
Exercised	(682,177)	11.86	(166,823)	13.22
Forfeited	(27,000)	13.67	(21,000)	9.00
Expired	–	–	(9,000)	11.40
<b>Options outstanding at 31.12.</b>	<b>98,000</b>	<b>11.39</b>	<b>807,177</b>	<b>11.86</b>
Options exercisable at 31.12.	98,000	11.39	406,177	14.69

<sup>1</sup> At weighted average.

	2015	2014
Range of exercise prices of the options outstanding at 31.12. (CHF)	9.00–15.00	9.00–15.00
Remaining contractual life of the options outstanding at 31.12. (years) <sup>1</sup>	0.89	1.81
Share price of the options exercised during the year (CHF) <sup>1</sup>	17.16	16.97
Personnel expenses for equity-settled options recognized as other reserves (equity) (CHFm)	(0.1)	(0.3)
Personnel expenses for cash-settled options recognized as liability (CHFm)	(0.2)	(0.2)

<sup>1</sup> At weighted average.

## 27. TRANSACTIONS WITH RELATED PARTIES

A legally independent fund provides for Swiss pensions (see note 2.17). In 2015 and 2014, no lease payments were disbursed to the Swiss pension fund for premises occupied by the Group and no administrative and facility management services (previous year: CHF 0.2 million) were charged to the Swiss pension fund in the year under review. The Swiss pension fund did not own any Ascom shares in 2015 (previous year: nil).

In 2015, there was no other transaction with related parties (previous year: nil).

## 28. RISK MANAGEMENT

As an international company, Ascom is exposed to a variety of financial and non-financial risks that are directly associated with the Group's business operations. The Group's risk exposure is addressed in accordance with the principle of risk limitation. Our overall risk management is an integral part of corporate management and the long-term corporate strategy, and it is correspondingly incorporated in the framework of our business processes and procedures. The Board of Directors of Ascom reviews the Group-wide risk assessment annually and determines suitable measures to address the risks.

Financial risk management is carried out centrally by Group Treasury and is ensured by the relevant written principles and guidelines laid down by management and approved by the Board of Directors. The Group's financial risk capacity and appetite for the various financial risk factors are defined in the treasury strategy. The treasury strategy specifies the limit architecture and thereby defines the extent to which risk exposures will be hedged, and the instruments and time frame for implementation. The treasury strategy is reviewed annually by the Audit Committee.

Transactions without underlying core business and all forms of speculation are prohibited. Risk management also involves centrally securing comprehensive and efficient insurance protection for the Group.

### 28.1 Liquidity risk

The objective of liquidity risk management is to ensure that sufficient financial resources are available at any point in time in order to be able to completely and timely fulfill all payment obligations of the Group. As part of its integral budgeting and forecasting process, Group Treasury monitors the planned liquidity position and centrally manages the procurement of loans for the Group. A description of available credit facilities and outstanding borrowings can be found in note 11.

Local regulatory limitations related to the transfer of funds exist in a number of countries where Ascom operates, including Brazil, China, India, and South Africa. As a consequence, these funds are not available within Group Treasury operations to meet short-term cash obligations outside the respective country. These funds are reported as cash and cash equivalents in the consolidated balance sheet and amounted to CHF 1.7 million at 31 December 2015 (previous year: CHF 1.9 million).

### 28.2 Foreign currency risk

Due to the global nature of its activities, the Group is exposed to foreign exchange risk. Foreign exchange gains or losses arise from transactions as well as from assets and liabilities denominated in foreign currencies (mainly EUR, USD, SEK and GBP) if these are not the entity's functional currency.

Group Treasury is responsible for managing group-wide foreign exchange transaction risk on an ongoing basis. Analyses of past and expected future cash flows in foreign currencies are regularly carried out which is the basis for hedging transactions. Respective forward contracts are stated at fair value. All hedging activities are carried out centrally by Group Treasury.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. These types of translation risk are currently not hedged.

The currency-related sensitivity of the Group at year-end is shown in the following table:

CHFm	Reasonable shift on net result 31.12.2015	Impact on net result 31.12.2015	Impact on equity 31.12.2015	Reasonable shift on net result 31.12.2014	Impact on net result 31.12.2014	Impact on equity 31.12.2014
EUR/CHF	+/- 15%	-/+ 3.2	-/+ 6.5	+/- 15%	-/+ 4.5	-/+ 6.7
GBP/CHF	+/- 15%	+/- 0.2	+/- 0.7	+/- 15%	+/- 0.2	+/- 0.2
SEK/CHF	+/- 15%	+/- 6.5	+/- 15.5	+/- 15%	+/- 4.5	+/- 4.7
USD/CHF	+/- 15%	+/- 1.7	+/- 2.4	+/- 15%	-/+ 0.1	+/- 0
EUR/SEK	+/- 15%	+/- 1.4	+/- 1.4	+/- 15%	+/- 1.8	+/- 1.8
USD/SEK	+/- 15%	+/- 2.8	+/- 2.8	+/- 15%	+/- 2.8	+/- 2.8

### 28.3 Interest rate risk

Every interest position is subject to either a cash flow interest risk (associated with floating rate positions) or a market value risk (from fixed interest positions). The revolving multi-currency loan facility of the Group (see note 11) is the main interest rate risk position in the balance sheet of Ascom. This risk is currently offset with cash surpluses.

Accordingly, interest rate risk is currently not hedged. Financing and related interest are managed centrally by Group Treasury.

### 28.4 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions. Credit risk may result in a financial loss if one party in a transaction is unable or unwilling to meet its obligations. It is Ascom's objective to limit the impact of a default. Credit risk of financial counterparties is managed centrally by Group Treasury. Each Group company is responsible for analyzing the credit risk for each of their new customers and managing the quality of their trade receivables on an ongoing basis.

### 28.5 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimally leveraged capital structure to reduce the cost of capital. Ascom aims to maintain a stable investment grade rating as perceived by bank partners and debt investors.

For its capital management, the Group monitors the following ratios:

CHFm	31.12.2015	31.12.2014
Net debt/(cash) including outstanding bank guarantees <sup>1</sup>	(37.3)	(15.9)
EBITDA	43.8	64.8
<b>Debt service ratio</b>	<b>(0.9)</b>	<b>(0.2)</b>
Total assets	286.4	313.4
Shareholders' equity	116.7	107.9
<b>Equity ratio</b>	<b>40.7%</b>	<b>34.4%</b>

<sup>1</sup> Borrowings and outstanding bank guarantees less cash and cash equivalents.

The Group targets a debt service ratio not exceeding 3.0 and aims to sustain an equity ratio at or above 30% mid- to long-term while observing its dividend policy with a payout ratio of 35% to 50% of the respective prior-year Group profit.

## 29. UNSETTLED DERIVATIVE FINANCIAL INSTRUMENTS

### Derivative financial instruments

Foreign currencies are purchased and forward contracts are entered into at Group level as an economic hedge against foreign currency risk. The open contracts comprise the following forward contracts in various currencies:

CHFm	31.12.2015	31.12.2014
Contract volume	55.4	50.8
Positive fair value	1.2	0.1
Negative fair value	0.8	1.3

Breakdown by currency (CHFm)	31.12.2015	31.12.2014
EUR/SEK	–	31.7
EUR/CHF	21.5	2.7
SEK/CHF	27.1	16.4
USD/CHF	6.8	–
<b>Total</b>	<b>55.4</b>	<b>50.8</b>

The Group periodically reassesses its net foreign currency risk, evaluating the extent of natural foreign currency hedging achieved through ongoing development of Ascom's businesses. Accordingly, Group Treasury may propose to adapt the Group's hedging approach.

The fair value of derivative financial instruments is included under current financial assets or other current liabilities. The changes in value are recognized in profit or loss under financial income or expenses.

## 30. COMMITMENTS AND CONTINGENCIES

### a) Lease commitments – Group as lessee

The future minimum payments under non-cancellable lease obligations fall due as follows:

CHFm	Operating leases	
	31.12.2015	31.12.2014
Within 12 months	6.7	11.9
Between 1 and 5 years	11.5	17.1
Later	1.8	3.6
<b>Total</b>	<b>20.0</b>	<b>32.6</b>

### b) Lease commitments – Group as lessor

The future minimum lease receivables under non-cancellable operating leases are as follows:

CHFm	Operating leases	
	31.12.2015	31.12.2014
Within 12 months	0.4	3.0
Between 1 and 5 years	0.5	0.6
Later	–	–
<b>Total</b>	<b>0.9</b>	<b>3.6</b>

### c) Contingencies

As an internationally active company, Ascom is exposed to a multitude of legal risks in the normal course of business. These relate particularly to risks associated with product liability, patent law, tax law, and competition law. Some Group companies are involved in legal proceedings. The results of currently pending and threatened law suits cannot be predicted with certainty which means that decisions of courts or other authorities can cause expenses that have significant consequences for the business and on future results. Wherever a reliable estimate of the financial consequences of a past event is possible and an outflow of resources is more likely than not, a corresponding provision is made.

At 31 December 2015, contingent liabilities amount to CHF 52.6 million (previous year: CHF 56.3 million), mainly related to holding company guarantees. There is no indication that these liabilities will lead to fulfillment payments.

The Company has indemnified certain purchasers of divested businesses for potential claims arising from the operations of the divested businesses. There are currently no ongoing proceedings in relation to indemnification.

## 31. PLEDGED ASSETS

At 31 December 2015, intangible assets with a total carrying amount of CHF 0.1 million (previous year: CHF 0.2 million), property, plant and equipment with a total carrying amount of CHF 2.9 million (previous year: CHF 0.6 million), and cash and cash equivalents with a total carrying amount of CHF 0.2 million (previous year: CHF 0.2 million) were pledged.

## 32. EVENTS AFTER THE BALANCE SHEET DATE

### Acquisition of UMS

On 12 January 2016, Ascom acquired all the shares of the privately held, Florence, Italy-based software company UMS (United Medical Software), which provides integrations for medical devices and supplies digital medical records software solutions for life-critical patient care. With this acquisition, Ascom gains access to new software and competence for global integrated workflow solutions in Healthcare ICT in perfect alignment with Ascom's Vision 2020. Moreover, Ascom will improve its market position in Italy significantly thanks to the acquired installed base. UMS solutions help clinicians treat patients facing life-critical outcomes, while filling the gaps in digital medical records technology. UMS offers more than 200 medical device integrations and 1,000 different EMR forms and integrations and also has products ready for international deployment and installations in Europe. The company's customers include large university hospitals, private specialty clinics, and healthcare government entities. All 27 employees will be taken over at their existing location.

UMS generated net revenues of around EUR 3 million in 2015, with an EBITDA margin comparable to the Wireless Solutions Division.

The purchase price of EUR 8.6 million includes a contingent consideration of up to EUR 2.6 million, payable two years after closing, upon achievement of agreed revenue targets and retention of key employees.

### Group re-financing

The Group is in the process of finalizing suitable refinancing and expects to execute new cash and guarantee lines in advance of the expiration date of the existing credit facilities.

Since the balance sheet date, no other subsequent adjusting events have occurred that impact the 2015 consolidated financial statements.

### 33. PROPOSAL OF THE BOARD OF DIRECTORS

For the year ended 31 December 2015, the Board of Directors proposes to the Annual General Meeting on 13 April 2016 a dividend of CHF 0.45 per share entitled to dividends. This represents a total distribution up to CHF 16.2 million. In 2015, a total dividend of CHF 16.2 million was distributed to the shareholders of Ascom Holding AG.

### 34. TIME OF RELEASE FOR PUBLICATION

The Board of Directors approved the 2015 consolidated financial statements on 19 February 2016 and authorized them for publication at the media conference on 9 March 2016.



### 35. CONSOLIDATED COMPANIES

Country	Company	Registered office	Business activities	Share capital	Parent company	Group's interest
Australia	GTM Resources Pty. Ltd.	Chippendale	● AUD	3	Ascom Holding AG	100%
	Ascom Integrated Wireless Pty. Ltd.	Chippendale	■ AUD	3,000,000	GTM Resources Pty. Ltd.	100%
	Integrated Wireless Software Pty. Ltd. <sup>1</sup>	Chippendale	– AUD	120	GTM Resources Pty. Ltd.	100%
Belgium	Ascom (Belgium) NV	Brussels	■ EUR	1,424,181	Ascom Holding AG	100%
Brazil	Ascom Soluções em Telefonia Móvel Limitada	São Paulo	■ BRL	1,000	Ascom (Sweden) Holding AB	100%
China	Ascom (Beijing) Network Testing Service Co., Ltd.	Beijing	■ ★ CNY	17,000,000	Ascom (Sweden) Holding AB	100%
Denmark	Ascom Danmark A/S	Glostrup	■ DKK	1,200,000	Ascom Holding AG	100%
Finland	Ascom Miratel Oy	Turku	■ EUR	33,638	Ascom Holding AG	100%
France	Ascom Holding SA	Nanterre	– EUR	80,000	Ascom Holding AG	100%
	Ascom (France) SA	Nanterre	■ EUR	2,000,000	Ascom (Sweden) AB	100%
Germany	Ascom Deutschland GmbH	Frankfurt a.M.	■ EUR	2,137,200	Ascom Unternehmensholding GmbH	100%
	Technologiepark Teningen GmbH	Emmendingen	□ EUR	6,136,000	Ascom Unternehmensholding GmbH	94%
					Mocsa AG in Liquidation	6%
	Ascom Unternehmensholding GmbH	Frankfurt a.M.	● EUR	5,113,000	Ascom Holding AG	100%
India	Ascom Network Testing Private Limited	Mumbai	■ INR	64,929,938	Ascom (Sweden) Holding AB	100%
Malaysia	Ascom Network Testing Sdn Bhd	Subang Jaya	■ ★ MYR	500,000	Ascom (Sweden) Holding AB	100%
	Ascom (Malaysia) Sdn Bhd	Ampang	■ MYR	750,000	Ascom Holding AG	100%
Netherlands	Ascom (Nederland) BV	Utrecht	■ EUR	1,361,000	Ascom (Sweden) AB	100%
	Ascom Tateco BV	Utrecht	■ EUR	18,151	Ascom (Nederland) BV	100%
Norway	Ascom (Norway) A/S	Oslo	■ NOK	1,250,000	Ascom (Sweden) AB	100%
Poland	Ascom Poland Sp. z o.o.	Warsaw	– PLN	2,405,200	Ascom Holding AG	100%
South Africa	Ascom Network Testing (PTY) Ltd.	Durban	■ ZAR	1,000	Ascom (Sweden) Holding AB	100%
Sweden	Ascom (Sweden) AB	Gothenburg	■ ★ SEK	96,154,000	Ascom Holding AG	100%
	Ascom (Sweden) Holding AB	Gothenburg	● SEK	70,000,000	Ascom Holding AG	100%
	Ascom Network Testing AB	Skellefteå	◆ ■ ★ SEK	100,000	Ascom (Sweden) Holding AB	100%
Switzerland	Ascom Holding AG	Baar	● CHF	18,000,000	n/a	100%
	Ascom Management Ltd.	Baar	● CHF	200,000	Ascom Holding AG	100%
	Mocsa AG in Liquidation	Berne	– CHF	100,000	Ascom Holding AG	100%
	Ascom Solutions Ltd.	Mägenwil	■ CHF	10,000,000	Ascom Holding AG	100%
United Kingdom	Ascom Network Testing Ltd.	Elstead	■ ★ GBP	2	Ascom UK Group Ltd.	100%
	Ascom (UK) Ltd.	Birmingham	■ GBP	50,000	Ascom (Sweden) AB	100%
	Ascom UK Group Ltd.	Birmingham	● GBP	600,000	Ascom Holding AG	100%
UAE	Ascom MEA FZ-LLC	Dubai	■ AED	50,000	Ascom (Sweden) Holding AB	100%
USA	Ascom Holding Inc.	Rockaway NJ	– USD	10	Ascom Holding AG	100%
	Ascom (US) Inc.	Morrisville NC	■ ★ USD	1	Ascom (Sweden) AB	100%
	Ascom Network Testing Inc.	Reston VA	◆ ■ ★ USD	1	Ascom Holding AG	100%

<sup>1</sup> Integrated Wireless Software Pty. Ltd. was liquidated in January 2015.

The following describe the various types of entities within the Group:

- Holding/Finance: This entity is a holding company and/or performs finance functions and provides management services.
- Sales: This entity performs sales, installation, maintenance and marketing activities.
- ◆ Production: This entity performs manufacturing and/or production activities.
- ★ Research and Development: This entity performs research and development activities.
- Real estate: This entity performs real estate activities.
- Other: This entity is dormant or in liquidation.



## To the General Meeting of Ascom Holding AG, Baar

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

As statutory auditor, we have audited the consolidated financial statements of Ascom Holding AG, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (pages 50 to 85), for the year ended 31 December 2015.

#### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

**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 article 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to be 'TW', written in a cursive style.

Thomas Wallmer  
Audit expert  
Auditor in charge

A handwritten signature in black ink, appearing to be 'B Kovács-Vujević', written in a cursive style.

Blaženka Kovács-Vujević  
Audit expert

Zurich, 19 February 2016

## Summary of key financial data

CHFm	2015	2014	2013 <sup>1</sup>	2012 <sup>1</sup>	2011 <sup>1</sup>
Incoming orders	412.5	450.4	478.0	436.4	451.4
Order backlog <sup>2</sup>	135.2	150.4	137.3	122.0	136.2
Net revenue	410.8	437.7	459.7	449.8	437.5
EBITDA	43.8	64.8	67.6	49.0	59.8
Earnings before interest and income tax (EBIT)	27.3	47.6	47.6	26.5	40.6
Personnel expenses	(178.9)	(183.1)	(190.0)	(195.4)	(207.4)
Depreciation, amortization and impairment	(16.5)	(17.2)	(20.0)	(22.5)	(19.2)
Profit for the period	24.3	37.5	36.9	21.8	30.6
Net cash flow from operating activities	33.3	46.5	63.3	5.4	12.3
Capital expenditures on property, plant and equipment	4.2	4.4	2.8	3.2	4.4
Capital expenditures on intangible assets	9.0	9.2	5.8	3.4	3.9
Research and development expenditures <sup>3</sup>	(43.1)	(40.5)	46.4	49.8	47.1
Balance sheet total <sup>2</sup>	286.4	313.4	477.8	521.5	506.8
Shareholders' equity <sup>2</sup>	116.7	107.9	246.4	166.8	203.8
Shareholders' equity in % of balance sheet total <sup>2</sup>	40.7	34.4	51.6	32.0	40.2
Net cash/(net debt) <sup>2,4</sup>	37.3	27.1	(2.9)	(41.3)	55.8
Gearing in % <sup>5</sup>	17.2	21.4	24.8	62.6	8.6
Dividends paid/distribution of share premium	15.8	14.0	12.2	8.6	8.6
Number of employees (FTE) <sup>2</sup>	1,658	1,696	1,586	1,771	1,801

<sup>1</sup> Key figures according IFRS based on income, expenses or cash flows are derived from continuing operations.

<sup>2</sup> At 31 December.

<sup>3</sup> Contains research and development expenditures either charged to profit or loss or recognized as intangible assets.

<sup>4</sup> Cash and cash equivalents less borrowings.

<sup>5</sup> Borrowings/shareholders' equity.

# Balance sheet

## Assets

CHF 1,000	31.12.2015	31.12.2014
Cash and cash equivalents	10,606	5,827
Other current receivables		
Group companies	1,953	2,160
Third parties	488	91
Prepaid expenses	12	12
<b>Total current assets</b>	<b>13,059</b>	<b>8,090</b>
Financial assets		
Group companies	79,393	74,115
Third parties	144	489
Investments in Group companies	454,692	494,157
<b>Total non-current assets</b>	<b>534,229</b>	<b>568,761</b>
<b>Total assets</b>	<b>547,288</b>	<b>576,851</b>

## Liabilities and shareholders' equity

CHF 1,000	31.12.2015	31.12.2014
Current interest-bearing liabilities		
Third parties	20,000	–
Other current liabilities		
Group companies	693	1,315
Third parties	170	1,348
Accrued expenses	587	2,264
<b>Total current liabilities</b>	<b>21,450</b>	<b>4,927</b>
Non-current interest-bearing liabilities		
Group companies	32,748	101,655
Third parties	–	22,804
Non-current provisions	1,374	95
<b>Total non-current liabilities</b>	<b>34,122</b>	<b>124,554</b>
Share capital	18,000	18,000
Legal reserve from capital contribution	1,123	1,123
Other legal reserve	5,400	5,400
Retained earnings available for distribution at the end of the year		
Retained earnings	416,220	381,290
Profit of the period	53,318	50,763
Treasury shares held by Ascom Holding AG	(2,345)	(9,206)
<b>Total shareholders' equity</b>	<b>491,716</b>	<b>447,370</b>
<b>Total liabilities and shareholders' equity</b>	<b>547,288</b>	<b>576,851</b>

# Income statement

CHF 1,000	2015	2014
Investment income from Group companies	51,048	27,726
Other income	4,116	5,273
<b>Total ordinary income</b>	<b>55,164</b>	<b>32,999</b>
Administration expenses	(5,944)	(6,236)
Value adjustments on investments and loans	(1,413)	28,899
<b>Total operating income</b>	<b>47,807</b>	<b>55,662</b>
Financial expenses	(1,095)	(5,437)
Financial income	7,173	2,642
<b>Earnings before tax</b>	<b>53,885</b>	<b>52,867</b>
Income taxes	(567)	(2,104)
<b>Profit for the period</b>	<b>53,318</b>	<b>50,763</b>

# Notes to the annual financial statements

## 1. General

Ascom Holding AG, Baar, which is listed on the SIX Swiss Exchange in Zurich (Switzerland), is the holding company of the Ascom Group. The financial statements comply with the requirements of the new Swiss accounting legislation of the Swiss Code of Obligations (SCO). This legislation became effective on 1 January 2013 and required implementation in 2015. In accordance with the SCO, Ascom Holding AG adjusted the 2014 financial statements to be comparable with the 2015 presentation. This resulted in changes to the presentation of the income statement and balance sheet and the reclassification of treasury shares held by Ascom Holding AG from current assets to equity. This reclassification reduced the 2014 previously reported total current assets as well as total shareholders' equity by CHF 9.2 million.

Ascom Holding AG is presenting consolidated financial statements according to Swiss GAAP FER. As a result, these financial statements and notes do not include additional disclosures and cash flow statement.

## 2. Accounting policies

Non-current assets: Investments and financial assets are recognized at cost less necessary value adjustments. Currency differences resulting from the revaluation of loans in foreign currencies are charged to the income statement. Provisions are recorded for unrealized net currency gains. The valuation of investments in Group companies is performed according a group assessment at divisional level as opposed to at individual Group company level.

Current assets are valued at nominal value less necessary value adjustments.

Liabilities are valued at nominal value. Effects from foreign currencies are charged to the income statement. Provisions are made to cover general business risks of the Group.

Derivative financial instruments are used for hedging purposes. These instruments are valued at fair value.

Treasury shares are initially recognized at cost, deducted from equity and are valued at historical acquisition value without subsequent valuation adjustment. Gains or losses related the disposal of treasury shares are recorded in the income statement.

Investment income consists mainly of dividend paid by Group companies and is recognized on approval's date of the Annual General Meeting.

## 3. Contingent liabilities

Outstanding parent guarantees in respect of third parties total CHF 52.0 million (previous year: CHF 55.2 million).

## 4. Investments

Direct and indirect investments are listed in note 35 of the consolidated financial statements.

## 5. Pledged assets

At 31 December 2015, no directly held assets are pledged (previous year: nil).

## 6. Foreign currencies

The exchange rates used for balance sheet items are the rates prevailing on 31 December; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are average rates for the 2015 financial year.

## 7. Number of full-time equivalents

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

## 8. Treasury shares

Treasury shares held by Ascom Holding AG (Swiss Code of Obligations Art. 659) have developed as follows:

CHFm	Number 2015	Amount 2015	Average transaction price	Number 2014	Amount 2014	Average transaction price
<b>Balance at 1.1.</b>	<b>890,894</b>	<b>9.2</b>	<b>10.33</b>	<b>1,073,169</b>	<b>11.1</b>	<b>10.30</b>
Additions	13,185	0.2	17.72	4,730	0.1	16.57
Disposals	(683,185)	(7.1)	10.41	(187,005)	(2.0)	10.30
<b>Balance at 31.12.</b>	<b>220,894</b>	<b>2.3</b>	<b>10.62</b>	<b>890,894</b>	<b>9.2</b>	<b>10.33</b>

## 9. Significant shareholders

No significant shareholders holding 5% or more of voting rights, as defined by Art. 663c of the Swiss Code of Obligations, were recorded in the share register at 31 December 2015.

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 43.39% as of 31 December 2015 (previous year: 34.26%).

In accordance with the disclosure announcements made, the following parties are regarded as significant shareholders as defined by Art. 663c of the Swiss Code of Obligations:

Announcement date	Shareholder	% of voting rights held in Ascom securities
10.02.2015	BlackRock Inc., New York, USA	6.01%
22.12.2015	JP Morgan Chase & Co., New York, USA	5.481%
11.12.2015	Schroders plc, London, UK	5.068%

There are no known shareholders' agreements. Additional details are disclosed in the first chapter of the Corporate Governance Report (refer to pages 18 to 20).

## 10. Participations

The number of participations which were held by members of the Board of Directors and the Executive Board, including parties closely related to them are disclosed in section III of the Remuneration Report (refer to page 44).

## 11. Events after the balance sheet date

Since the balance sheet date, no subsequent adjusting events have occurred that impact the 2015 financial statements.

## 12. Time of release for publication

The Board of Directors approved the 2015 statutory financial statements on 19 February 2016 and authorized them for publication at the media conference on 9 March 2016.



# Comments on the financial statements

## Assets

Investments include shares in Group companies amounting to CHF 454.7 million (previous year: CHF 494.2 million). The decrease of CHF 39.5 million in investments is due to the reduction of share capital and a repaid capital contributions of a Group entity in the amount of CHF 38.1 million, and a value adjustments on investments in Group companies in the amount of CHF 1.4 million. In 2014, value adjustments on investments and loans consisted of reversals of value adjustments on investments in Group companies in the amounts of CHF 1.6 million and reversals of value adjustments on Group loans in the amount of CHF 27.3 million.

In the year under review, loans to Group companies increased by CHF 5.3 million. The loans are mainly denominated in CHF, EUR, USD and SEK.

Other current receivables from Group companies consist mainly of short-term receivables denominated in CHF, EUR, USD and SEK.

## Liabilities and equity

In the year under review, total loans from Group companies decreased by CHF 68.9 million.

Bank loans comprise amounts drawn under a revolving multicurrency loan facility in an aggregate amount of CHF 140.0 million denominated in CHF. The final maturity date of the loan facility is 24 May 2016.

Accrued expenses are mainly related to current income tax.

## Income statement

Investment income represents ordinary dividend payments from Group companies.

Financial income consists mainly of interest income from loans to Group companies of CHF 1.4 million (previous years: CHF 1.7 million), profit from sale of treasury shares of CHF 1.8 million (previous year: CHF 0.9 million) and foreign exchange gains on Group loans and other current receivables of CHF 3.9 million (previous year: foreign exchange losses of CHF 4.1 million).

In the year under review, value adjustments on investments in Group companies amounted to CHF 1.4 million.

Other income comprises trademark fees charged to Group companies of CHF 4.1 million (previous year: CHF 4.4 million).

Financial expenses mainly consist of interest paid to banks and Group companies, as well as bank charges of CHF 1.1 million (previous year: CHF 1.3 million).

Administration expenses include CHF 2.0 million (previous year: CHF 1.4 million) of personnel-related costs.

## Profit for the period

In 2015, Ascom Holding AG records a net profit of CHF 53.3 million (previous year: CHF 50.8 million), while Ascom Group records a consolidated net profit of CHF 24.3 million (previous year: CHF 37.5 million).

## Proposal for the appropriation of retained earnings 2015

CHF	2015
Retained earnings from previous year	432,052,802
Distribution of dividends	(15,832,477)
Profit for the period	53,318,041
<b>Retained earnings at 31.12.2015</b>	<b>469,538,366</b>
Distribution of CHF 0.45 per share entitled to dividends	(16,200,000)
Balance to be carried forward	453,338,366

## Proposal for the appropriation of reserves from capital contribution 2015

CHF	2015
Distributable reserves from capital contribution from previous year	1,123,243
Distribution of reserves from capital contribution	-
<b>Distributable reserves from capital contribution at 31.12.2015</b>	<b>1,123,243</b>
Balance to be carried forward	1,123,243



## To the general meeting of Ascom Holding AG, Baar

### Report of the statutory auditors on the financial statements

As statutory auditor, we have audited the financial statements of Ascom Holding AG, which comprise the balance sheet, income statement and notes (pages 89 to 93), for the year ended 31 December 2015.

#### 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 31 December 2015 comply with Swiss law and the company's articles of incorporation.



**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 article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to be 'TW', written in a cursive style.

Thomas Wallmer  
Audit expert  
Auditor in charge

A handwritten signature in black ink, appearing to be 'B. Kovács-Vujević', written in a cursive style.

Blaženka Kovács-Vujević  
Audit expert

Zurich, 19 February 2016

# Key financial data on the share capital

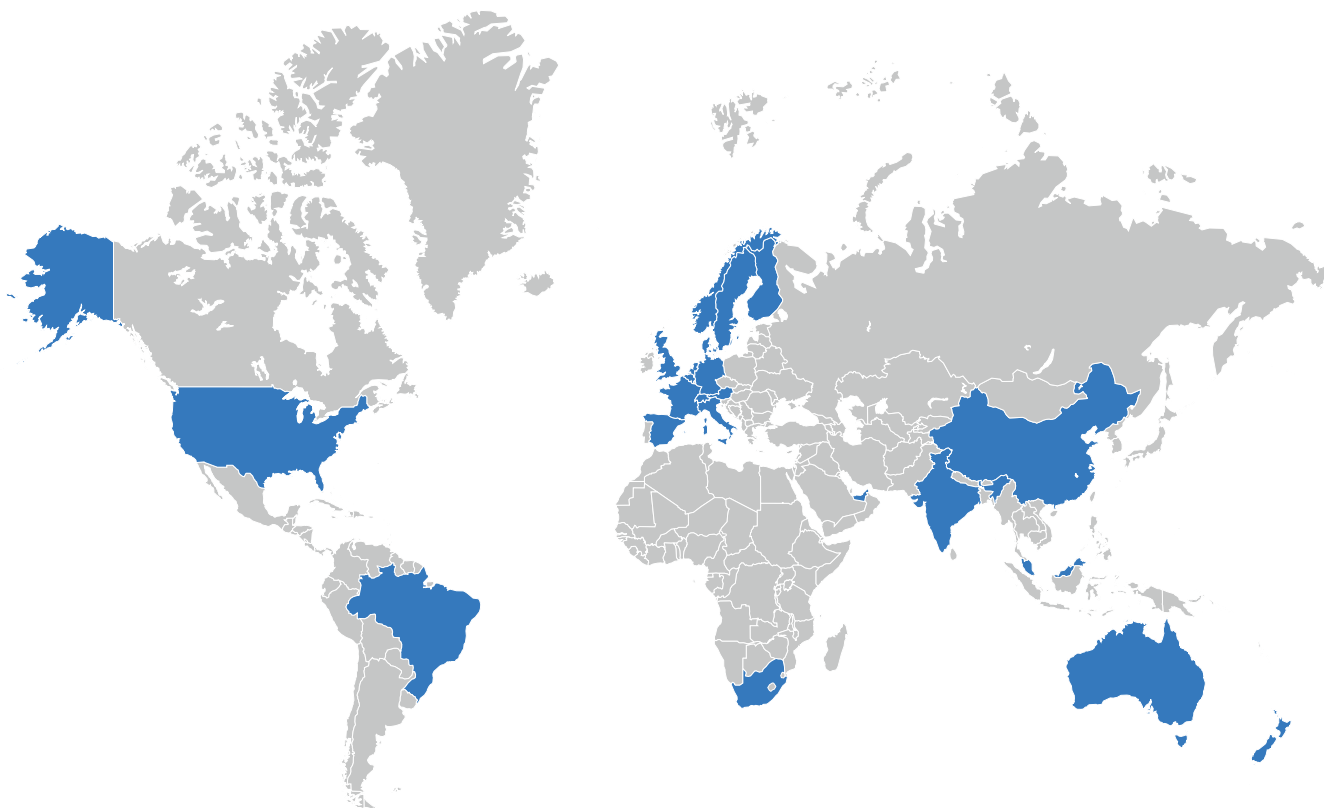
CHF		2015	2014	2013	2012	2011
<b>Dividend/distribution per share</b>						
Registered shares	CHF 0.50	0.45	0.40	0.35	0.25	0.25
<b>Equity per share<sup>1,2</sup></b>						
Registered shares	CHF 0.50	3.20	2.96	7.12 <sup>3</sup>	4.48 <sup>3</sup>	5.90 <sup>3</sup>
<b>Earnings per share<sup>1,2</sup></b>						
Registered shares	CHF 0.50	0.69	1.07	1.07 <sup>3</sup>	0.64 <sup>3</sup>	0.67 <sup>3</sup>
<b>Share price (high/low of the period under review)</b>						
Registered shares	CHF 0.50	20.75/12.80	18.29/11.85	15.00/8.60	9.60/6.60	15.10/7.67
<b>Taxable values<sup>1</sup></b>						
Registered shares	CHF 0.50	15.90	15.25	15.00	8.86	8.40
<b>Number of shares<sup>1</sup></b>						
Registered shares	CHF 0.50	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
<b>Of which own shares<sup>1</sup></b>						
Registered shares	CHF 0.50	220,894	890,894	1,073,169	1,568,202	1,430,040

<sup>1</sup> At 31 December.

<sup>2</sup> Based on the consolidated financial statements (excluding own shares).

<sup>3</sup> Based on the consolidated financial statements according IFRS.

# Worldwide contacts



**Australia/New Zealand, Sydney**  
Ascom Integrated Wireless Pty. Ltd.  
au-sales@ascom.com

**Austria, Vienna**  
Ascom Network Testing AB  
Zweigniederlassung Österreich  
tems.sales.europe@ascom.com

**Belgium, Bruxelles**  
Ascom (Belgium) NV  
info.be@ascom.com

**Brazil, São Paulo**  
Ascom Soluções em Telefonia  
Movél Limitada  
tems.sales.americas@ascom.com

**China, Beijing**  
Ascom (Beijing) Network  
Testing Service Co., Ltd.  
tems.sales.amea@ascom.com

**Denmark, Glostrup**  
Ascom Danmark A/S  
info.dk@ascom.com

**Finland, Turku**  
Ascom Miratel Oy  
myynti@ascom.com

**France, Nanterre**  
Ascom (France) S.A.  
fr-info@ascom.com

**Germany, Frankfurt a.M.**  
Ascom Deutschland GmbH  
info.ws-de@ascom.com

**India, Bangalore**  
Ascom Network Testing  
Private Limited  
tems.sales.amea@ascom.com

**Italy, San Casciano Val di Pesa**  
Ascom UMS S.r.l.  
info.it@ascom.com

**Malaysia, Ampang**  
Ascom (Malaysia) Sdn Bhd  
sales-my@ascom.com

**Malaysia, Subang Jaya**  
Ascom Network Testing Sdn Bhd  
tems.sales.amea@ascom.com

**Netherlands, Utrecht**  
Ascom (Nederland) B.V.  
info.nl@ascom.com

**Norway, Oslo**  
Ascom (Norway) A/S  
firmapost@ascom.com

**South Africa, Johannesburg**  
Ascom Network Testing (Pty) Ltd.  
tems.sales.amea@ascom.com

**Spain, Madrid**  
Ascom Network Testing AB  
Sucursal España  
tems.sales.europe@ascom.com

**Sweden, Gothenburg**  
Ascom (Sweden) AB  
info.se@ascom.com

**Sweden, Skellefteå**  
Ascom Network Testing AB  
customercare.tems@ascom.com

**Switzerland, Baar**  
Ascom Holding AG  
investor@ascom.com

**Switzerland, Baar**  
Ascom Management AG  
info@ascom.com

**Switzerland, Mägenwil**  
Ascom Solutions AG  
info.ws-de@ascom.com

**Switzerland, Solothurn**  
Ascom Solutions AG  
tems.sales.europe@ascom.com

**United Arab Emirates, Dubai**  
Ascom MEA FZ-LLC  
tems.sales.amea@ascom.com

**United Arab Emirates, Dubai**  
Ascom Solutions AG  
Branch Dubai  
info.mea@ascom.com

**United Kingdom, Birmingham**  
Ascom (UK) Ltd.  
uksales@ascom.com

**United Kingdom, Elstead**  
Ascom Network Testing Ltd.  
tems.sales.europe@ascom.com

**USA, Morrisville NC**  
Ascom (US) Inc.  
info.us@ascom.com

**USA, Reston VA**  
Ascom Network Testing Inc.  
tems.sales.americas@ascom.com

# Dates and contacts

## Important dates

13 April 2016  
Annual General Meeting  
Theater Casino Zug, Zug

17 August 2016  
Presentation of half-year results 2016  
SIX Swiss Exchange, Zurich

## Contact addresses

### Ascom Group Communications

Ascom Holding AG  
Daniel Lack, Company Secretary & CCO  
Zugerstrasse 32 | CH-6340 Baar  
+41 41 544 78 00 | Fax 41 761 97 25  
info@ascom.com

### Ascom Investor Relations

Ascom Holding AG  
Bianka Wilson, CFO  
Zugerstrasse 32 | CH-6340 Baar  
+41 41 544 78 00 | Fax 41 761 97 25  
investor@ascom.com

### Declaration of forward-looking statements

This Annual Report contains forward-looking statements relating to Ascom. Because these forward-looking statements are subject to risks and uncertainties, the reader is cautioned that actual future results may differ from those expressed in or implied by the statements, which constitute projections of possible developments. All forward-looking statements are based only on data available to Ascom at the time of preparing the Annual Report.

The complete 2015 Annual Report of the Ascom Group is available in English only and can be viewed online at: [www.ascom.com/report-en](http://www.ascom.com/report-en)

### Publishing details

**Publisher** Ascom Holding AG, Baar

**Financial Statements** Ascom Group Finance, Baar

**Editorial** Tolxdorff & Eicher Consulting, Horgen

**Translation** CLS Communication AG, Zurich

**Photos** Severin Jakob, Zurich, Screenshots p.9, Medanets Oy, Finland

**Location** Hirslanden Klinik Im Park, Zurich: cover, pp.3, 9

**Models** Street models

**Concept, Design & Realization** Linkgroup AG, Zurich

© Ascom Holding AG 2016







