Annual Report 2020

Ascom is a global solutions provider focused on healthcare ICT and mobile workflow solutions. The vision of Ascom is to close digital information gaps allowing for the best possible decisions – anytime and anywhere. Ascom's mission is to provide mission-critical, real-time solutions for highly mobile, ad hoc, and time-sensitive environments. Ascom uses its unique products and solutions and software architecture capabilities to devise integration and mobilization solutions to improve workflows for healthcare, industry and retail sectors.

Shareholder return

	2020[1]	2019	2018	2017	2016
Dividend (CHF per share)	–	–	0.45	0.45	0.80
Average annual share price (CHF)	9.8	11.9	19.2	19.6	16.7
Dividend yield (%)	N/A	N/A	2.3%	2.3%	4.8%

[1] Proposal to the Annual General Meeting.

281.0m

Net revenue

Share information

	2020	2019
Share price at 31.12. in CHF	13.10	10.52
Market capitalization at 31.12. in CHFm	471.6	378.7
Nominal value per share in CHF	0.50	0.50

Share price performance 2016 to 2020

322.4m

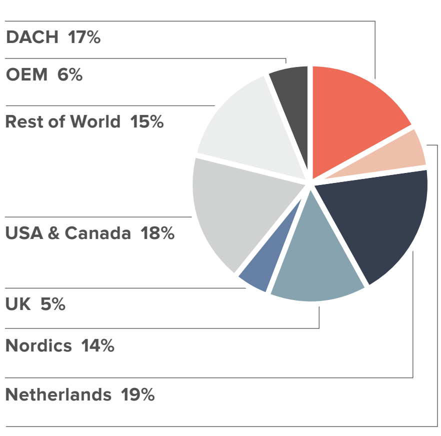
Incoming orders

A technology company operating worldwide

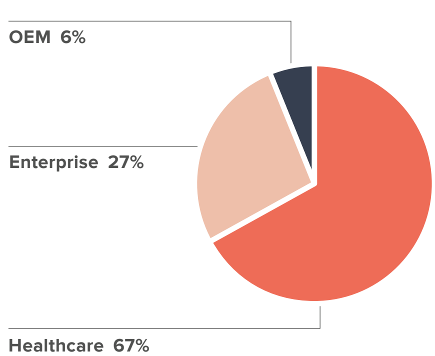
1,300 employees around the globe

18 operating businesses worldwide

Revenue by region



Revenue by segment



Annual Report 2020

Dr Valentin Chapero Rueda, Chairman; Jeannine Pilloud, CEO

Letter to Shareholders

Dear Shareholders,

Ascom looks back to an eventful and successful financial year 2020, which was characterized by the unprecedented and ongoing Covid-19 pandemic that affected companies and economies globally. Despite this challenging environment, we succeeded in achieving our restructuring objectives while returning to profitable growth:

- Net revenue increased by 3.6% at constant currencies[1] compared to the previous year
- EBITDA[2] increased to CHF 24.9 million (2019: CHF 0.8 million) and EBITDA margin improved substantially to 8.9% (2019: 0.3%)
- Both incoming orders and order backlog showed strong developments
- Net profit increased to CHF 6.5 million (2019: CHF 0.5 million)
- Balance sheet structure improved and Ascom was able to return to a positive net cash position of CHF 12.8 million and an improved equity ratio of 35.0% as of 31 December 2020 (29.5% as of 31 December 2019)

Solid operating results

At the beginning of 2020, we announced a new Group structure focused on a leaner organization and stronger customer proximity. The swift implementation has proven to be effective, improving our processes and allowing us to better handle the challenges of the Covid-19 pandemic. In addition, we implemented a series of measures to reduce cost, increase efficiency and better exploit Ascom's market potential.

Due to the strong dedication of our worldwide teams, Ascom was able to cope with the difficult market environment in 2020. Double-digit revenue growth at constant currencies was generated in the regions Nordics, UK, and Rest of World. The Netherlands and USA & Canada showed solid revenue growth as well. The DACH region had weaker demand from customers mainly in the Enterprise sector. And the markets in France & Spain were hit hard due to severe measures taken by their respective governments to address the pandemic.

[1] Constant currencies are calculated by converting current numbers using the prior year's exchange rates.
[2] Definition of EBITDA, see "Consolidated income statement" on page 67 of this Annual Report.

During 2020, we experienced a strong increase in new orders and were able to win substantial contracts in the Healthcare sector, which underscores our ability to become a relevant long-term partner for our sophisticated customer base. In particular, we are very proud of entering a long-term partnership with NHS Wales with a total contract value of CHF 16.5 million. We will deploy Ascom products and services and jointly develop new solutions.

Good starting position for 2021

Thanks to the topline growth and targeted cost-cutting measures, Ascom increased its profitability in 2020. The optimization and further improvement of our margin and cost structure will continue to be an important focus in 2021.

In 2020, we have laid the foundation for further profitable growth. The high order backlog, the improved balance sheet and Ascom's sound financial profile are a good starting position for the financial year 2021. A major target is to convert the high service order backlog into revenue. We will also concentrate on further developing of our product and service portfolio in order to exploit existing and additional market potential. It makes us optimistic to see that our customer base is becoming more and more interested in digital workflow solutions and sophisticated, "situational" communication infrastructures. Ascom is well positioned to make a valuable contribution to the implementation of optimized workflow, signaling and documentation processes in healthcare and industry.

Sustainability – our commitment

We understand and support the growing importance of a sustainable business model and the reporting thereof. As an internationally active group, we adhere to the principles of sustainable management, which takes equally into account environmental aspects, the needs of society and economic objectives.

Our mission is to offer products and services which are environmentally friendly, safe and reliable. Sustainable resource management is one of our priorities.

In the financial year 2020, we emphasized our sustainability agenda with a comprehensively revised Corporate Directive which is in effect since January 2021. It takes "Environmental, Social and Governance" (ESG) targets into account and it guides the way we work to ensure we consider all stakeholders and take a holistic approach in all processes.

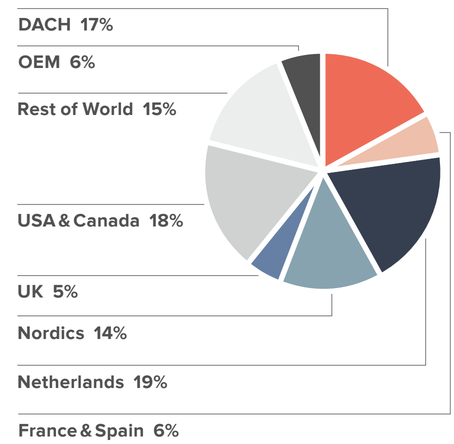
Efficient and simplified management structure

As part of the ongoing transformation of the Company and to further improve efficiency within the Ascom Group, the management structure has been simplified effective as of 9 February 2021. The Executive Board now consists of two members, Jeannine Pilloud as CEO and Dominik Maurer as CFO.

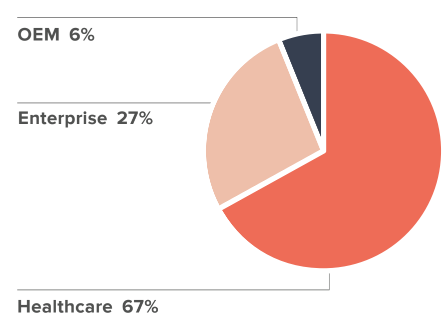
Annual General Meeting 2021

In 2020, we strengthened our Board of Directors with four new members, who are all experienced leadership personalities with extensive international backgrounds. At the upcoming Annual General Meeting, all members of the Board of Directors will stand for re-election for another one-year term of office. In addition, the Board of Directors will propose the re-election of Valentin Chapero Rueda as Chairman of the Board. The Board of Directors will propose Nicole Burth Tschudi and Laurent Dubois for re-election as members of the Compensation & Nomination Committee.

Revenue by region



Revenue by segment



A word of thanks

Ascom is on track, as the solid 2020 results have shown. Nevertheless, there is still considerable work ahead of us to reach our goal of sustainable profitable growth. The year 2021 will be another year with many uncertainties. We are, however, confident that the worldwide Ascom team will manage all the challenges ahead of us and that 2021 will be another positive step in the development of the company and of our business.

The Ascom team has shown outstanding morale and excellent team spirit during this very difficult year 2020. We have countless examples of employees going the extra mile and doing the nearly impossible to service our customers who themselves were in difficult and challenging situations.

The Board of Directors and the Executive Committee would like to express their sincere gratitude to all our employees for their tremendous work. We also want to extend our thanks to our customers and business partners for their trust and loyalty to us. Many of them have been and still are fighting the Corona crisis on the frontlines, and we want to express our heartfelt appreciation and gratitude for everything they do and for the great service they deliver to all of us. We also thank our valued shareholders for the confidence they have shown in us and for their continuing support.

Sincerely,

Dr Valentin Chapero Rueda	Jeannine Pilloud
Chairman of the Board	CEO

Performance Report 2020

Ascom closed financial year 2020 with solid results, despite the unprecedented and ongoing Covid-19 pandemic. In line with the communicated targets, net revenue increased by 3.6% (at constant currencies) and the EBITDA margin came to 8.9%.

In 2020, we swiftly implemented the new Group structure that we had introduced at the beginning of the year. The new organizational structure is leaner, with shorter communication channels, and our main focus is on strong and direct customer proximity, which has proven to be very beneficial, particularly in this challenging year due to the pandemic. In addition, we successfully implemented targeted cost reduction measures and initiated various activities to better exploit the Company's market potential. All this has contributed to Ascom's return to profitable growth in 2020.

Ascom achieved its financial guidance in 2020

2020 was, due to the Covid-19 pandemic, an unprecedented year for companies and economies globally. Despite this challenging environment, we were able to achieve our defined plan. After an already solid first half-year, Ascom experienced a traditionally stronger second half-year, and closed fiscal year 2020 with total net revenue of CHF 281.0 million. Including a negative currency impact of about CHF 12 million, revenue grew by 3.6% (at constant currencies[1]) compared to the prior year (2019: CHF 282.9 million).

We at Ascom are strongly committed to support healthcare facilities in difficult environments with our solutions and our know-how in mission-critical communication. Therefore, in 2020 we saw additional demand from customers' emergency and rescue divisions in certain markets, which enabled us to compensate some project delays in other areas.

Most successful regions in 2020 with double-digit revenue growth (at constant currencies) were the Nordics, UK, and Rest of World. Moreover, USA & Canada as well as the Netherlands showed solid revenue growth rates as well.

In Europe, regional development varied in 2020, also depending on the extent and length of the measures to battle the Covid-19 crisis. While the development in the Nordics, UK and in the Netherlands was very positive, the markets in France and Spain were hit hard by the severe measures, which were repeatedly tightened during the year by the respective governments to combat the spread of Covid-19.

[1] Constant currencies are calculated by converting current numbers using the prior year's exchange rates.

In the DACH region, revenue declined mainly due to a weaker performance in the Enterprise sector, which suffered heavily from the Covid-19 crisis.

The positive development in the USA & Canada was strongly supported by our new leadership structure and the successful work of our task force team. The Rest of World region consisting of Australia, Malaysia/Singapore, Middle East, Italy, Belgium, and Finland showed a solid development as well. The OEM business showed a positive development in the second half-year and could be stabilized after a difficult first half-year.

During the year under review, revenue by market segment showed a continuing shift to the Healthcare sector that accounted for 67% of total revenue (2019: 64%). The Enterprise sector reflected 27% (2019: 29%), while the OEM business remained at 6% (2019: 7%). We also made further progress in increasing our share of recurring revenue, which increased to 25% compared to 24% in the prior year. The service business increased its share of revenue to 41% (2019: 38%)

Substantial increase of order backlog

In 2020, incoming orders were strong and grew to CHF 322.4 million, representing a substantial increase of 6.6% (at constant currencies) compared to the prior year (2019: CHF 315.5 million). The order backlog rose by about 24% (at constant currencies) and amounted to CHF 215.6 million at the end of 2020 (end of 2019: CHF 177.5 million), which provides a comfortable basis for further revenue growth in 2021.

We were able to win substantial contracts in our addressed markets in 2020. In the Healthcare sector, important flagship wins included entering into a long-term partnership and joint development of solutions with NHS Wales in UK with a contract value of CHF 16.5 million. Further important wins took place among others in Finland with a new hospital complex, in Germany with a renowned university hospital, and in the US with substantial healthcare contracts.

The Enterprise sector suffered more from the Covid-19 crisis. However, in the United States we secured significant orders in the power generation market, and in the UK, a large service contract was signed with a renowned retailer.

Improved profitability with an EBITDA margin of 8.9%

During 2020, Ascom improved its profitability substantially. Gross margin increased to 47.4% (2019: 43.7%) due to efficiency gains and a significant cost reduction. Our investments in R&D remained almost unchanged compared to the prior year. EBITDA[2] increased to CHF 24.9 million (2019: CHF 0.8 million) with an EBITDA margin of 8.9% (2019: 0.3%), while EBIT came to CHF 11.0 million (2019: CHF –13.4 million) taking into account almost unchanged depreciation and amortization of CHF 13.9 million (2019: CHF 14.2 million).

Ascom closed fiscal year 2020 with a Group profit of CHF 6.5 million (2019: CHF 0.5 million, including positive one-off effects of CHF 8.3 million, mainly due to the sale of the Technologiepark Teningen). Financial expenses were impacted by net foreign exchange losses of CHF 3.0 million (2019: net foreign exchange gains of CHF 1.0 million).

[2] Definition of EBITDA, see consolidated income statement on page 67 of this Annual Report

Solid balance sheet with an equity ratio of 35.0%

Cash flow followed a similar positive trend to profitability, increasing significantly during fiscal year 2020. Ascom generated positive cash flow from operating activities of CHF 45.1 million (2019: CHF 2.9 million). The higher operating cash flow resulted from a higher profit and better net working capital management. In addition, Ascom was able to repay short-term borrowings of CHF 21 million in 2020, and to enter into a syndicated loan agreement of CHF 60 million over four years with a Swiss bank consortium. This new loan agreement replaced earlier bilateral credit facilities with two banks that were concluded by the end of the first quarter 2020.

At balance sheet date of 31 December 2020, total assets amounted to CHF 203.1 million (31.12.2019: CHF 214.2 million). Cash and cash equivalents increased to CHF 31.8 million (31.12.2019: CHF 18.2 million), and the net cash position improved substantially to CHF 12.8 million (31.12.2019: net debt of CHF 21.8 million). Shareholders' equity was at CHF 71.1 million (31.12.2019: CHF 63.2 million), and the equity ratio increased to 35.0% (31.12.2019: 29.5%). These solid balance sheet ratios, the existing availability of financing facilities, and the increase in operating cash flow form a strong basis for future profitable growth.

Outlook 2021

Some of Ascom's important markets continue to suffer from the negative impacts of the measures taken by the respective governments to combat the Covid-19 pandemic. As the stringent protective measures against the pandemic were further tightened worldwide at the beginning of 2021, the visibility of global business development is still very limited, and continuing geopolitical risks create additional uncertainties.

However, our group-wide transformation process is very well on track, we have successfully undertaken enormous efforts to better exploit Ascom's market potential. Moreover we have proven that Ascom was able to return to profitable growth in a year when the overall business environment was the most challenging for many decades. Therefore, we are confident to continue our successful journey in 2021.

Digitizing ICUs in 14 hospitals

Ascom delivers its software solution Digistat to all 14 hospitals in Wales, UK in partnership with NHS Wales Informatics Service. Ascom's biggest ever contract worldwide.

Paul Lawrence, Managing Director of Ascom UK, explains how Ascom is helping the Welsh government to develop a national Critical Care Information System.

NHS Wales Informatics Service (NWIS) is the national organization delivering technology and digital health systems and services needed for modern patient care in Wales.

Developing a national Critical Care Information System with NWIS was not straightforward. As part of the bidding process, Ascom took part in a detailed round of stakeholder events by the Welsh Critical Care & Trauma Network to establish the scope of the system which needed to interface with key elements of the NHS Wales framework for information systems. It also had to integrate with other key national software, including the country's hospital electronic prescribing and medication administration system.

Our partnership with NWIS is moving critical care units in seven health boards away from paper and on to a system that will make life easier for clinicians, freeing up thinking time in a highly pressurized environment, and providing a single source of truth for patient information. This will not only help improve patient care at the bedside, but benefit audit and research, helping clinicians to refine best practice and critical care structures in the future.

"Our partnership with NWIS is moving critical care units in seven health boards away from paper and on to a system that will make life easier for clinicians."

Paul Lawrence
Managing Director
Ascom UK

Unique solution for Wales

Digistat's architecture makes it uniquely suitable for Wales due to the flexibility of the software. It allows us to create a common layer interface while tailoring Digistat's configuration to support local workflows and requirements in each of the 14 critical care units.

This major healthcare investment follows a clear strategy from the Welsh government. Vaughan Gething, Minister for Health and Social Services said: "Our Welsh intensive care services deliver extraordinary services helping people when they are critically ill. The introduction of this innovative technology will enhance the care patients receive and allow doctors and nurses to spend as much time as possible caring for patients. The use of technology to deliver a sustainable NHS is a key part of A Healthier Wales, our long-term strategy for health and social care in Wales."

The benefits – for patients, care staff and researchers

Digistat is ideal for the ICU environment, where staff are constantly updating critical information. It puts the data into one easily accessible system that can follow the patient from ward to ward, or hospital to hospital. Digistat also enhances opportunities for clinical research by providing a rich source of data for future sampling.

Digistat can bring about immediate and profound changes to the day-to-day work of ICU staff. For ICU doctors and nurses who have used paper-based systems for decades, the shift in working practices to digital can be dramatic.

That is why it was important, as part of the system rollout, to identify ambassadors who could prove to staff that this change would bring benefits. Starting at the very top has been key to our success. We ensured we got buy-in from each of the chief executives in the seven health authorities involved. They in turn cascaded it down to the clinical management team. This ensured that all employees saw a smooth implementation as a priority. To discover more about the benefits of Digistat, clinicians from Wales also talked to their peers in different trusts who were already using it and visited hospitals abroad.

The right experience, locally and internationally

With our UK experience and international reputation for handling large, complex projects, we have the skills and expertise to deal with the scope of the Wales contract. We have built a dedicated resource team and opened a satellite office in Cardiff. We are supporting the Wales economy by recruiting locally for our new office. NHS Wales are also employing and redirecting resources into this project.

Ascom has demonstrated how to address complex requirements and a strict implementation process in the right way. As a supplier we believe that we stood out from day one. We really listened to the customer and adapted to what they were trying to do. Digistat is absolutely the right solution, and our success in landing the contract was down to creating a compelling offering, backed by a responsible and collaborative approach.

"With our UK experience and international reputation for handling large, complex projects, we have the skills and expertise to deal with the scope of the Wales contract."

Paul Lawrence
Managing Director
Ascom UK

Project Wales in short

Ascom was assigned to digitalize critical care information for intensive care patients across seven health authorities and 14 Welsh Intensive Care Units (ICUs) with 198 ICU beds in total, creating a national Critical Care Information System for Wales. The initial contract volume amounts to around CHF 16.5 million and a seven-year timespan. It includes the end-to-end implementation of Digistat through a managed service contract. The scale of the project led Ascom and NHS Wales to agree on a three-year implementation plan. Digistat for ICUs is designed to automate the documentation of patient care across the hospital's complex intensive care units and helps clinicians and nurses to streamline care processes and improve efficiency.

Ascom on the frontline in the fight against Covid-19

Ascom's software solution Digistat Suite helps Dutch hospital Slingeland cope with the pandemic.

Olaf Hendriks, Managing Director of Ascom Netherlands, talks about the successful implementation of Ascom Digistat Suite and how the software is supporting clinical staff during the pandemic.

The project to implement the software solution Ascom Digistat Suite in the Dutch Slingeland Hospital at the beginning of 2020 took a sudden turn when the pandemic broke out. Originally intended to provide monitoring for cardiology and neurology patients, it was quickly repurposed to respond to the crisis – by monitoring vital signs on Covid-19 wards. Digistat is used to collate and record vital signs values from patients and calculate and deliver an early warning score to indicate the risk of deterioration. Patients can be monitored remotely, and details of their conditions collected via a series of sources and collated in one location electronically, and this has proved particularly useful on strictly isolated wards.

Summing up how well the project went Olaf Hendriks says: "After evaluating the project, we are able to answer one crucial question. If we implement these solutions, are we able to detect deterioration in a patient earlier on so that we can modify treatment and make sure the patient improves in a better way? The answer is yes, we can."

Hospital workers were provided with a constant view of the patient's condition, delivered either to smartphones or patient dashboards. A central control room also monitored patients' conditions using the Ascom system and fed information back to the carers assigned to them. Because of the way in which the system was initially implemented, it was also possible to spot a deterioration in any patient's condition.

Part of the system consisted of a series of wearables gathering information on the patients' respiratory rate and heart rate – which are constantly monitored – as well as frequent updates on saturation. "Once we implemented the solution, we had hospital patients using wearables measuring their vital signs. We extracted those values to our software, where we calculated early warning scores and created workflows based on the outcomes of those scores. And yes, we were able to see a deterioration earlier on than we could in the past," says Olaf Hendriks.

Obstacles to overcome

Malou Peppelman, Innovation Program Manager at Slingeland Hospitals, praised the "flexibility in such an unprecedented health crisis, the innovation in such a short time and the fact that nurses were able to discover the potential of healthcare technology." One of the hurdles that had to be overcome in the beginning was getting the people using it on board, and explaining not only how it is used, but how these solutions could benefit them directly.

"Once we implemented the solution, we had hospital patients using wearables measuring their vital signs."

Olaf Hendriks
Managing Director
Ascom Netherlands

As Olaf Hendriks puts it: “Nurses can normally look at a patient and detect a deterioration based on a visual impression – and temperature, heart rate, blood pressure and so on. Using these early warning scores, based on our extraction of data, deterioration was visible earlier than it would normally be.”

To benefit from this technical development, it is vital medical professionals undergo extensive training so that this barrier can be overcome. To do this effectively, the working framework may also need to be adjusted. Olaf Hendriks says: “Patient care in hospitals is standardized and regulated by all kinds of medical guidelines, but also guidelines within the hospital. It seems like the old way of working is not matched with what we see in the new situation. That change needs to be led by the hospital, which Ascom can support with its expertise. Basically, it’s about training people.”

Flexible and versatile

One of the next steps for implementing Digistat outside of Covid-19 treatment is to analyze how it can help address the demographic megatrend known as “double-aging”, i.e. when the population decreases and gets older. This involves taking the platform into the region. Olaf Hendriks says: “We’ll integrate with other caregivers in the region. Slingeland collaborates strongly with nursing homes, elderly care homes and care hotels. They also want to use this way of working in a joint effort with their partners in the region.”

In 2020, the software solution Ascom Digistat was also trialed in Slingeland in the way it was originally intended as the system’s flexibility allows it to adjust quickly to circumstances. Olaf Hendriks says: “After the first wave of the pandemic, we restarted the project for cardiology and neurology patients. We were then hit by the second wave, so we reconfigured it to care for Covid-19 patients again. This is possible because of the system and its extraordinary flexibility.”

Ascom Covid-19 projects around the world

Ascom supports many hospitals with its solutions worldwide to increase care capacity in the fight against the pandemic and has driven strong innovation and proactivity with its expertise and offerings to help care staff and hospitals identify new ways of meeting increased demand for care beds and ICU capacity:

- **Australia:** Ascom helped equip a Covid-19 isolation and recovery facility in the state of Victoria by delivering a communication solution that included the Ascom D81 DECT handset and the end-to-end management solution Ascom DURAsuite to protect staff and clients. The facility fitted out by Ascom is operated jointly by Launch Housing and St Vincent's Hospital Melbourne, which also lead clinical care. They asked for a fully functional, all-inclusive emergency communication platform with integrated voice, duress, and messaging capability that can be rapidly deployed.
- **DACH-Region:** Ascom very quickly used newsletters and online seminars to inform customers and partners about mobile communication and alarm solutions, and how to professionally disinfect Ascom devices. Ascom then worked with local partners to implement various mobile communications projects to support hospital capacity expansion. These included setting up a mobile communications and alarm infrastructure in a hotel vocational boarding school converted into an emergency hospital in a Bavarian crisis zone, which could be set up in just 24 hours. In addition, Ascom equipped several customers in the elderly care sector with the fully disinfectable smartphone Myco 3 so that residents could safely make calls to their relatives.
- **France & Spain:** Ascom helped the hospital Sant Joan de Déu in Barcelona (Spain) to increase its ICU capacity by delivering the software solution Digistat Connect, and Myco 3 smart devices. The hospital transformed parts of its neonatology departments into Covid-19 ICUs. In France, Ascom worked together with a business partner involved in expanding the ICU capacity in a hospital located in Chalon-sur-Saône, a long-standing customer which decided to replicate Ascom's solutions (Myco 3 smart devices, Digistat Connect Smart Central, and Unite Connect) to quickly set up additional ICUs.
- **Italy:** Ascom supported several Italian hospitals in building up new ICU capacities and expanding existing facilities with the software solution Digistat. Ascom delivered its software solution for the newly built ICU department exclusively treating Covid-19 cases in the Fiera Hospital in Milan. The healthcare agency in Naples (ASL Napoli 1 Centro) was also equipped with a Digistat wearable solution for the remote monitoring of domiciliated patients. In Prato near Florence, Ascom helped the Pegaso Covid Center optimize workflow mobility with WiFi handsets i63 to improve the health and safety of Covid-19 patients.
- **USA & Canada:** Ascom focused on rapid response systems for emergency hospital deployments and worked with local business partners to help equip temporary medical facilities in Chicago and New York, among others. Furthermore, the region launched tailored offerings like a rapid-response DECT communication solution and a Covid-19 triage healthcare rapid-response communications solution. The team also hosted webinars and produced collateral and supplemental documentation materials for clinical staff to help them best utilize Ascom technology safely during the pandemic.

Ascom's reliable communications solutions for the Enterprise sector are helping workers in secure environments, retail, hotels and hospitality, and virtually every type of industrial and manufacturing facility.

Sustainability Report 2020

Sustainability is a fundamental pillar for running a global company such as Ascom, as stakeholders underline the importance of complying with global standards.

In 2020, we emphasized the importance of sustainable business with a clear structure of the Sustainability Report that focuses on the three areas Environment, Social and Governance (ESG). During a year that has been marked by the pandemic, with the resulting drastic shifts in behavior, all three spheres have been affected – be it due to the decline in business travel, the increase in working from home or the lack of personal interaction with colleagues.

Ascom is pushing its sustainability agenda further with a comprehensive revision of the Corporate Directive that takes ESG targets into consideration and has been in effect since January 2021 (p. 20). The Directive will guide the way in which we work to ensure we consider all stakeholders and take a holistic approach in relation to all processes. The Corporate Directive is available on www.ascom.com/Investor-Relations/Governance/sustainability.html.

We continue to be a signatory of the UN Global Compact, focusing on the Sustainable Development Goals (SDG) that are most pressing for us and where we believe Ascom can have the greatest impact:

- Good Health and Well-Being (SDG No 3)
- Quality Education (SDG No 4)
- Gender Equality (SDG No 5)
- Decent Work and Economic Growth (SDG No 8)
- Industry Innovation and Infrastructure (SDG No 9)
- Reduced Inequalities (SDG No 10)
- Responsible Consumption and Production (SDG No 12)
- Climate Action (SDG No 13)

In 2020, we started again to donate to UNICEF to support disadvantaged children around the world into realizing their potential. We have upheld our external reporting to maintain transparency into our operations by reporting to the Carbon Disclosure Program (CDP, rated B– in the climate change questionnaire, rated A– in the supplier engagement rating report) and being rated by EcoVadis. We retained our gold status in the EcoVadis sustainability rating and are ranked among the top 5% of companies rated.

"As a global solutions provider focusing on healthcare ICT and mobile workflow solutions, we will continue to apply our prudent approach to minimizing Ascom's environmental footprint. We are strongly committed to expanding our ESG reporting in the years ahead with additional topics that we consider extremely important for our business and our industry."

Jeannine Pilloud
CEO Ascom

Environment

Ascom's solutions, products and services consistently fulfil the needs of users and customers. At the same time, the company is committed to minimizing its environmental footprint. Ascom no longer has any manufacturing plants. Our environmental impact is mainly derived from materials used and energy consumption over the life cycle of a product. It is therefore imperative that we consider environmental sustainability in the development and launch phase of products, where Ascom can impact on environmental friendliness of goods produced.

In 2020, employee commuting and business travel have been greatly reduced due to national health authority regulations to contain the pandemic. The volume of unplanned customer issues requiring business travel has remained low, which reduced the need to travel to customer sites. In Finland, only 9% and in Sweden only 13% of unplanned customer issues generated the need to travel in 2020. Both sites are within their target for remote fixes.

Our share of renewable energy has increased. The warehouse facility in Sweden is now wholly supplied with renewable energy from hydropower sources. In 2019, the Gothenburg office was already supplied by 100% renewable energy. After the continuous modernization of installations on site (e.g. light sensors, modular heating and cooling), energy consumption in all Swedish offices has fallen by 30% since 2013. Overall, carbon emissions have fallen due to a changed hardware mix and lower sale volumes of hardware in 2020.

Year	Net revenue (CHFm)	CO_2e kg	CO_2e kg per CHF	% Change CO_2e kg
2016[1]	300.8	70,583,102	0.23	–25.8%
2017	309.7	69,427,651	0.22	–4.0%
2018[2]	318.5	74,534,127	0.23	+7.4%
2019	282.9	67,712,161	0.24	–9.2%
2020	281.0	61,771,932	0.22	–8.8%

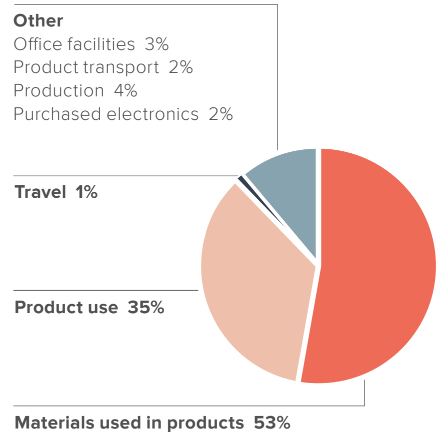
[1] Net revenue figures refer only to continuing business (former Division Wireless Solutions); CO_2e is calculated according to a recognized standard (ISO 14064), but has not been externally verified.
[2] CO_2e emissions of 2018 were adjusted due to a thorough review conducted every five years.

Overview CO_2 by emission scope[1]

Scope	2019 (in CO_2e in tons)	2020 (in CO_2e in tons)
1 – Direct emissions	57	75
2 – Indirect emissions	2,325	2,120
3 – All other indirect emissions	65,330	59,527
Total	67,712	61,722

[1] Scope definitions in line with the GHG Protocol Corporate Accounting and Reporting Standard for greenhouse gas emissions.

Carbon footprint of Ascom



Every five years, Ascom carries out an in-depth environmental review to identify the environmental footprint of our activities, products and services. The carbon dioxide equivalent (CO_2e) emissions from each activity area are calculated. Ascom then sets environmental targets in the areas in which we have the biggest environmental impact. The top areas of impact when comparing CO_2e emissions are the materials used in products and energy consumption of products sold. We will continue to implement targets in these areas in 2021 and beyond.

The Ascom commitment to quality in our products, our solutions and our services is absolute. 24 Ascom sites are certified with ISO 9001 and five sites with ISO 14001. In addition, six sites are certified with ISO 13485 and two sites with ISO 27001. Ascom is working on increasing the number of certified sites in 2021 and beyond. For more information, please see www.ascom.com/Investor-Relations/Governance/quality-certification.html.

Social

An inclusive culture and diverse workforce make Ascom stronger as it opens up avenues for innovation and improvement. Historically, technology companies tend to have an overrepresented male workforce. With an overall male/female ratio of 4:1 (80%/20%), Ascom is no exception, although the ratio is 3:1 (75%/25%) on top management level.

Due to the unprecedented Covid-19 pandemic, Ascom responded quickly in communicating with employees, as its employees' health safety is the Company's most important asset. A crisis group with a clear distribution of responsibilities was formed, regular calls with key departments were initiated and an internal CEO crisis communication to all employees was established. An internal e-mail channel and a dedicated intranet page provides an Ascom Covid-19 update on a regular basis, which includes information about basic behavioral instructions (e.g. health & safety measures, working from home guidance), announcement of health measures on working sites (e.g. deployment of face masks on Ascom sites). It also draws attention to local health authority regulations. This Ascom Covid-19 update will remain active until the pandemic is deemed to be under control by federal authorities.

The pandemic had personal implications for employees during a very transformational phase for Ascom and at a time when fluid dialog between management and all employees was very limited. In order to meet the additional need for open and direct dialog and communication, we launched a global online staff conference in October 2020, aimed at supporting and emphasizing the importance of the strategic changes. We had a high attendance of above 60% in all regions extending from the USA to Australia. A survey carried out after the event showed a favorable overall impression from participants: 90% rated the online event with a rating of at least "good" or higher.

In the first quarter of 2020, Ascom appointed a Chief Human Resources Officer with the ultimate goal to align the company worldwide and to improve employee attraction and retention. With specific focus on learning & development, Ascom is fostering a new sustainable culture of employee development. One of the immediate responses to the pandemic was the prompt assembly of remote trainings in one single resource – 139 lessons were made available to all employees. This allowed staff, whose usual duties were affected by the pandemic, to use the time to develop their knowledge and skills. To give us a better overview and record of employee skills, we introduced a smart, simplified performance management process at the end of 2020, which emphasizes the focus on behavior and high-quality discussions, thus bringing the overall behavior within Ascom onto the next level.

Governance

The Ascom Board of Directors and Executive Committee are committed to the highest standards of good corporate governance and transparency.

After achieving high rankings in independent corporate governance surveys in past years, Ascom remains fully dedicated to a state-of-the-art governance approach. Ascom is ranked number 21 (2019: 20, 2018: 7, 2017: 1) in corporate governance among 172 publicly listed companies in Switzerland according to the Corporate Governance study 2020 of zRating (www.inrate.com).

In 2020, four new members were elected to the Board of Directors. All new members are independent and have a proven track record in various business areas. The Board of Directors is composed of both male and female members. The members of the Board of Directors have a diversity of skills and experience to serve the Company in an optimal way.

This Code of Conduct is of utmost importance for Ascom and its stakeholders. It forms the basis of the corporate culture and is a binding roadmap for applying the defined values to business situations. This guidance consists of ten principles all Ascom employees have to adhere to. The Code of Conduct is available online on www.ascom.com/Investor-Relations/Governance/Directives-and-guidelines.html.

To ensure that all at Ascom adhere to these principles, it is crucial that they have access to an anonymized and secure reporting system. Ascom encourages employees to report any actual or suspected misconduct through an anonymous and independent whistleblowing and compliance hotline. Three reports were made in 2020.

For more information about Ascom's sustainability efforts, please visit www.ascom.com/Investor-Relations/Governance/sustainability.html.

Ascom Sustainability Directive

1. GENERAL PRINCIPLES

Ascom, as an internationally operating Group abides by the principles of sustainable business management, which gives equal consideration to environmental aspects, the needs of the community, and economic objectives. Ascom's mission is to deliver offerings which are environmentally friendly, safe and reliable. Sustainable resource management is one of Ascom's priorities.

Ascom must ensure that all processes and products impact the environment as little as possible while still taking the legitimate needs of the company into account, and the resources used for these products must be protected in the best way possible. Every employee shall ensure that his/her environmental impact is as low as reasonably practicable in his area of work, to achieve outstanding performance in this area at his/her workplace.

Ascom has set the goal to continuously improve the performance in implementing the principles of the UN Global Compact and the specific Ascom Group Standards. A progress report shall be discussed and followed up on in the Executive Board on an annual basis.

Ascom publishes a Sustainability Report each year as part of the Annual Report, where the company's sustainability activities during the reporting period are disclosed for all stakeholders. The current version of the Sustainability Report shall be available online on www.ascom.com.

Ascom is committed to working towards a structured sustainability reporting standard that considers the three main areas Environment, Social and Governance.

2. PRINCIPLES OF UN GLOBAL COMPACT

As a member of UN Global Compact (www.unglobalcompact.org) on the engagement level "Signatory", Ascom supports the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. Business operations within the whole Group must be aligned with these ten principles in the context of their operation:

Human Rights

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- Make sure that they are not complicit in human rights abuses.

Labor Standards

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced and compulsory labor;
- The effective abolition of child labor; and
- The elimination of discrimination with respect to employment and occupation.

Environment

- Businesses should support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environment responsibility; and
- Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Businesses should work against corruption in all its forms, including extortion and bribery.

3. ASCOM CODE OF CONDUCT

The Ascom Code of Conduct contains binding and worldwide principles covering all business activities in the area of anti-corruption, labor, human rights and environment.

Ascom requires that all employees act in compliance with the following principles:

- We comply with the law
- We do not tolerate any form of corruption or bribery
- We comply with anti-trust law and conduct our business fairly
- We follow insider information and trading rules
- We apply the four eyes principle
- We know our business partners and adhere to accounting rules and export restrictions
- We protect our business property, trade secrets and personal data
- We respect others and lead by example
- We are loyal and avoid conflicts of interest
- We value the environment, health and industrial safety and children's rights

4. ASCOM OBJECTIVES: ENVIRONMENT

4.1 Energy and Resource Efficiency

- Ascom strives for compliance in all of its ISO-14001-certified operations.
- Ascom requires its Class 1 & Class 2 suppliers to comply with ISO 14001 standards or similar environmental management system requirements.
- Ascom sets yearly targets to aid carbon emission reduction from its operations.
- Ascom sets targets to improve the efficiency of the materials used in the products.
- Ascom maintains practices to minimize energy usage by retrofitting and promoting energy efficiency.
- Ascom has, where available, leveraged and increased its share of renewable energy usage in operations.

4.2 Waste Management/Recycling

- As a general principle, all waste shall be reduced to a minimum.
- All non-hazardous waste (e.g. paper, PET, aluminum) shall be recycled to the extent possible according to local preconditions.
- Ascom funds programs for our customers that provide recycling services for our products (e-waste).
- Ascom's packaging materials are based on recycled raw materials.

4.3 Reduction of Greenhouse Gas Emissions

- Employees are encouraged to increase the share of remote support to customers.
- Ascom employees are requested and encouraged to use tools such as online conference services in general practice wherever possible in lieu of travel and in particular air travel.
- Ascom employees are encouraged to use public transportation for commuting and for short business travel.
- Ascom strives to own only company cars that have low CO_2 emissions.

5. ASCOM OBJECTIVES: SOCIAL

5.1 Human Capital

- Ascom endeavors to recruit, develop and retain the best employees while fostering a culture of diversity and career growth.
- Ascom is committed to the adherence of the principles of its Code of Conduct throughout its entire supply chain and in particular with regard to child labor.
- Ascom supports the growth and development of its employees with function-driven learning and training programs.
- Ascom conducts regular surveys among employees to improve employee satisfaction.
- Employees receive regular information about health protection and the prevention of accidents. The overall absence rate shall be below industry benchmark.

5.2 Diversity

- Ascom supports diversity and works to further engage groups which are traditionally underrepresented in the science, technology, engineering and mathematics (STEM) fields.
- Ascom is committed to having a fair share of women in senior management. Any discrimination of employees based on their gender, race, physical impairments, origins, sexual preferences, political opinion, and religion is prohibited.
- Ascom is committed to equal gender pay.

5.3 Products

- Ascom is committed to delivering product offerings, which are environmentally friendly, safe and reliable.
- Ascom strives to source ethically, applying the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas including a review of the Reasonable Country of Origin Inquiry (RCOI) for smelters and refiners reported in supply chains.

5.4 Social Opportunities

- Ascom donates to a global charity organization annually.

6. ASCOM OBJECTIVES: GOVERNANCE

6.1 Corporate Governance

- Ascom follows SIX Exchange Regulations directives on standards relating to Corporate Governance.
- Both the Board of Directors and the Executive Committee shall be diverse in terms of gender, nationality, education, and business acumen.
- Ascom maintains a regular, transparent, and fair exchange with all shareholders and analysts.
- In order to assure a high degree of transparency, all relevant documents and presentations shall be found on our website (www.ascom.com).
- Ascom fully complies with the European General Data Protection Regulation (GDPR).

6.2 Corporate Behavior

- As outlined in the Code of Conduct, no Ascom employee may offer or grant improper advantages in whatsoever form to customers, suppliers or official representatives or indirectly through third parties.
- Ascom employees shall not engage in and shall report any attempted bribery.
- Extensive hospitalities or gifts are forbidden.
- Ascom maintains an anonymous whistleblower channel to report infringements on the Code of Conduct and other Corporate Directives directly to the Board of Directors.

7. EXECUTION/TRACKING

- Ascom has appointed a Sustainability Manager to drive the execution of the Directive.
- The Sustainability Manager reports quarterly to the Executive Committee about the progress achieved regarding the execution of the Ascom Sustainability Objectives as described herein.
- The Executive Committee retains decision authority about the implementation of additional measures.
- The Board of Directors will be informed on a regular basis.

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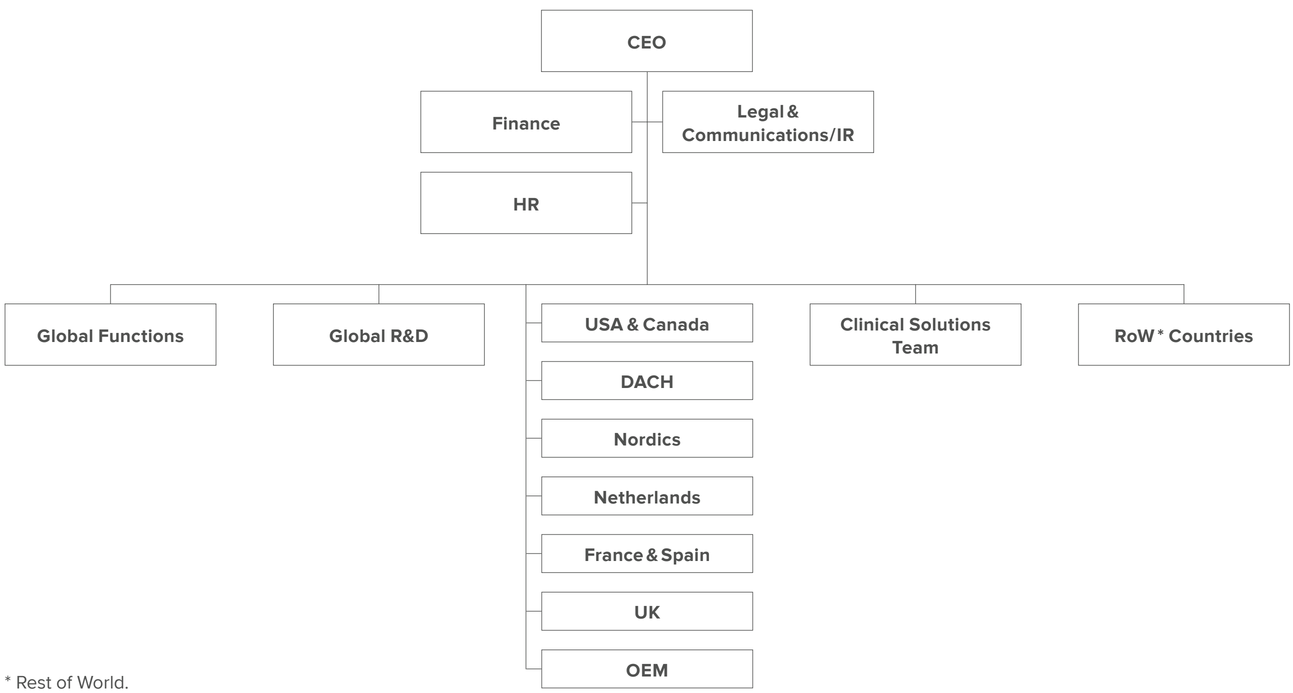
Corporate Governance

1. CORPORATE STRUCTURE AND SHAREHOLDERS

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 2020.

Operating corporate structure (as of 31 December 2020)



* Rest of World.

Listed corporation: Ascom Holding AG

Ascom Holding AG (Ascom Holding SA, Ascom Holding Ltd.) is a publicly listed 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 2020 was CHF 471.6 million.

Unlisted Group companies

The following companies belong to the Ascom Holding AG scope of consolidation (see table on page 95).

Unlisted Group companies: Ascom Holding AG (as of 31 December 2020)

Country	Company	Registered Office		Share Capital	Parent Company	Group's Interest
Australia	GTM Resources Pty. Ltd.	Alexandria NSW	AUD	3	Ascom Holding AG	100%
	Ascom Integrated Wireless Pty. Ltd.	Alexandria NSW	AUD	3,000,000	GTM Resources Pty. Ltd.	100%
Belgium	Ascom (Belgium) NV	Zaventem	EUR	1,424,181	Ascom Holding AG	100%
Denmark	Ascom Danmark A/S	Vallensbæk	DKK	1,200,000	Ascom Holding AG	100%
Finland	Ascom Oy	Turku	EUR	33,638	Ascom Holding AG	100%
France	Ascom (France) SA	Suresnes	EUR	2,000,000	Ascom Holding AG	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 Ascom Solutions AG	94% 6%
	Ascom Unternehmensholding GmbH	Frankfurt a. M.	EUR	5,113,000	Ascom Holding AG	100%
Italy	Ascom UMS S.r.l.	Scandicci	EUR	100,000	Ascom Solutions AG	100%
Malaysia	Ascom (Malaysia) SDN BHD	Petaling Jaya	MYR	1,000,000	Ascom Holding AG	100%
Netherlands	Ascom (Nederland) BV	Utrecht	EUR	1,361,000	Ascom Solutions AG	100%
Norway	Ascom (Norway) A/S	Oslo	NOK	1,250,000	Ascom Solutions AG	100%
Romania	Ascom Mobile Solutions Romania S.R.L.	Cluj-Napoca	RON	45,000	Ascom Solutions AG	100%
Singapore	Ascom Solutions (Singapore) Pte Ltd	Singapore	SGD	50,000	Ascom Solutions AG	100%
Sweden	Ascom (Sweden) AB	Gothenburg	SEK	96,154,000	Ascom Holding AG	100%
Switzerland	Mocsa AG in Liquidation	Berne	CHF	100,000	Ascom Holding AG	100%
	Ascom Solutions AG	Mägenwil	CHF	10,000,000	Ascom Holding AG	100%
United Kingdom	Ascom (UK) Ltd	Lichfield	GBP	50,000	Ascom Solutions AG	100%
USA	Ascom (US) Inc.	Morrisville NC	USD	1	Ascom Solutions AG	100%

Shareholders

Registered shareholders

As of 31 December 2020, there were 4,111 shareholders registered in the share register of Ascom Holding AG.

Share ownership as of 31 December 2020

Number of shares	Number of shareholders
1 to 100	756
101 to 1,000	2,085
1,001 to 5,000	1,019
5,001 to 10,000	109
More than 10,000	142
Total	**4,111**

Significant shareholders

The following significant shareholders exceeding a threshold of 3% of voting rights were recorded in the share register as of 31 December 2020:

- UBS Fund Management (Switzerland) AG, Basel: 8.04%
- Veraison SICAV, Zurich: 6.70%
- Pictet Asset Management SA, Geneva: 5.43%

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 30.65% as of 31 December 2020.

In accordance with the disclosure announcements made according to Article 120 ff of the Financial Market Infrastructure Act (FMIA), the following parties with voting rights exceeding a threshold of 3% are regarded as significant shareholders in Ascom as of 31 December 2020:

- Veraison SICAV, Zurich; Ascom securities representing 9.25% (announcement dated 19 September 2020)
- UBS Fund Management (Switzerland) AG, Basel: Ascom securities representing 7.34% of the voting rights, including RoPAS (CH) Institutional Fund Equities Switzerland (3.78%) (announcement dated 20 August 2019)
- Pictet Asset Management SA, Geneva: Ascom securities representing 5.67% of the voting rights (announcement dated 7 August 2019)
- Luxempart S.A., Leudelange (Luxemburg): Ascom securities representing 4.07% of the voting rights (announcement dated 3 November 2020)
- Credit Suisse Funds AG, Zurich: Ascom securities representing 3.02% of the voting rights (announcement dated 9 November 2018)

Further details regarding these shareholders as well as additional information regarding the individual disclosure notices are available on the disclosure platform of the Swiss Exchange Regulation (SER) at www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/.

As a subsequent event, Veraison SICAV, Zurich, announced on 12 February 2021 that they reduced their shareholding to 4.85%.

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 7,155 treasury shares, representing 0.02% of voting rights. The Company only held own shares to back the ongoing long-term incentive plans.

There are no known shareholders' agreements.

Cross-shareholdings

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

2. CAPITAL STRUCTURE

Ordinary share capital

Since the Annual General Meeting held on 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.

Share structure

	Number	31.12.20 (CHFm)	Number	31.12.19 (CHFm)
Registered shares par value CHF 0.50	36,000,000	18.0	36,000,000	18.0
Registered shareholders	4,111		4,294	

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.

The legal framework has been created in Article 3a / 3b of the Articles of Association to allow a share capital increase by a maximum of 10%, irrespective of the form (either authorized or conditional capital) at the Annual General Meeting 2020.

Conditional share capital

Article 3a of the Articles of Association, dated 15 April 2020, reads as follows:

1. The share capital of the Company may be increased by issuing at most 3,600,000 registered shares with a nominal value of CHF 0.50 each for a maximal amount of CHF 1,800,000 by way of exercise of option or conversion rights, which are granted in connection with bonds of the Company or of one of its subsidiaries, or which are granted as option rights of shareholders. The subscription right of shareholders is excluded. The holders of option or conversion rights are entitled to subscribe to new shares. The provisions of the Articles of Association limit the acquisition of registered shares by way of exercise of option or conversion rights, as well as the further transfer of registered shares.
2. The Board of Directors determines the conditions of the option and conversion rights. When issuing convertible bonds or similar debt instruments to which conversion or option rights are attached, the Board of Directors may revoke preferential subscription of shareholders for good cause pursuant to Art. 653c para. 2 of the Swiss Code of Obligations. In this case, the Board of Directors determines, in accordance with market conditions at the time of issuance, the structure, term and amount of the bond, as well as the conditions of the option and conversion rights.
3. If and to the extent that the Board of Directors has made use of the authorization granted by the General Meeting to increase share capital pursuant to Article 3b of the Articles of Association, the conditional share capital as per para. 1 of this provision of the Articles of Association shall be reduced accordingly.

Authorized capital

Article 3b of the Articles of Association, dated 15 April 2020, reads as follows:

1. At any time until 15 April 2022, the Board of Directors is authorized to increase the share capital by a maximum amount of CHF 1,800,000 by issuing a maximum of 3,600,000 fully paid registered shares with nominal value of CHF 0.50 each.
2. Increases in partial amounts are permitted.
3. The subscription and acquisition of the new shares and each subsequent transfer of the shares shall occur according to art. 4.

4. At the time of issuance of these shares, the Board of Directors determines the respective amount, type of contribution, conditions for exercising subscription rights and the date of dividend entitlement. The Board of Directors may issue the new shares by way of underwriting of a bank or of a third party, and may subsequently proceed to an offer to existing shareholders. The Board of Directors is authorized to restrict or exclude trading in subscription rights. The Board of Directors may allow unexercised subscription rights to lapse or may proceed to the placement at market conditions of these rights, or of the shares for which subscription rights have been granted but not exercised, or otherwise use them in the interest of the Company.
5. The Board of Directors is authorized to limit or exclude the subscription rights of shareholders and to allocate these rights to individual shareholders or third parties: a) insofar as the shares are used for the acquisition of companies, parts of companies or participations in companies, or for the financing or refinancing of such transactions, or for the financing of new investment projects of the Company; b) if the shares are used for the purpose of expanding the circle of shareholders in connection with the listing of the shares on a stock exchange or for the participation of strategic partners; c) in the case of national or international (including private) investment of shares, at least at market conditions, for the purpose of rapid and flexible procurement of equity capital, which would only be possible under difficult or excessively difficult conditions without restriction or exclusion of the subscription right; d) for other good cause as contemplated under Article 652b para. 2 of the Swiss Code of Obligations.
6. If and to the extent that the Board of Directors has made use of or reserved the conditional capital set out under Article 3a of the Art. of Association, its authorization to increase the share capital based on para. 1 of this provision of the Articles of Association shall be reduced accordingly.

Changes in equity

The equity of Ascom Holding AG has changed as follows:

CHF 1,000	2020	2019	2018	2017
Share capital	18,000	18,000	18,000	18,000
Legal reserves	6,523	6,523	6,523	6,523
Retained earnings	340,166	338,531	353,775	374,802
Treasury shares	(64)	(232)	(406)	(475)
Total	**364,625**	**362,822**	**377,892**	**398,850**

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 (www.ascom.com/Investor-Relations/Governance/Directives-and-guidelines.html).
- The share registration guidelines (current version dated 1 September 2017) are published on the Company's website (www.ascom.com/Investor-Relations/Governance/Directives-and-guidelines.html).
- 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 2020.

Options/convertible bonds

Options/share matching plans/PSU plans

All Ascom stock option plans are expired. Current Ascom share matching plans and Performance Stock Units (PSU) plans are listed in the Remuneration Report on pages 61 to 63.

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. Details can be found on the disclosure platform of the Swiss Exchange Regulation (SER) at www.ser-ag.com/de/resources/notifications-market-participants/management-transactions.html#/.

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 Chairperson 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 Chairperson 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.
- In the event that the position of the Chairperson is vacant, the Board of Directors appoints a new Chairperson for the remaining term of office.
- 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 70th year of age.

Ascom's Articles of Association are available on the Company website: www.ascom.com/content/dam/ascom/ws/ready-for-use/global/corporate/documents/corporate-governance/ascom-articles-of-association-2020-en.pdf.

At the Annual General Meeting of Ascom Holding AG held on 15 April 2020, the shareholders elected the following members of the Board of Directors individually and for a term of one year until the Annual General Meeting 2021:

	Member since	Elected until AGM
Dr Valentin Chapero Rueda	2016 (Chairman since 2019)	2021
Nicole Burth Tschudi	2020	2021
Laurent Dubois	2020	2021
Jürg Fedier	2017	2021
Michael Reitermann	2020	2021
Dr Andreas Schönenberger	2020	2021

The Board of Directors aims for 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 2020, the shareholders elected Dr Valentin Chapero Rueda as Chairman of the Board. Nicole Burth Tschudi and Laurent Dubois were elected as members of the Compensation & Nomination Committee in individual elections.

All members of the Board of Directors are non-executive and independent members as of 31 December 2020. No member of the Board of Directors has any significant business relationship with Ascom Holding AG or its subsidiaries.

Members of the Board of Directors

Dr Valentin Chapero Rueda, Chairman
Nationality: Spain/Switzerland | Born 1956 | Place of residence: Wilen bei Wollerau, Switzerland | Member since 2016 | Chairman since 7 November 2019 | Elected until AGM in 2021

1986/1988 Master and PhD (Dr rer. nat.) in Physics, University of Heidelberg, Germany; 1988–1992 Director of Systems Integration for Mainframe Unix Systems, Siemens Nixdorf Informations Systems AG, Paderborn, Germany; 1992–1994 Vice President Professional Services, Siemens Nixdorf Spain, Madrid; 1994–1996 Vice President Network Systems, Siemens AG Spain, Madrid; 1996–1999 CEO Siemens Audiologische Technik GmbH, Erlangen, Germany; 2000–2002 President Mobile Network, Siemens AG, Munich; 2002–2011 CEO Sonova Holding AG, Stäfa; since 2011 Business Angel & Investor Valamero Holding AG, Wilen b. Wollerau; 2015–2019 Co-founder and Partner Veraison Capital AG, Zurich.

Nicole Burth Tschudi
Nationality: Switzerland | Born 1972 | Place of residence: Uitikon, Switzerland | Member since 2020 | Elected until AGM in 2021

1997 Master in Economics, University of Zurich; 1998–2000 Equity Research UBS; 2000–2002 Equity Research Analyst Deutsche Bank Switzerland, Zurich; 2002–2005 Head of Technology & Business Service Equity Research Lombard Odier Darier Hentsch & Cie, Zurich; 2004 Chartered Financial Analyst (CFA), CFA Institute; 2005–2008 Head of Investor Relations Adecco Group, Zurich; 2008 Adecco Leadership Program at IMD; 2008–2010 Business Executive Adecco Germany; 2010–2014 Head of M&A Adecco Group, Zurich; 2012 Adecco Leadership Program at INSEAD; 2015–2020 Head of Adecco Switzerland (2019–2020 Head of Adecco Austria, Luxemburg, Belgium and Switzerland); since 2021 Head of Communication Services and member of the Executive Management of Swiss Post, Berne.

Laurent Dubois
Nationality: Belgium | Born 1969 | Place of residence: Wollerau, Switzerland | Member since 2020 | Elected until AGM in 2021

1992 Bachelor and Master in Economics and Business Economics (TEW), Vrije Universiteit Brussels; 1993–2015 various executive programs in leadership, change management, financial analysis, and IT management (McKinsey, GE, Vlerick Business School); 1993–1995 Finance, Planning & Analysis Total Benelux; 1995–1998 Acquisitions, Marketing and Diversification Texaco Benelux; 1998–2011 Life Sciences, Medtech, Healthcare McKinsey & Company (Partner 2004–2011); 2011–2013 Managing Partner & Co-founder Five Oaks Partnership, Zurich; 2013 Vice President & General Manager GE Healthcare, Performance Solutions; 2014–2019 CEO GE Healthcare Partners, member Global Executive Committee of GE Healthcare; since 2020 CEO; member of the Board of ADB Safegate BV, Zaventem (Belgium).

Jürg Fedier
Nationality: Switzerland | Born 1955 | Place of residence: Schindellegi, Switzerland | Member since 2017 | Elected until AGM in 2021

1978 Commercial Diploma Business Administration, Dr Raebers Höhere Handelsschule, Zurich; 1978–2000 Various management positions at Dow Chemical in the USA, Europe and Asia; 1990–2002 Various executive management programs at IMD Lausanne and University of Michigan, Ann Arbor MI (USA); 2000–2003 Global Business Finance Director Dow Chemical Thermosets, Midland MI (USA); 2004–2006 Vice President Finance Dow Chemical Performance Chemicals and Thermosets, Midland MI (USA); 2006–2007 CFO and member of the European Executive Team Dow Europe; 2007–2008 CFO and member of the Executive Team Ciba Specialty Chemicals, Basel; 2009–2019 CFO OC Oerlikon, Pfäffikon SZ (Switzerland).

From left: Laurent Dubois, Andreas Schönenberger, Valentin Chapero, Jürg Fedier, Nicole Burth, Michael Reitermann

Michael Reitermann
Nationality: Germany/USA | Born 1962 | Place of residence: Nantucket MA, USA | Member since 2020 | Elected until AGM in 2021

1988 Industrial Engineering, University of Karlsruhe, Germany; 1990 Master of Business Administration, University of British Columbia, Vancouver BC, Canada; 1990–2002 Various assignments within the Siemens Group in Germany; 2002–2005 President Nuclear Medicine Siemens Medical Solutions, Chicago IL; 2005–2009 CEO Molecular Imaging Siemens Medical Solutions, Chicago IL / Knoxville TN (USA); 2009–2010 President & CEO Customer Solutions Group, Siemens Medical Solutions USA Inc., Malvern PA (USA); 2010–2015 CEO Diagnostics Division Siemens Healthcare, Tarrytown NY (USA); 2015–2018 COO Siemens Healthcare GmbH, Erlangen (Germany); 2018–2019 member of the Management Board Siemens Healthineers AG, Erlangen (Germany).

Dr Andreas Schönenberger
Nationality: Switzerland | Born 1965 | Place of residence: Wettswil, Switzerland | Member since 2020 | Elected until AGM in 2021

1990 Diploma in Physics; 1995 PhD in Theoretical Physics Swiss Federal Institute of Technology ETH, Zurich; 1998 MBA London Business School, London; 1998–2002 Project Manager Boston Consulting Group, Zurich; 2003–2006 Vice President Monitor Group, Zurich; 2006–2010 Country Manager Google Switzerland, Zurich; 2010–2016 various Board memberships (e.g. Mobilezone, Publigroupe); 2010–2017 CEO & founder at Speed Switzerland; 2012–2016 CEO & member of the Board Boxalino AG, Wallisellen, Switzerland; 2016–2019 CEO (until 2018) & member of the Board Salt Mobile, Renens, Switzerland; since 2019 CEO Sanitas Krankenversicherung, Zurich.

Board attendance in 2020

	16.1.	22.1.	27.2.	17.3.	31.3.	15.4.	2.7.	16.7.	3.9.	19.10.	16.11.	14.12.
Dr Valentin Chapero Rueda	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Harald Deutsch[1]	✓	✓	✓	✓	✓	–	–	–	–	–	–	–
Jürg Fedier	✓	✓	✓	o	✓	o	✓	o	o	✓	✓	✓
Christina Stercken[1]	✓	✓	✓	✓	✓	–	–	–	–	–	–	–
Andreas Umbach[1]	✓	✓	✓	✓	✓	–	–	–	–	–	–	–
Nicole Burth Tschudi[2]	–	–	–	–	–	✓	✓	✓	✓	✓	✓	✓
Laurent Dubois[2]	–	–	–	–	–	✓	✓	✓	✓	✓	✓	✓
Michael Reitermann[2]	–	–	–	–	–	✓	✓	✓	✓	✓	✓	✓
Dr Andreas Schönenberger[2]	–	–	–	–	–	✓	✓	✓	✓	✓	✓	✓

[1] Member of the Board until 15 April 2020
[2] Member of the Board since 15 April 2020

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

Dr Harald Deutsch, Christina Stercken and Andreas Umbach did not stand for re-election and stepped down from the Board of Directors at the Annual General Meeting 2020. Further information on their curriculum vitae are available on pages 26/27 in the Corporate Governance section of the Annual Report 2019, which can be downloaded on www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html.

Nicole Burth Tschudi, Laurent Dubois, Michael Reitermann, and Dr Andreas Schönenberger were elected as new members to the Board of Directors at the Annual General Meeting 2020.

Internal organization

- Except for the election of the Chairperson of the Board of Directors and the members of the Compensation & Nomination Committee, the Board of Directors is self-constituting and designates its other committees and the Secretary. The latter does not need to be a member of the Board of Directors.
- 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 Chairperson holds the casting vote.
- Resolutions may also be adopted by written consent to a proposal circulated by the Chairperson 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 Chairperson and the Secretary.
- Members of the Board of Directors may exercise a consulting mandate for the Ascom Group alongside their activity on the Board of Directors, 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 as of 31 December 2020

	Positions in publicly traded companies	Positions in non-listed companies	Positions in associations, non-profit organizations and pension funds
Dr Valentin Chapero Rueda	–	TRI Dental Implants Int. AG, Hünenberg ZG Valamero Holding AG, Wilen b. Wollerau SZ	–
Nicole Burth Tschudi	–	Veraison Capital AG, Zurich	Advisory Board of Equal Voice, Ringier Group, Zurich
Laurent Dubois	–	ADB Safegate BV, Zaventem (Belgium) Sarenbach AG, Wollerau SZ	–
Jürg Fedier	Dätwyler AG, Altdorf UR	Ruag International Holding AG, Berne	CFO Forum Schweiz, Zug
Michael Reitermann	–	Alpha 9 Theranostics, Inc., Vancouver BC, Canada Enigma Biomedical Group, Inc., Toronto ON, Canada Unilabs Holding AB, Solna, Sweden	–
Dr Andreas Schönenberger	–	Greater Zurich Area AG, Zurich	Institute for Media and Communications Management, University of St.Gallen

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

Members of the Board of Directors may occupy or exercise not more than the following number of additional positions 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:

- Four positions in publicly traded companies
- Five positions in non-listed companies
- Ten positions in associations, non-profit organizations and pension funds

None of the 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

Board 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 Management as well as external experts are invited to attend meetings to address specific topics if necessary. Twelve meetings (including both physical meetings and conference calls) were held in 2020. Board attendance was 96%. The ordinary meetings of the Board of Directors last one full day and strategy meetings last two days. The Secretary of the Board prepares the meetings and records the minutes.

The Chairperson of the Board acts as a liaison with the Executive Management and has regular interactions with the CEO and other members of the Executive Management.

Management provides monthly reports to the Board covering the financial and operating performance of the Company.

Self-evaluation of the Board of Directors

Since 2005, the Board of Directors has carried out a self-evaluation at year-end based on 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. No self-assessment took place in 2020 due to the change of the major part of the Board members.

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 & Nomination 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 Executive Committee are done by the entire Board on proposal of the Compensation & Nomination Committee.

Audit Committee
Members: Jürg Fedier (Chairperson), Michael Reitermann and Dr Andreas Schönenberger

The Board of Directors elects the members and the Chairperson 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 three non-executive and independent 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. Five Audit Committee meetings were held in 2020, generally lasting several hours, whereof the external auditors attended three. Committee attendance was 79%. The CFO was present in all meetings while the CEO attended four meetings of the Audit Committee. The Secretary of the Board prepares the meetings and records the 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 & Nomination Committee
Members: Nicole Burth Tschudi (Chairperson) and Laurent Dubois
According to the Articles of Association, the General Meeting elects the members of the Compensation & Nomination Committee individually for a term of office of one year until the closing of the ordinary General Meeting following the election. The Compensation & Nomination Committee consists of at least two and not more than three members of the Board of Directors. The Chairperson of the Compensation & Nomination Committee must be independent and is elected by the Board of Directors. In the event that the Compensation & Nomination Committee has fewer members than the number of members elected by the last General Meeting and is therefore not fully staffed, the Board of Directors elects the missing members for the remaining term.

The Compensation & Nomination Committee is composed of two non-executive and independent members of the Board of Directors and is convened by the Chairperson as often as business requires. Six meetings were held in 2020. Committee attendance was 100%. 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 & Nomination Committee's activities following each meeting and receives a copy of the minutes.

A major task of the Compensation & Nomination 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 & Nomination Committee may consult other persons and external consultants for support.

Other main fields of work of the Compensation & Nomination Committee shall consist of making recommendations to the Board of Directors 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
- Reviewing the selection process of candidates for election to the Board of Directors and CEO/CFO search
- Approval of external mandates outside the Ascom Group for members of the Executive Board

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, supported by the Executive Board and Executive Committee, 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 Top Management
- 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 Top Management
- 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 Management

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 Group companies and for the Group as a whole and compared against the previous year's figures and the current budget. The Executive Board / Executive Committee 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 lawsuits is submitted to the Audit Committee. In addition, an updated risk map for the Group is submitted to the Board of Directors on a regular 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 2020, no special focus audits have been commissioned. Internal audit fees are based on the scope of services rendered. Fees incurred in 2020 were nil (2019: nil).

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 27 to the financial statements of the Ascom Group on page 90 of this Annual Report.

Internal Control System (ICS)

A Board directive of 21 August 2017 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.

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, the 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 (Article 8 of the Articles of Association). As a rule, members of the Board of Directors shall not be on the Executive Board.

Composition of the Ascom Executive Board as of 31 December 2020

		Executive Board member since
Jeannine Pilloud	CEO	02.08.2019
Dominik Maurer	CFO	10.10.2019
Claes Ödman	COO / Head of Global Functions	14.06.2011 (until 9 February 2021)
Francis Schmeer	Chief Sales Officer / Head of Rest of World	01.09.2014 (until 9 February 2021)

Changes in the Executive Board

The Executive Board remained unchanged in 2020.

As a subsequent event, the management structure has been simplified as of 9 February 2021. The Executive Board has been reduced to two members, consisting of the CEO and the CFO. Claes Ödman, COO / Head of Global Functions, and Francis Schmeer, Chief Sales Officer / Head of Rest of World, stepped down as members of the Executive Board as of 9 February 2021.

Members of the Executive Board

Jeannine Pilloud, CEO; Dominik Maurer, CFO

Jeannine Pilloud,
Chief Executive Officer
Nationality: Switzerland |
Born 1964

1990 Diploma ETH Zurich (Masters); 1991–1994 Suter & Suter Architects, Basel and Zurich; 1994–2001 Head of Systems Integration IBM Switzerland; 2001 MBA (INSEAD / Henley); 2001–2003: CIO; Head of e-Commerce; member of the Board Bon appétit Group, Volketswil (Switzerland); 2003–2011 Senior Vice President ICTO Western Europe T-Systems International, Frankfurt a.M.; 2011–2017 Head of Passenger Services and member of the Board Swiss Railways (SBB AG), Berne; 2018–2019 President of the Strategic Board Public Transport and ch-Direct, Berne; 10 April 2019–7 November 2019 Chairperson of the Board of Directors of Ascom Holding AG (Chairperson & CEO as from 2 August 2019); since 7 November 2019 CEO and member of the Executive Board of the Ascom Group.

Dominik Maurer,
Chief Financial Officer
Nationality: Switzerland |
Born 1968

1997 Master of Business Administration, University of Berne; 1994–1998 Corporate Finance Manager Swisscom AG, Berne; 1998–2001 CFO Tesion GmbH, Stuttgart; 2001–2004 CFO T-Systems Schweiz AG, Zollikofen (Switzerland); 2003–2012 CFO (until 2008), then CEO (after 2008) T-Systems Do Brasil, São Paulo; 2012–2016 Vice President / Head Europe & Germany and Product Head Workplace T-Systems International AG, Frankfurt a.M.; 2017–2018 Partner & Managing Director SpreadYourWingZ GmbH, Teltow (Germany); 2018–2019 CFO Unitechnologies AG, Gals (Switzerland); since 10 October 2019 CFO and member of the Executive Board of the Ascom Group.

Claes Ödman, COO / Head of Global Functions
Nationality: Sweden | Born 1965

- Master of Science in Engineering Physics and Master of Business Administration (Chalmers University Gothenburg)
- Various management positions within the Ericsson Group (1994–2011)
- Member of the Executive Board of the Ascom Group as General Manager Wireless Solutions Division (2011–2016), COO (2016–2020), and COO / Head of Global Functions (1 February 2020–9 February 2021)

Francis Schmeer, Chief Sales Officer / Head of Rest of World
Nationality: USA | Born 1972

- Bachelor of Marketing from Georgetown University, Washington DC (USA) / MBA London Business School
- Various management positions with Goldman Sachs (1994–1999), Samsung (2001–2003), T-Mobile (2003–2005), Empower Interactive (2005–2006) and Sony Ericsson (2006–2009)
- Executive Vice President OC Oerlikon (2010–2013)
- Member of the Executive Board of the Ascom Group as EVP Strategy & Business Development (2014–2016), Chief Sales & Marketing Officer (2016–2020), and Chief Sales Officer / Head of Rest of World (1 February 2020–9 February 2021)

Executive Committee

The Executive Committee is an extended panel, which supports the CEO. In addition to the members of the Executive Board, it consists of the following further members as of 1 January 2021:

Gaby Hunziker **Switzerland**	▪ Chief Human Resources Officer ▪ Technical school / further education in HR and various leadership trainings
Dr Daniel Lack **Switzerland**	▪ Company Secretary / Senior VP Legal & Communications / IR ▪ Attorney-at-law / PhD in law
André Neu **Germany**	▪ CTO / Head of Clinical Solutions ▪ Diploma Business Information Systems
Johan Norrman **Sweden**	▪ Head of Global R&D ▪ Master of Science in Engineering Physics

The Extended Executive Committee also includes the Managing Directors of the major markets:

- USA & Canada: Kelly Feist
- DACH: Valerio Signorelli
- France & Spain: Philippe Billet
- Netherlands: Olaf Hendriks
- Nordics: Jens Sand Andersen
- UK: Paul Lawrence
- OEM: Britta Hanley

Mandates outside the Ascom Group of members of the Executive Board as of 31 December 2020

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

Members of the Executive Board may occupy or exercise not more than the following number of additional positions 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:

- One position in publicly listed companies
- Two positions in non-listed companies
- Five positions in associations, non-profit organizations and pension funds

	Positions in publicly traded companies	Positions in non-listed companies	Positions in associations, non-profit organizations and pension funds
Jeannine Pilloud	Schaltbau Holding AG, Munich	Salt Mobile SA, Renens (Switzerland) Fehr Advice & Partners AG, Zurich	Schweiz Tourismus; Zurich
Dominik Maurer	–	SpreadYourWingZ GmbH; Teltow (Germany)	–
Claes Ödman	Sensys Gatso Group AB, Stockholm (Sweden)	–	–
Francis Schmeer	–	–	–

Mode of operation of the Executive Board / Executive Committee

As a rule, a half- or full-day meeting of the Executive Board / Executive Committee is held on a monthly basis. Additional meetings or conference calls are held as and when necessary. 14 meetings were held in 2020.

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 48 to 63 of this Annual Report.

Statutory rules regarding the principles of compensation, participation plans, loans, credits, and pension benefits are set in Articles 20b and 20c of the Articles of Association. The rules regarding the approval of the remuneration by the Annual General Meeting are set in Article 20e. The Articles of Association are available under www.ascom.com/Investor-Relations/Governance/Directives-and-guidelines.html.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

Voting rights and protective rights

Shareholders in Swiss publicly 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 by 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 held on 15 April 2020 Franz Müller, Berne, as Independent Representative for a term of one year until the completion of the Annual General Meeting 2021, and Dr Alexander Kernen, Berne, as his deputy. Franz Müller and Dr Alexander Kernen are independent and have no further mandates for the Ascom Group.

All shareholders have the possibility to register on the Nimbus platform and to give online instructions to the Independent Representative. Details of the electronic proxies and voting instructions to the Independent Representative are explained in the invitation to the Annual General Meeting (www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html).

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.

According to Art. 704 of the Swiss Code of Obligations, the following resolutions of the General Meeting require at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented to be passed: changing the Company's purpose; creating voting shares; changing limitations on transferability of registered shares; an authorized or conditional capital increase; a capital increase out of equity, against asset contribution or for the purpose of asset takeover and the granting of special benefits; limiting or revoking of subscription rights; relocation of the Company's registered office; dissolution of the Company.

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 20 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 registered 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 30 days before the date of the General Meeting. The party submitting such request must represent shares of at least CHF 100,000 par value.

At the latest ten calendar days before the end of the period allowed for adding items to the agenda, the Annual Report and the Audit Report as well as the Remuneration Report must be made available for inspection by shareholders at the Company's registered office.

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 ten 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.

Annual General Meeting 2020

23,964,524 votes or about 66.6% of the share capital were represented at the Annual General Meeting 2020, which was held on 15 April 2020 in Baar, Switzerland Due to the Covid-19 situation and based on Article 6a para. 1 of Ordinance 2 of the Swiss Federal Council (as of 16 March 2020) on measures to combat the coronavirus, the Board of Directors of Ascom had decided to hold the Annual General Meeting without the physical participation of shareholders. The shares were represented by the Independent Representative.

The shareholders voted in favor of all proposals of the Board of Directors by a clear majority. All resolutions including the election of the members of the Board, the revision of the Articles of Association, and the appropriation of retained earnings were approved with majorities of over 88%.

The Minutes of the Annual General Meeting 2020 may be downloaded on www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html.

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 (Article 125 Financial Market Infrastructure Act [FMIA]). Any party who acquires one-third (33⅓%) of share capital in Ascom Holding AG is obliged under Article 135 FMIA to submit a public purchase offer for the remaining shares.

Change of control clauses

Contracts of employment with members of the Executive Board, other members of the Executive Committee 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 following rules will be applied for the beneficiaries of the long-term incentive plans:

- Share Matching plans: the participants shall receive the same number of matching shares as they hold investment shares at the date of the publication of the delisting.
- Performance Stock Unit plans: the performance stock units shall vest with immediate effect at the date of the change of control. The vesting multiple of the PSU is 1.00, the number of PSU to be vested shall be adjusted pro rata to reflect the length of service.

In the event of a change of control of Ascom Holding AG, every participating bank of the syndicated loan agreement may give notice by not less than 20 business days, cancel its commitment and declare all outstanding loans immediately due and payable.

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. The auditor was re-elected by the Annual General Meeting held on 15 April 2020 for a term of one year until the completion of the Annual General Meeting 2021. According to the Swiss Code of Obligations, the lead auditor must be rotated at least every seven years. Thomas Wallmer has been auditor-in-charge since 2015.

Auditing fee

PricewaterhouseCoopers AG was paid a compensation of CHF 498,000 (previous year: CHF 441,000) 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 2020.

Additional fees

PricewaterhouseCoopers AG was paid additional non-audit-related fees of CHF 31,000 (2019: 35,000).

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 2020, the external auditors drew up one detailed management report in relation to the Annual Report. The external auditors attended three of the Audit Committee meetings held in 2020.

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 2020 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 measures 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/IR 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) (www.shab.ch)

Events

- Annual Media Conference and Half-Year Media Conference for media representatives and analysts
- Ad hoc media conferences and analyst calls
- Analyst & Investor Day
- Annual General Meeting of Shareholders

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.

Online communication

The website 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 www.ascom.com/news-and-events/news/financial-news.html and www.ascom.com/news-and-events/news/business-news.html and www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html. 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" (www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html). The minutes of past Annual General Meetings are available at www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html

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 (or earlier as defined by the CFO) prior to the publication of the annual results and half-year results.

Information on management transactions is published at www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#. Detailed information on disclosure announcements can be viewed at www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#.

Dates and contacts

A list of important dates in 2021 and Corporate Communications and Investor Relations contacts is provided on page 113 of this Annual Report.

10. CORPORATE GOVERNANCE RATING

The Ascom Board of Directors and Executive Committee are committed to the highest standards of good corporate governance and transparency.

According to the Corporate Governance study 2020 of zRating (www.inrate.com), Ascom is ranked number 21 (2019: 20, 2018: 7, 2017: 1) in corporate governance among 172 publicly listed companies.

The study covers the following topics:

- Shareholder base and capital structure
- Shareholders' participation rights
- Composition of the Board and the Executive Management / information policy
- Remuneration and participation model for the members of the Board and the Executive Management

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 lit.b and c (Table "Compensation Executive Board 2020"), II/2 lit.i, II/2 lit.j and II/3 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 pages 25 to 47 of the Annual Report) and Corporate Governance is a key topic for Ascom. Both the Board of Directors and the 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 & Nomination 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.

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 (LR)
- Articles of Association of Ascom Holding AG (dated 15 April 2020)
- Organizational Regulations of Ascom Holding AG (dated 21 August 2017)
- Share Registration Guidelines (dated 21 August 2017)
- Ascom Code of Ethical Business Conduct (dated 1 January 2021)
- Swiss Code of Best Practice for Corporate Governance

The Articles of Association and the Organizational Regulations of Ascom Holding AG are available on the Company website: www.ascom.com/Investor-Relations/Governance/Directives-and-guidelines.html.

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. Committee work, additional meetings or special projects are not compensated with an additional fee and no attendance fees are paid out either.

The fees for members of the Board of Directors are periodically reviewed as necessary 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 and internal criteria (e.g. workload, request of availability). An external expert did a comprehensive benchmark study in 2017 based on the SPI Top 100 companies, based on a size- and industry-adjusted subgroup of 22 SPI companies, and based on an individual comparison of five companies (Kudelski, Siegfried, Huber+Suhner, Ypsomed, U-Blox). The Board fees were adjusted in 2017 based on this study.

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) Board fees

The fees for the members of the Board of Directors remained unchanged since the Annual General Meeting 2017:

- Chairperson of the Board: Annual gross remuneration of CHF 200,000
- Member of the Board: Annual gross remuneration of CHF 100,000

In addition, all Board members are encouraged to build up an investment over time of Ascom shares in the value of an annual Board compensation.

d) Mandates outside the Ascom Group

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

A member of the Board of Directors may not occupy or exercise more than the following number of additional positions 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:

- Four positions in publicly traded companies
- Five positions in non-listed companies
- Ten positions in associations, non-profit organizations and pension funds

The Chairman of the Board may exercise a total of up to three positions in other publicly traded companies.

The Company requires that each member of the Board discloses all activities. Based on this, all members of the Board of Directors comply with this regulation. The mandates outside the Ascom Group are listed in the Corporate Governance part (p. 35).

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 compensation of the members of the Executive Board consists of three elements:

- Fixed compensation in cash
- Performance-related compensation as short-term incentive in cash
- Long-term incentive (allocation of equity securities, conversion rights or option rights)

The Company may pay to the members of the Executive Board in addition to a fixed compensation a performance-related variable compensation ("short-term incentive") in cash. The amount of such variable 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 (STI) of a member of the Executive Board cannot exceed double the amount of the fixed compensation of such member.

The fixed compensation and the short-term incentive together form the target cash compensation.

As a third compensation element, according to Article 20b Section 3 of the Articles of Association, the Company may also allocate, beside cash compensation, equity securities, conversion rights, option rights or other rights with equity securities as underlying to the members of the Executive Board ("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 100% of the fixed compensation of such member.

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 according to Article 8 of the Articles of Association.

As of 31 December 2020, the Executive Board consisted of four members:

- Jeannine Pilloud, CEO
- Dominik Maurer, CFO
- Claes Ödman, COO / Head of Global Functions
- Francis Schmeer, Chief Sales Officer / Head of Rest of World

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 (SPI companies such as Bossard, Bucher, Burckhardt Compression, Huber+Suhner, Landis+Gyr, Schaffner, Siegfried, SIG Combibloc, Tecan, Temenos, and U-Blox).

- **Short-term incentive (performance-related variable compensation)**
  Cash payment dependent on the quantitative goals and parameters such as net revenue and EBITDA margin as determined by the Board of Directors. The goals shall be in line with the yearly budgets of the Company. In addition, individual qualitative targets may be set.

- **Long-term incentive (Performance Stock Units plan)**
  The PSU plan foresees annual issuance of Performance Stock Units ("PSUs"). One PSU represents the conditional right to receive a fraction between 0% and 200% of an Ascom share subject to the fulfillment of certain vesting conditions. Vesting of the PSUs occurs on the third anniversary of the respective date of grant. Vesting conditions are both the achievement of performance targets as well as an unterminated contractual relationship with the company. Performance targets are represented by equally weighted three-year net income fully diluted Earnings per Share ("EPS") and three-year relative Total Shareholder Return ("TSR") measured against the Swiss Performance Index Extra ("SPI EXTRA") and expressed as a percentage points difference. The award forfeits fully or partly if employment ceased before the vesting date. Furthermore, the PSU plan is subject to malus and claw back provisions. The respective plan rules provide the Board of Directors with absolute discretion to recoup (or cause the forfeiture if not yet vested or awarded) fully or partly any award under the restated financial result and/or for reasons linked to an individual's behavior.

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 expenses, 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 as of 1 January 2021

The system of CEO compensation is unchanged compared to 2020.

Salary part	Target salary CEO
Long-term incentive Performance Stock Units	Performance Stock Units as defined by the Board of Directors and in line with the Articles of Association (achievement of performance targets as vesting condition)
Short-term incentive Variable compensation (performance-related)	Minimal variable salary: CHF 0 Target variable salary: CHF 425,000 Maximal variable salary: CHF 850,000
Fixed compensation (base salary)	CHF 550,000

e) Number of external mandates and functions

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

Members of the Executive Board may not occupy or exercise more than the following number of additional positions 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:

- One position in publicly traded companies
- Two positions in non-listed companies
- Five positions in associations, non-profit organizations and pension funds

The mandates outside the Ascom Group of the members of the Executive Board are listed in the Corporate Governance Report (p. 42).

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 12 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:

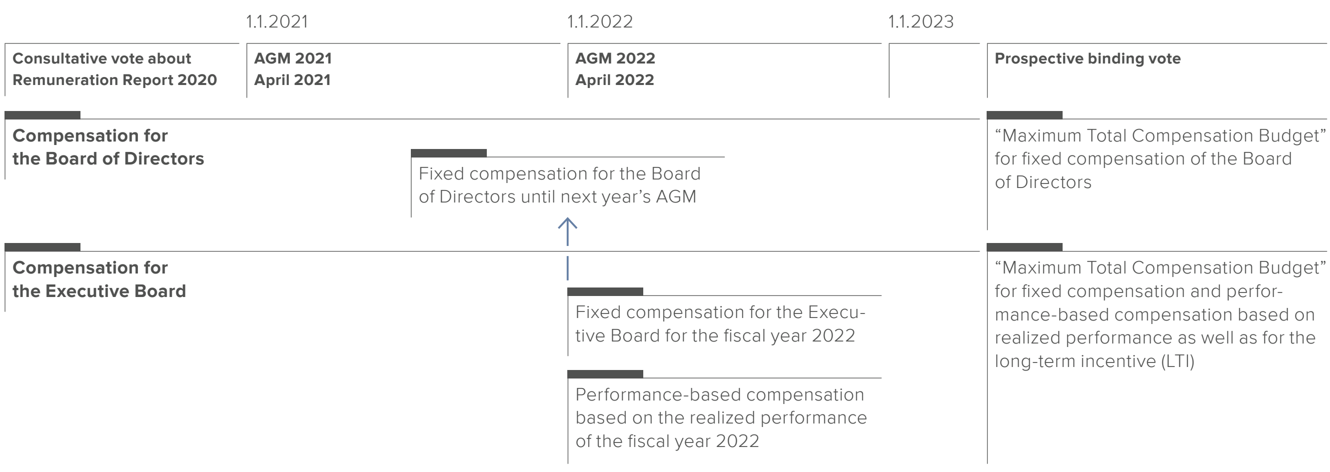
- The compensation of the Board of Directors for the year of office following the ordinary General Meeting until the next ordinary General Meeting
- The fixed compensation of the Executive Board for the next fiscal year (1 January to 31 December) following the ordinary General Meeting
- The variable 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. The Annual General Meeting 2020 approved the Remuneration Report 2019 with a majority of 88.7% in a consultative non-binding vote.

As far as a total amount approved for the compensation of the Executive Board is insufficient to compensate members of the Executive Board appointed or promoted within the Executive Board after the respective resolution of the General Meeting until the beginning of the following Approval Period, the Company may use an additional amount pursuant to Article 19 OaEC in addition to the previously approved total compensation for the Executive Board for the respective Approval Period. Such an additional amount is only available within the following limits: for the CEO an amount which is not more than 20% higher than the compensation of its predecessor and for a member of the Executive Board an amount which is not more than 20% higher than the amount available on average for members of the Executive Board (excluding the CEO) for the Approval Period. The General Meeting does not vote on the used additional amount.

According to Article 20e of the Articles of Association, the Company is entitled to compensate recoverable claims, which a newly appointed member of the Board of Directors or member of the Executive Board would have had towards his or her previous employer or principal, if this member had not changed the company. The recoverability of the claims must be examined by an independent expert.

Ascom Compensation Approval Mechanism



b) Level of decision authority

Type of compensation	Compensation & Nomination Committee	Full Board of Directors	Annual General Meeting
Compensation Board of Directors			
Maximum compensation for the Board of Directors for the period until the next Annual General Meeting	Recommendation	Proposal to the Annual General Meeting[1]	Approval
Individual compensation for the members of the Board of Directors in the reporting year	Proposal	Approval[1]	–
Compensation Executive Board			
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 of the CEO recommendation	Approval	–

[1] 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 2020

The shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2020:

- Board of Directors: maximal amount of CHF 700,000 (for six members) for the period from the Annual General Meeting 2020 until the Annual General Meeting 2021 (subject to additional employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries); approved with a majority of 98.5%
- Executive Board (for four members) for the business year 2021:
  - Maximal amount of CHF 2,000,000 as fixed compensation (including contributions to pension funds and other social benefits and subject to additional employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries); approved with a majority of 98.7%.
  - Maximal amount of CHF 1,800,000 as variable compensation; approved with a majority of 98.6%.
  - Maximal amount of CHF 850,000 as long-term incentive; approved with a majority of 98.7%.

II. REMUNERATION IN FISCAL YEAR 2020

1. Board of Directors

a) Remuneration in fiscal year 2020 (audited information)

Members of the Board of Directors were paid a gross remuneration totaling CHF 670,833 in fiscal year 2020 (2019: CHF 604,169).

	2020 Gross remuneration including employee contributions to the Swiss social insurances	2020 Employer contributions to the Swiss social insurances (AHV/IV/ALV)	2019 Gross remuneration including employee contributions to the Swiss social insurances	2019 Employer contributions to the Swiss social insurances (AHV/IV/ALV)
Dr Valentin Chapero Rueda (Chairman since 7 November 2019)	200,000	12,439	116,667	7,263
Dr Harald Deutsch[2]	29,167	–	100,000	–
Jürg Fedier	100,000	6.375	100,000	6,225
Jeannine Pilloud[1]	–	–	58,335[3]	3,533
Christina Stercken[2]	29,167	–	100,000	–
Andreas Umbach[2,4]	29,167	1,859	129,167	8,041
Nicole Burth Tschudi[5]	70,833	4,516	–	–
Laurent Dubois[5]	70,833	4,516	–	–
Michael Reitermann[5]	70,833	–	–	–
Dr Andreas Schönenberger[5]	70,833	4,516	–	–
Total	670,833	34,221	604,169	25,062

[1] Board Member until 7 November 2019 (Chairperson & CEO from 2 August to 7 November 2019).
[2] Board Member until 15 April 2020.
[3] For the period from 10 April 2019 until 2 August 2019.
[4] Chairman until 10 April 2019.
[5] Board Member from 15 April 2020.

Jeannine Pilloud was elected as Chairperson of the Board of Directors at the Annual General Meeting of 10 April 2019. As of 2 August 2019, she took over the position as Chairperson and CEO of the Ascom Group as a double mandate. It was agreed, that Jeannine Pilloud only receives the remuneration as a CEO for the period having a double mandate as Chairperson & CEO (from 2 August until 7 November 2019). Following her appointment as CEO of the Ascom Group as of 7 November 2019, she resigned as Chairperson and member of the Board of Directors.

- 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 bis 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.

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 expenses, also in form of lump sum expense recoveries within the amount accepted by the tax authorities. According to the Remuneration Regulations for Members of the Board (Annex 1 to the Organization Regulations), the annual lump sum expense recovery amounts to CHF 20,000 for the Chairperson and to CHF 4,000 for a regular Board member.

b) Compliance with the decisions of the Annual General Meeting

According to the Articles of Association, the shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2019: CHF 700,000 for the Board of Directors (six members) for the period from the Annual General Meeting 2019 until the Annual General Meeting 2020.

The remuneration amounting to CHF 604,169 paid to the six members of the Board of Directors in the period between the Annual General Meeting 2019 and the Annual General Meeting 2020 is in line with the approval of the Annual General Meeting 2019.

2. Executive Board

a) Members of the Executive Board in 2020

In 2020, the Executive Board consisted of the following members:

- Jeannine Pilloud, CEO
- Dominik Maurer, CFO
- Claes Ödman, COO / Head of Global Functions
- Francis Schmeer, Chief Sales Officer / Head of Rest of World

b) Compensation Executive Board 2020 (audited information)

in CHF	Basic salary	Variable salary component	Miscellaneous	Pension contributions	LTI[4]	Total
CEO	550,000[1]	412,250[1]	0	64,019	225,000[5]	**1,251,269**
CFO	304,850[1]	139,639[1]	0	31,738	120,000[5]	**596,227**
COO / Head of Global Functions	261,737[2]	74,720	829[3]	79,235	120,000[5]	**536,521**
Chief Sales Officer / Head of Rest of World	345,000[1]	150,190[1]	0	33,605	120,000[5]	**648,795**
Total Executive Board in 2020	**1,461,587**	**776,799**	**829**	**208,597**	**585,000**	**3,032,812**

[1] Including the statutory employee contributions paid to the Swiss social insurance.
[2] = SEK 2,556,030.
[3] Contributions to medical benefit plans.
[4] Weighted average fair value of the PSU units at grant (1 PSU = CHF 6.85) assuming full achievement of all performance-related targets.
[5] The amount disclosed corresponds to the fair value at grant date for the whole vesting period (until 30 June 2023). However, the effective remuneration will correspond in maximum to the adjusted vesting period (pro rata temporis until the end of the working contract).

c) Compensation Executive Board 2019 (audited information)

in CHF	Basic salary	Variable salary component	Miscellaneous	Pension contributions	LTI[5]	Total
CEO (since 2 August 2019)	270,835[1]	200,000[6]	0	31,399	0	502,234
CFO (since 10 October 2019)	68,837[1]	16,579[1]	0	7,328	0	92,744
COO	267,400[2]	0	1,054[3]	79,269	120,000[7]	467,723
Chief Sales & Marketing Officer	345,000[1]	0	0	35,746	120,000[7]	500,746
Former CEO (in charge until 2 August 2019)	382,690[1]	94,792[1]	36,592[4]	49,476	325,000[7]	888,550
– period after resignation (3 August to 31 December 2019)	267,314[1]	67,708[1]	25,526[4]	27,728	0	388,276
Former CFO (in charge until 13 August 2019)	201,296[1]	41,406[1]	0	22,202	0	264,904
– period after resignation (14 August to 31 December 2019)	125,704[1]	24,844[1]	0	11,410	0	161,958
Total Executive Board in 2019	**1,929,076**	**445,329**	**63,172**	**264,558**	**565,000**	**3,267,135[8]**

[1] Including the statutory employee contributions paid to the Swiss social insurance.
[2] = SEK 2,537,000.
[3] Contributions to medical benefit plans.
[4] Accommodation allowance.
[5] Weighted average fair value of the PSU units at grant (1 PSU = CHF 9.71) assuming full achievement of all performance-related targets.
[6] Corresponding to 15,973 Ascom shares (fair value at grant), blocked for three years after grant.
[7] The amount disclosed corresponds to the fair value at grant date for the whole vesting period (until 31 May 2022). However, the effective remuneration will correspond in maximum to the adjusted vesting period (pro rata temporis until the end of the working contract).
[8] Adjusted for the payments made to the former CEO and the former CFO after their resignation from the Executive Board, the total amount for the active members of the Executive Board is CHF 2,716,901.

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

in CHF	Employer contributions to the Swiss social insurances (AHV/IV/ALV)	
	2020	2019
CEO	35,918	19,357
CFO	18,585	4,072
COO / Head of Global Functions	–	–
Chief Sales Officer / Head of Rest of World	19,917	23,024
Former CEO		
– in charge (until 2 August 2019)	–	34,800
– period after resignation (3 August to 31 December 2019)	–	16,837
Former CFO		
– in charge (until 13 August 2019)	–	14,081
– period after resignation (14 August to 31 December 2019)	–	7,412
Total	**74,420**	119,583

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 COO / Head of Global Functions employer contributions of CHF 28,010 (2019: CHF 34,003) to the Swedish social insurances. These contributions do neither constitute nor increase the pension benefits of the employee.

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 expenses, also in form of car allowances and other lump sum expense recoveries within the amount accepted by the tax authorities.

d) Fixed compensation

The basic salaries (including social benefits) paid to the members of the Executive Board in the 2020 financial year totaled CHF 1,461,587 (2019: CHF 1,929,076 including payments to the former CEO and former CFO after their resignations from the Executive Board).

e) Short-term incentive (performance-related variable compensation)

- **Regulations**
  - Targets are defined at the beginning of each year in alignment with the budget targets by the Board of Directors. If all defined targets are achieved in full, the respective member of the Executive Board receives a predetermined percentage of the basic salary as a variable component (performance-related part). If the results fall short, no variable salary component is paid. In cases where the targets set are exceeded, the member of the Executive Board is paid a higher variable salary component. In addition, individual targets may be set.
  - The CEO has a target potential of 77.2% of the 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 a maximum of twice the target potential corresponding to 154.2% of the basic salary.
  - The other members of the Executive Board have a target potential between 40 and 57.7% of their basic salary on fully achieving all targets. In cases where the targets set are exceeded, they are paid a variable salary component (performance-related part) up to a maximum of twice the target potential.
  - Performance-related variable compensation (short-term incentive) cannot exceed the double amount of the fixed compensation of a member of the Executive Board.

- **Performance-related targets 2020**

The Board of Directors set the performance targets for 2020 with the aim to incentivize profitable growth of the Group.

The performance-related variable compensation for the members of the Executive Board in 2020 was linked to the achievement of the following measurable quantitative targets (incl. weighting):

- Net revenue: 30%
- EBITDA: 30%
- Individual targets (to accelerate the transformation of the Group): 40%

The members of the Executive Board achieved overall 76% of the financial targets and 92.5% of the individual targets given by the Board of Directors. Taking into account the difficult economic situation and market turbulences caused by Covid-19, the Board decided to additionally reward strong performances by key employees and to distribute a special discretionary payment to them. Members of the Executive Board received CHF 114,559 in aggregate of such special payments.

The variable salary component for all members of the Executive Board as of 31 December 2020 amounted to CHF 776,799 (2019: CHF 445,329 including the payment to the former CEO and former CFO). The variable remuneration paid out to the members of the Executive Board ranged from 28% to 75% of the basic salary (fixed component) (2019: 0% to 74%).

f) Long-term incentive (Performance Stock Units plan)

The PSU plan foresees annual issuance of Performance Stock Units ("PSUs"). One PSU represents the conditional right to receive a fraction between 0% and 200% of an Ascom share subject to the fulfillment of certain vesting conditions. Vesting of the PSUs occurs on the third anniversary of the respective date of grant. Vesting conditions are both the achievement of performance targets as well as an unterminated contractual relationship with the Company. Performance targets are represented by equally weighted three-year net income fully diluted Earnings per Share ("EPS") and three-year relative Total Shareholder Return ("TSR") measured against the Swiss Performance Index Extra ("SPI EXTRA") and expressed as a percentage points difference. The award forfeits fully or partly if employment ceased before the vesting date. Furthermore, the PSU plan is subject to malus and claw back provisions. The respective plan rules provide the Board of Directors with absolute discretion to recoup (or cause the forfeiture if not yet vested or awarded) fully or partly any award under the restated financial result and/or for reasons linked to an individual's behavior.

The Ascom PSU plan 2020 runs for a period of three years with a vesting date defined at 30 June 2023. The target achievement is based on two performance indicators:

- Three-year fully diluted weighted cumulative Earnings per Share (EPS)
- Ascom's three-year Total Shareholders Return (TSR) measured relative to the SPI EXTRA Index

The fair value of a PSU (based on the PSU plan 2020) was calculated by an external expert and set at CHF 6.85 at grant date.

On 31 July 2020, the CEO received 32,850 PSUs with a fair value of CHF 225,000 at grant.

The three other members of the Executive Board received each 17,520 PSUs with a fair value of CHF 120,000 at grant.

The amount corresponds to the fair value at grant date for the whole vesting period (until 30 June 2023). However, the effective remuneration will correspond in maximum to the adjusted vesting period (pro rata temporis until the end of the employment contract).

g) Total compensation of the members of the Executive Board

The total compensation in 2020 for all members of the Executive Board amounted to CHF 3,032,812 (2019: CHF 3,267,135 including the payments to the former CEO and former CFO after their resignations from the Executive Board).

h) Highest compensation

The highest total remuneration within the Ascom Group was paid to the CEO. The remuneration paid to the CEO in 2020, consisting of the basic salary and the variable component, amounted to CHF 962,250. The employers pension contributions amounted to CHF 64,019. The value of Performance Stock Units (PSU) allocated to the CEO are valued at a total of CHF 225,000 based on the value at the time they were granted and assuming all performance targets will be achieved.

The total remuneration paid to the CEO in 2020 amounted to CHF 1,251,269 (2019: CHF 1,276,826 for the former CEO including the payments after his resignation).

i) Additional payments (audited information)

No members of the Executive Board received any additional payments as defined by Art. 663b^{bis} 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.

j) 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 following rules will be applied for the beneficiaries of the long-term incentive plans:

- Share Matching plan 2018: the number of matching shares, which the participants shall receive, equals to 150% of the investment shares held by the participants at the date of the publication of the delisting
- Performance Stock Unit plans: the performance stock units shall vest with immediate effect at the date of the change of control. The vesting multiple of the PSUs is 1.00, the number of PSUs to be vested shall be adjusted pro rata to reflect the length of service.

k) Compliance with the decisions of the Annual General Meeting 2019

The shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2019 for the then four members of the Executive Board for fiscal year 2020:

- CHF 2,100,000 as fixed compensation (including contributions to pension funds and other social benefits)
- CHF 1,700,000 as variable compensation
- CHF 850,000 as long-term incentive

The Annual General Meeting 2019 approved a total amount of CHF 4,650,000 for the compensation of the Executive Board in 2020. The total compensation paid to the Executive Board in 2020 of CHF 3,032,812 is in line with the amount of CHF 4,650,000 as approved by the Annual General Meeting 2019.

Reported compensation of the Executive Board during fiscal year 2020 compared to the amount approved by shareholders at the Annual General Meeting 2019

In CHF	Executive Board compensation earned during FY 2020 (4 members)	Maximum amount approved by shareholders at the 2019 AGM (4 members)	Amount within the amount approved by shareholders at the 2019 AGM and compensation ratio
Fixed compensation (including contribution to pension funds and other social benefits)[1]	1,461,587	2,100,000	Yes 69.6%
Variable compensation (STI)	776,799	1,700,000	Yes 45.7%
Long-term incentive (LTI)	585,000	850,000	Yes 68.8%
Total compensation Executive Board[1]	**3,032,812**	**4,650,000**	**Yes 65.2%**

[1] Including miscellaneous and pension contributions.

The corresponding reporting of the Executive Board compensation 2021 approved by the Annual General Meeting 2020 as well as the reporting of the compensation ratio will be disclosed in the Remuneration Report 2021.

3. Former members of the Executive Board (audited information)

Holger Cordes (former CEO until 2 August 2019) was paid in 2020 an amount of CHF 607,580 (including CHF 65,911 for pension contributions) in compliance with the commitments set down in his contract of employment. Moreover, the Company paid an employer contribution of CHF 47,481 to the Swiss social insurance according to Swiss law.

Anette Weber (former CFO until 13 August 2019) was paid in 2020 an amount of CHF 78,357 (including CHF 12,815 for pension contributions) in compliance with the commitments set down in her contract of employment. Moreover, the Company paid an employer contribution of CHF 8,932 to the Swiss social insurance according to Swiss law.

III. SHARE OWNERSHIP

Number of shares and options held in Ascom Holding AG as of 31 December 2020:

1. Board of Directors

All members of the Board of Directors and closely related parties, in total: 120,384 shares.

	Shares[1]
Dr Valentin Chapero Rueda, Chairman	76,994
Nicole Burth Tschudi	0
Laurent Dubois	7,500
Jürg Fedier	4,400
Michael Reitermann	31,490
Andreas Schönenberger	0
Total Board of Directors	120,384

[1] 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 (as of 31 December 2020)

All members of the Executive Board and closely related parties, in total: 24,806 shares.

	Shares
Jeannine Pilloud, CEO	15,973
Dominik Maurer, CFO	6,700
Claes Ödman, COO / Head of Global Functions	0
Francis Schmeer, Chief Sales Officer / Head of Rest of World	2,133
Total Executive Board	**24,806**

The members of the Executive Board hold the following conversion rights based on the provisions of the Performance Stock Units (PSU) plans 2019 and 2020:

	PSU 2020	PSU 2019
Jeannine Pilloud, CEO	32,850	–
Dominik Maurer, CFO	17,520	–
Claes Ödman, COO / Head of Group Functions	17,520	12,358
Francis Schmeer, Chief Sales Officer / Head of Rest of World	17,520	12,358
Total Executive Board	**85,410**	**24,716**

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

3. Share allotment in 2020

According to the provisions of the Ascom share matching plan 2017, Ascom Holding AG allotted 8,247 shares in 2020 to 12 remaining participants of the Ascom share matching plan 2017.

Ascom Holding AG allotted no further shares in 2020.

IV. LONG-TERM INCENTIVE PLANS

1. Ascom share matching plan 2017

The Ascom share matching plan 2017 (as described in the Annual Report 2019 on page 57) expired on 30 June 2020.

Out of the 29,943 remaining investment shares, 6,367 were exercised or forfeited in 2020.

The remaining 23,576 investment shares as of 30 June 2020 qualified for 8,247 matching shares, which were allotted to the remaining 12 participants.

2. Ascom share matching plan 2018

The Board of Directors decided in its Board Meeting of 28 August 2018 to introduce a share matching plan 2018 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.

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. In addition, they get 35% of the number of their investment shares as matching shares after a three-year vesting period for free, if their employment contract with Ascom has not been terminated at this point in time.

The Board of Directors linked the mid-term profitability targets to the EBITDA margin of Ascom achieved in fiscal year 2020. In order to distribute additional performance-related matching shares to the beneficiaries, Ascom must achieve at least the lower end of the pre-defined EBITDA margin target 2020. Every participant will receive the maximum of 65% of additional investment shares in case the

EBITDA margin of Ascom in 2020 reaches the upper end of the pre-defined EBITDA margin target or higher.

In addition, the beneficiaries may get up to 50% of the number of their investment shares as growth-related matching shares provided that defined mid-term growth targets are achieved. In order to receive additional matching shares, the growth performance (CAGR 2020 over 2017) must achieve a certain range. Every participant will receive the maximum of 50% of additional investment shares in case the growth performance as defined reaches the upper end of this range.

As a maximum, the Company will honor each investment share with 1.5 matching shares.

15 members of the Ascom senior management decided to participate and they purchased in total 24,057 investment shares. 1,464 investment shares were exercised or forfeited in 2019. Out of the remainder of 22,593 investment shares, another 16,348 investment shares were exercised or forfeited in 2020. Thus, 6,245 investment shares still may qualify for matching shares.

3. Performance Stock Units (PSU) plan 2019

The Board of Directors decided to introduce a different version of a long-term incentive as of 2019. One PSU represents the conditional right to receive a fraction between 0% and 200% of an Ascom share subject to the fulfillment of certain vesting conditions. Vesting of the PSUs occurs on the third anniversary of the respective date of grant. Vesting conditions are both the achievement of performance targets as well as an unterminated contractual relationship with the company. Performance targets are represented by equally weighted three-year net income fully diluted Earnings per Share (“EPS”) and three-year relative Total Shareholder Return (“TSR”) measured against the Swiss Performance Index Extra (“SPI EXTRA”) and expressed as a percentage points difference. The award forfeits fully or partly if employment ceased before the vesting date. Furthermore, the PSU plan is subject to malus and claw back provisions. The respective plan rules provide the Board of Directors with absolute discretion to recoup (or cause the forfeiture if not yet vested or awarded) fully or partly any award under the restated financial result and/or for reasons linked to an individual’s behavior.

The Ascom long-term incentive 2019 (PSU plan 2019) runs for a period of three years with a vesting date defined at 31 May 2022. The target achievement is based on two performance indicators:

- Three-year fully diluted weighted cumulative Earnings per Share (EPS)
- Ascom’s three-year Total Shareholders Return (TSR) measured relative to the SPI EXTRA Index

The fair value of a PSU (based on the PSU plan 2019) was calculated by an external expert and set at CHF 9.71 at grant date.

On 18 June 2019, the Board of Directors awarded to 51 members of the Senior Management 153,562 PSUs. Out of this number, 5,150 PSUs were forfeited during 2019. Out of the remainder of 148,412 PSUs, another 31,990 PSUs were forfeited in 2020. Thus, 116,422 PSUs may qualify for share conversion.

4. Performance Stock Units (PSU) plan 2020

The Board of Directors decided to introduce the Performance Stock Units (PSU) plan 2020 as of 1 July 2020. One PSU represents the conditional right to receive a fraction between 0% and 200% of an Ascom share subject to the fulfillment of certain vesting conditions. Vesting of the PSUs occurs on the third anniversary of the respective date of grant. Vesting conditions are both the achievement of performance targets as well as an unterminated contractual relationship with the company. Performance targets are represented by equally weighted three-year net income fully diluted Earnings per Share ("EPS") and three-year relative Total Shareholder Return ("TSR") measured against the Swiss Performance Index Extra ("SPI EXTRA") and expressed as a percentage points difference. The award forfeits fully or partly if employment ceased before the vesting date. Furthermore, the PSU plan is subject to malus and claw back provisions. The respective plan rules provide the Board of Directors with absolute discretion to recoup (or cause the forfeiture if not yet vested or awarded) fully or partly any award under the restated financial result and/or for reasons linked to an individual's behavior.

The Ascom long-term incentive 2020 (PSU plan 2020) runs for a period of three years with a vesting date defined at 30 June 2023. The target achievement is based on two performance indicators:

- Three-year fully diluted weighted cumulative Earnings per Share (EPS)
- Ascom's three-year Total Shareholders Return (TSR) measured relative to the SPI EXTRA Index

The fair value of a PSU (based on the PSU plan 2020) was calculated by an external expert and set at CHF 6.85 at grant date.

On 1 July 2020, the Board of Directors awarded to 46 members of the Senior Management 221,650 PSUs. Out of this number, 6,940 PSUs were forfeited during 2020. Thus, 214,710 PSUs may qualify for share conversion.

5. Investment shares and PSU held as of 31 December 2020

Share matching plan	Matching date	Underlying yearly result	Number of outstanding investment shares	Maximum of matching shares
2018	30.06.2021	2020	6,245	9,367

PSU plan	Vesting date	Performance indicators	Number of outstanding PSUs	Maximum of conversion shares
2019	31.05.2022	EPS/TSR	116,422	232,844
2020	30.06.2023	EPS/TSR	214,710	429,420

As of 31 December 2020, 6,245 investment shares were purchased as investments in a share matching plan. These investment shares may entitle the holder to a maximum of 9,367 matching shares according to the regulations of the share matching plans.

Moreover, there are 331,132 outstanding PSUs which may be converted into maximal 662,264 shares according to the PSU plans.

The total of the outstanding contingent matching shares and the outstanding contingent conversion shares corresponds to 1.87% of the total share capital of the Company.

Report of the statutory auditor

to the General Meeting of Ascom Holding AG

Baar

We have audited the remuneration report of Ascom Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables / information labelled "audited information".

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 remuneration report of Ascom Holding AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Thomas Wallmer	Daniel Wyss
Audit expert Auditor in charge	Audit expert

Zürich, 8 March 2021

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Financial statements 2020

Ascom Group

Ascom Holding AG

Consolidated balance sheet

Assets

CHFm	Note	31.12.2020	%	31.12.2019	%
Cash and cash equivalents		31.8		18.2	
Trade receivables	4	55.0		70.3	
Other short-term receivables	5	10.8		8.7	
Inventories and work in progress	6	23.0		26.9	
Prepayments and accrued income	7	15.9		17.8	
Current assets		**136.5**	*67.2*	**141.9**	*66.2*
Property, plant and equipment	8	6.1		6.7	
Intangible assets	9	35.2		37.1	
Financial assets	10	25.3		28.5	
Non-current assets		**66.6**	*32.8*	**72.3**	*33.8*
Total assets		**203.1**	*100.0*	**214.2**	*100.0*

Liabilities and shareholders' equity

CHFm	Note	31.12.2020	%	31.12.2019	%
Borrowings	11	–		40.0	
Trade payables		17.1		21.1	
Other liabilities	12	13.2		13.5	
Provisions	13	5.2		8.2	
Customer prepayments and deferred revenue	15	23.0		21.5	
Accrued liabilities	16	28.6		21.9	
Current liabilities		**87.1**	*42.9*	**126.2**	*58.9*
Borrowings	11	19.0		–	
Provisions	13	25.9		24.8	
Non-current liabilities		**44.9**	*22.1*	**24.8**	*11.6*
Total liabilities		**132.0**	*65.0*	**151.0**	*70.5*
Share capital	17	18.0		18.0	
Capital reserves		16.0		15.6	
Own shares	17	(0.1)		(0.2)	
Retained earnings		37.2		29.8	
Shareholders' equity		**71.1**	*35.0*	**63.2**	*29.5*
Total liabilities and shareholders' equity		**203.1**	*100.0*	**214.2**	*100.0*

The notes on pages 70 to 95 are an integral part of the consolidated financial statements.

Consolidated income statement

CHFm	Note	2020	%	2019	%
Net revenue	18	281.0	*100.0*	282.9	*100.0*
Cost of sales	13, 19	(147.7)		(159.2)	
Gross profit		**133.3**	*47.4*	**123.7**	*43.7*
Marketing and sales	13, 19	(67.0)		(80.9)	
Research and development	13, 19	(32.2)		(33.2)	
Administration	13, 19	(21.9)		(21.5)	
Other operating income	20	0.2		–	
Other operating expenses	20	(1.4)		(1.5)	
Operating result (EBIT)		**11.0**	*3.9*	**(13.4)**	*(4.7)*
Financial income	21	1.3		2.4	
Financial expenses	21	(4.5)		(1.1)	
Ordinary result		**7.8**	*2.8*	**(12.1)**	*(4.3)*
Non-operating result	22	–		8.4	
Extraordinary result		–		1.1	
Profit/(loss) before income tax		**7.8**	*2.8*	**(2.6)**	*(0.9)*
Income tax	23	(1.3)		3.1	
Group profit for the period[1]		**6.5**	*2.3*	**0.5**	*0.2*

[1] Attributable to the owners of the parent.

Earnings per share in CHF

	Note	2020	2019
Basic	24	0.18	0.01
Diluted	24	0.18	0.01

Additional information – non-GAAP measures

CHFm	2020	%	2019	%
EBITDA[1]	24.9	*8.9*	0.8	*0.3*

[1] Earnings before interest, income tax, depreciation and amortization (EBITDA) as a subtotal includes the operating result (EBIT) before deduction of depreciation and impairment of property, plant and equipment as well as amortization and impairment of intangible assets. As defined, EBIT and EBITDA do not include the impact of non-operating or extraordinary results. In 2020, operating depreciation and amortization amounted to CHF 13.9 million (previous year: CHF 14.2 million).

The notes on pages 70 to 95 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

	Attributable to owners of the parent							
				Capital reserves			Retained earnings	
CHFm	Share capital[1]	Own shares[1]	Share premium	Other capital reserves	Currency translation adjustments	Goodwill offset	Other retained earnings	Total shareholders' equity
Balance at 1.1.2019	**18.0**	**(0.4)**	**1.1**	**14.0**	**(8.8)**	**(54.9)**	**114.2**	**83.2**
Group profit for the period	–	–	–	–	–	–	0.5	0.5
Currency translation adjustments	–	–	–	–	(5.0)	–	–	(5.0)
Goodwill offset with equity[2]	–	–	–	–	–	–	–	–
Share-based payments[3]	–	–	–	0.6	–	–	–	0.6
Purchase of own shares	–	–	–	–	–	–	–	–
Disposal of own shares	–	0.2	–	(0.1)	–	–	–	0.1
Dividends paid	–	–	–	–	–	–	(16.2)	(16.2)
Balance at 31.12.2019	**18.0**	**(0.2)**	**1.1**	**14.5**	**(13.8)**	**(54.9)**	**98.5**	**63.2**
Group profit for the period	–	–	–	–	–	–	6.5	6.5
Currency translation adjustments	–	–	–	–	0.9	–	–	0.9
Goodwill offset with equity[2]	–	–	–	–	–	–	–	–
Share-based payments[3]	–	–	–	0.6	–	–	–	0.6
Purchase of own shares	–	(0.1)	–	–	–	–	–	(0.1)
Disposal of own shares	–	0.2	–	(0.2)	–	–	–	–
Dividends paid	–	–	–	–	–	–	–	–
Balance at 31.12.2020	**18.0**	**(0.1)**	**1.1**	**14.9**	**(12.9)**	**(54.9)**	**105.0**	**71.1**

[1] Refer to note 17.
[2] Refer to note 9.
[3] Refer to note 25.

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

The notes on pages 70 to 95 are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

CHFm	Note	2020	2019
Group profit for the period		6.5	0.5
+ Depreciation of property, plant and equipment	8	2.2	2.5
+ Amortization of intangible assets	9	11.7	11.9
+/– (Profit)/loss from disposal of property, plant and equipment	8	–	(3.4)
+ Share-based payments	25	0.7	0.6
+/– Addition/(release) of provisions	13	1.8	(1.0)
+/– Adjustment for other non-cash items		–	4.4
+/– Change in inventory and work in progress		4.4	(9.4)
+/– Change in trade receivables		15.4	5.0
+/– Change in trade payables		(4.2)	4.0
+/– Change in other receivables and prepayments		1.4	–
+/– Change in accrued and other short-term liabilities and deferred income		3.8	(3.6)
– Interest income	21	(1.3)	(1.3)
+ Interest expenses	21	1.1	0.8
+ Interest received		0.1	0.1
– Interest paid		(0.5)	(0.2)
+/– Income tax (benefits)/expenses	23	1.3	(3.1)
– Income tax paid		(2.5)	(3.5)
+/– Foreign currency translation differences		3.2	(1.4)
Cash flow from operating activities		**45.1**	**2.9**
– Purchase of property, plant and equipment	8	(1.8)	(1.7)
+ Proceeds from disposal of property, plant and equipment	22	0.3	6.9
– Purchase of intangible assets	9	(8.9)	(14.7)
+/– Change in financial assets and other non-current assets		0.4	0.1
Cash flow from investing activities		**(10.0)**	**(9.4)**
+/– Proceeds from/(repayment of) short-term borrowings		(40.0)	13.0
+/– Proceeds from/(repayment of) long-term borrowings		19.0	7.0
+ Proceeds from disposal of own shares		–	0.1
– Purchase of own shares		(0.1)	–
– Dividends paid		–	(16.2)
Cash flow from financing activities		**(21.1)**	**3.9**
+/– Foreign currency translation differences on cash and cash equivalents		(0.4)	(0.4)
Increase/(decrease) in cash and cash equivalents		**13.6**	**(3.0)**
+ Cash and cash equivalents at 1.1.		18.2	21.2
Cash and cash equivalents at 31.12.		**31.8**	**18.2**

The notes on pages 70 to 95 are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Ascom is a global solutions provider focused on healthcare ICT and mobile workflow solutions. The vision of Ascom is to close digital information gaps allowing for the best possible decisions – anytime and anywhere. Ascom's mission is to provide mission-critical, real-time solutions for highly mobile, ad hoc, and time-sensitive environments. Ascom uses its unique product and solutions portfolio and software architecture capabilities to devise integration and mobilization solutions that provide truly smooth, complete and efficient workflows for healthcare as well as for industry, security and retail sectors.

Ascom is headquartered in Baar (Switzerland), has operating businesses in 18 countries and employs around 1,300 people worldwide. Ascom Holding AG, the parent company of the Group, is a public limited company and its registered shares (symbol ASCN) are listed on the SIX Swiss Exchange in Zurich (Switzerland).

2. SUMMARY OF THE GENERAL GROUP ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of Ascom Holding AG comply with Swiss law and have been prepared based on the individual financial statements of each Group company. These are based on historical cost, except as disclosed in the accounting policies below, and in accordance with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles FER/FER = Fachempfehlungen zur Rechnungslegung = Accounting and reporting recommendations). Furthermore, the consolidated financial statements comply with the provisions of the listing rules of the SIX Swiss Exchange and are presented in Swiss francs (CHF). The accounting policies have been applied consistently by all Group companies. A summary of the significant accounting policies is provided below. The annual financial closing date for the Group and the individual Group companies is 31 December.

2.2 Changes in accounting policy and disclosures

There were no changes in 2020.

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 consolidated financial statements and information about uncertainties related to assumptions and estimates that have the potential risk of resulting in a significant adjustment, are included in the following notes:

- Note 9 – recognition of internally generated intangible assets: whether the Group has met the criteria for capitalization 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 and capitalized internally generated intangible assets, including related forecasted cash flows.
- 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 29 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of net future outflow of cash, including discount rates.
- Note 23 – recognition and measurement of the 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 34. Percentages of the Group's interest in share capital correspond to percentages in voting rights held.

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 assets transferred, liabilities assumed and equity interests issued by the Group, including the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are capitalized and allocated to goodwill. Pursuant to a purchase price allocation, identifiable assets acquired, liabilities assumed as well as any contingent assets and liabilities are measured initially at their fair value at the acquisition date.

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

2.5 Foreign currency translation

All assets and liabilities of foreign entities are translated into Swiss francs (CHF), 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.

Applicable exchange rates for Ascom's major foreign currencies are as follows:

Foreign currency translation

CHF	ISO code	Unit	31.12.2020	Average 2020	31.12.2019	Average 2019
Euro	EUR	1	1.080	1.072	1.085	1.112
US dollar	USD	1	0.880	0.937	0.966	0.992
Swedish krona	SEK	1	0.108	0.102	0.104	0.105
Pound sterling	GBP	1	1.202	1.210	1.276	1.269

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 from 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 includes all sales of goods and services after deduction of any sales reductions including discounts, rebates, returns and value-added tax.

Revenue from sale of goods and services is recognized on delivery to and acceptance by the customer, when significant risks and rewards of ownership of the goods have passed to the buyer, and it is probable that future economic benefits will flow to Ascom. Goods sold to customers include hardware and software.

Services rendered to customers include consulting, commissioning and installation services, as well as after-sales support, repair and maintenance services. Revenue from long-term maintenance agreements is recognized straight-line over the contract term. Revenue from fixed-price, multi-element contracts including goods and services is allocated to the separable components based on the value of the separable components.

Revenue from significant customer projects is recognized 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 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.

2.8 Trade receivables
Trade receivables are recognized at their nominal value less any provision for doubtful debts, which is recognized when it becomes probable that the receivable is not fully realizable. The amount of the provision is the receivable at nominal value less the amount of the expected realization. The valuation effect is recorded in marketing and sales expenses.

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

2.10 Inventories and work in progress
Inventories are stated at the lower of purchase or manufacturing cost or net realizable value. Net realizable value is the estimated selling price in the normal course of business, less estimated cost of completion and estimated selling cost. Manufacturing cost includes direct material and production costs as well as material and production overheads. The inventory cost is determined using the FIFO (First In – First Out) cost method. Purchase discounts are treated as a purchase price reduction. Value adjustments are made for obsolete and slow-moving items. Work in progress on long-term contracts is recognized according to the stage of completion of the contract (percentage-of-completion method). Provisions are made to cover anticipated losses as soon as these are identified.

2.11 Property, plant and equipment
Property, plant and equipment is recorded at acquisition or production cost (i.e. historical cost) less accumulated depreciation. 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 they can be measured reliably and it is probable that future economic benefits associated with such costs will flow to the Group. 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. All gains or losses arising from the disposal of property, plant and equipment are included in the income statement.

2.12 Intangible assets

Intangible assets other than goodwill are recorded at acquisition or production cost less accumulated amortization. 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. 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 for use are carried at cost less any accumulated impairment losses.

Goodwill resulting from acquisitions (the excess of the purchase price over the net fair value of the acquired assets, liabilities and 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 equity.

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, major product improvements or software platforms and significant applications) 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.

2.13 Financial assets

Financial assets mainly comprise loans to third parties, deferred tax assets and pension assets. Loans and pension assets are initially recorded at actual value and subsequently measured at amortized cost less valuation adjustments. Information related to deferred tax assets is presented in note 2.22.

2.14 Impairment of assets

All non-current assets are tested for impairment when indicators exist that the carrying amount of the asset might exceed its recoverable amount. 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 disposal cost and value in use. Intangible assets not yet available for use are not subject to amortization and are therefore tested for impairment at least once a year. As goodwill is fully offset against equity at the date of acquisition, an impairment of goodwill will not affect income, but will only be disclosed in the notes to the consolidated financial statements (refer to note 9). Impairment tests are performed based on discounted cash flows at the level of the corresponding cash-generating units, representing the lowest level at which such assets are evaluated for recoverability.

2.15 Derivative financial instruments

Due to the global nature of its activities, the Group is exposed to foreign exchange risk. The related risk management is described in note 27. The Group may hedge expected future foreign currency cash flows by executing forward contracts. These derivative financial instruments are recognized at fair value at the trade date. 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. Where these cash flow hedges related to flow of goods, the gains or losses are recorded as part of cost of sales. Gains and 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. 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.

2.16 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.

2.17 Borrowings and borrowing costs

Borrowings are initially recorded at actual value, net of transaction costs incurred and subsequently measured at amortized cost. They include mainly bank loans and are classified as current if they are settled within 12 months, and there is no unconditional right to extend the settlement to at least 12 months after the balance sheet date. Borrowing costs directly attributable to a 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.

2.18 Pension benefit obligations

There are various pension plans in existence within the Group which are individually aligned with local conditions in their respective countries. They are financed either by means of contributions to legally independent pension or insurance funds, or by recognition as liabilities in the balance sheet of the respective Group companies. 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 a multi-employer pension fund, an independent separate legal entity under Swiss Law ("Gemeinschaftsstiftung") financed by contributions from participating employers and employees. An economical obligation or a benefit from the Swiss pension scheme is determined from the pension fund financial statements prepared on the basis of Swiss GAAP FER 26 "Accounting of Pension plans" and recognized in the balance sheet accordingly. The provision for pension plans of foreign subsidiaries, which are not organized as independent legal entities, is determined based on the local valuation methods in effect.

2.19 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 a reliable estimate can be made of the amount of the obligation. 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. If an outflow of resources to settle an obligation is not probable, a contingent liability is disclosed. Contingent liabilities and other off-balance sheet commitments are evaluated at each reporting date, also taking into account any guaranteed considerations from other parties (e.g. insurance coverage).

2.20 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 2.11). 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.

2.21 Share-based payments

Selected members of Ascom's senior management receive remuneration in the form of share-based remunerations pursuant to share matching plans and Performance Stock Unit ("PSU") plans.

a) Share matching plans

The beneficiaries of share matching plans get the opportunity to buy company shares 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 in time. As an additional performance-related part, beneficiaries may receive up to 115% of the number of their investment shares as matching shares, provided that defined mid-term profitability targets are achieved. As a maximum, the Company will honor each investment share with one matching share.

The cost of matching shares is 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. 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 in other provisions (for cash-settled instruments). Ascom revises its estimates of the number of instruments expected to vest, based on the best available estimate of the outcome of the non-market-vesting conditions (the Group EBITDA margin and the cumulated average growth rate of the net revenue) at the end of each reporting period, with changes recognized in personnel expenses.

b) Performance Stock Unit (“PSU”) plans
The PSU plan foresees annual issuance of Performance Stock Units (“PSUs”). One PSU represents the conditional right to receive a fraction between 0% and 200% of an Ascom share subject to the fulfillment of certain vesting conditions. Vesting of the PSUs occurs on the third anniversary of the respective date of grant. Vesting conditions are both the achievement of performance targets as well as an unterminated contractual relationship with the Company. Performance targets are represented by equally weighted three-year net income fully diluted Earnings per Share (“EPS”) and three-year relative Total Shareholder Return (“TSR”) measured against the Swiss Performance Index Extra (“SPI EXTRA”) and expressed as a percentage point difference. The award forfeits fully or partly if employment ceased before the vesting date.

The cost of PSUs is measured initially at fair value at grant date and recognized as expense over the vesting period, together with a corresponding increase in other capital reserves in equity. As no cash settlement is foreseen, no subsequent measurement takes place.

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

3. SEGMENT INFORMATION

Ascom Group consists of one single business unit, the purpose of which is to use its unique product and solutions portfolio and software architecture capabilities to devise integration and mobilization solutions that provide digitalized, complete and efficient workflows for healthcare as well as for industry, security and retail sectors.

Due to the unity and strategic focus of the business on healthcare ICT, the top management (Group Executive Board) and the management structure of the Ascom Group are organized by functions. The allocation of financial resources of the Group by the Board of Directors and the Group Executive Board is decided centrally and by function. Research and development of the whole range of products and solutions is carried out centrally, while sales are carried out regionally with central support. Distribution and services are managed within central global functions. Accordingly, regional sales subsidiaries are responsible for the sale and delivery of the whole range of products, services and solutions in their sales area, supported by global R&D, global Supply Chain and global Services, as well as central marketing and administrative functions. The Company's risks and opportunities vary by region and are impacted and supported by local regulatory requirements, most notably in healthcare. Accordingly, the financial management and allocation of Company resources by the Group Executive Board is primarily based on regional market and net revenue developments.

Segment reporting is therefore reflecting Ascom's business as one single reportable segment. The allocation of incoming orders and net revenue is disclosed below based on the regional sales structure, which has changed in 2020, comparatives 2019 have been restated.

Allocation of incoming orders and net revenue

CHFm	Incoming orders		Net revenue	
	2020	2019	2020	2019
DACH	55.8	56.1	46.6	51.1
France & Spain	18.4	22.0	17.6	21.3
Netherlands	57.2	59.0	52.8	51.6
Nordics	40.9	43.0	40.8	38.3
UK	33.8	16.0	14.5	13.2
USA & Canada	55.2	51.5	49.6	50.0
Rest of World	43.5	48.1	41.4	38.6
OEM (Original Equipment Manufacturer)	17.6	19.8	17.7	18.8
Total	**322.4**	**315.5**	**281.0**	**282.9**

4. TRADE RECEIVABLES

CHFm	31.12.2020	31.12.2019
Receivables from third parties[1]	56.9	73.7
Less provision for doubtful debts	(1.9)	(3.4)
Total	**55.0**	**70.3**

[1] This line item includes CHF 7.3 million (previous year: CHF 4.2 million) of trade receivables arising from customer projects using the percentage-of-completion method.

The Group does not hold any collateral as security for trade receivables.

5. OTHER SHORT-TERM RECEIVABLES

CHFm	31.12.2020	31.12.2019
Income tax and other tax receivables	9.8	7.4
Other receivables	0.2	0.4
Finance leases	0.6	0.7
Derivative financial instruments	0.2	0.2
Total other short-term receivables	**10.8**	**8.7**

6. INVENTORIES AND WORK IN PROGRESS

CHFm	31.12.2020	31.12.2019
Raw materials and components	4.9	4.0
Work in progress[1]	7.2	7.2
Finished goods and goods for resale	15.0	20.1
Inventory provision	(4.1)	(4.4)
Total	**23.0**	**26.9**

[1] This line item includes CHF 0.5 million (previous year: CHF 1.0 million) of work in progress arising from customer projects using the percentage-of-completion method.

7. PREPAYMENTS AND ACCRUED INCOME

CHFm	31.12.2020	31.12.2019
Prepayments	4.3	4.1
Accrued income[1]	11.6	13.7
Total	**15.9**	**17.8**

[1] This line item includes CHF 11.4 million (previous year: CHF 12.2 million) of accrued income 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
Cost					
Balance at 1.1.2019	**17.8**	**19.0**	**1.5**	**15.3**	**53.6**
Additions	–	0.4	1.2	0.1	1.7
Disposals	(13.8)	(1.6)	–	(0.3)	(15.7)
Reclassifications	–	0.2	(1.9)	1.7	–
Currency translation adjustments	(0.2)	(0.8)	(0.1)	(0.8)	(1.9)
Balance at 31.12.2019	**3.8**	**17.2**	**0.7**	**16.0**	**37.7**
Additions	0.1	0.3	1.3	0.1	1.8
Disposals	(1.0)	–	–	(0.1)	(1.1)
Reclassifications	–	0.5	(0.8)	0.3	–
Currency translation adjustments	0.1	0.3	–	0.3	0.7
Balance at 31.12.2020	**3.0**	**18.3**	**1.2**	**16.6**	**39.1**
Accumulated depreciation and impairment					
Balance at 1.1.2019	**(12.0)**	**(16.6)**	**–**	**(13.8)**	**(42.4)**
Depreciation charge	(0.4)	(1.1)	–	(1.0)	(2.5)
Disposals	10.4	1.6	–	0.3	12.3
Reclassifications	–	0.2	–	(0.2)	–
Currency translation adjustments	0.2	0.7	–	0.7	1.6
Balance at 31.12.2019	**(1.8)**	**(15.2)**	**–**	**(14.0)**	**(31.0)**
Depreciation charge	(0.3)	(0.9)	–	(1.0)	(2.2)
Disposals	0.6	–	–	0.2	0.8
Reclassifications	–	0.2	–	(0.2)	–
Currency translation adjustments	–	(0.2)	–	(0.4)	(0.6)
Balance at 31.12.2020	**(1.5)**	**(16.1)**	**–**	**(15.4)**	**(33.0)**
Net carrying amount at 31.12.2019	**2.0**	**2.0**	**0.7**	**2.0**	**6.7**
Net carrying amount at 31.12.2020	**1.5**	**2.2**	**1.2**	**1.2**	**6.1**

9. INTANGIBLE ASSETS

CHFm	Customer relations	Acquired technology	Internally generated intangibles	Acquired software	Other	Total
Cost						
Balance at 1.1.2019	**7.9**	**5.4**	**39.1**	**23.1**	**6.4**	**81.9**
Additions	–	–	9.4	0.1	5.2	14.7
Disposals	–	–	–	(0.4)	(0.1)	(0.5)
Reclassification	–	–	–	1.7	(1.7)	–
Currency translation adjustments	(0.2)	(0.2)	(2.3)	(1.2)	(0.4)	(4.3)
Balance at 31.12.2019	**7.7**	**5.2**	**46.2**	**23.3**	**9.4**	**91.8**
Additions	–	–	6.5	–	2.4	8.9
Disposals	–	–	–	–	–	–
Reclassification	–	–	–	2.0	(2.0)	–
Currency translation adjustments	(0.2)	–	1.9	0.9	0.4	3.0
Balance at 31.12.2020	**7.5**	**5.2**	**54.6**	**26.2**	**10.2**	**103.7**
Accumulated amortization and impairment						
Balance at 1.1.2019	**(4.3)**	**(3.5)**	**(19.9)**	**(14.1)**	**(4.0)**	**(45.8)**
Amortization charge	(0.8)	(0.6)	(7.3)	(2.7)	(0.5)	(11.9)
Disposals	–	–	–	0.4	0.1	0.5
Currency translation adjustments	0.1	0.2	1.2	0.7	0.3	2.5
Balance at 31.12.2019	**(5.0)**	**(3.9)**	**(26.0)**	**(15.7)**	**(4.1)**	**(54.7)**
Amortization charge	(0.8)	(0.4)	(6.9)	(3.1)	(0.5)	(11.7)
Disposals	–	–	–	–	–	–
Currency translation adjustments	0.2	(0.1)	(1.4)	(0.7)	(0.1)	(2.1)
Balance at 31.12.2020	**(5.6)**	**(4.4)**	**(34.3)**	**(19.5)**	**(4.7)**	**(68.5)**
Net carrying amount at 31.12.2019	**2.7**	**1.3**	**20.2**	**7.6**	**5.3**	**37.1**
Thereof acquired	**2.7**	**1.3**	**–**	**7.6**	**5.3**	**16.9**
Thereof generated internally	**–**	**–**	**20.2**	**–**	**–**	**20.2**
Net carrying amount at 31.12.2020	**1.9**	**0.8**	**20.3**	**6.7**	**5.5**	**35.2**
Thereof acquired	**1.9**	**0.8**	**–**	**6.7**	**5.5**	**14.9**
Thereof generated internally	**–**	**–**	**20.3**	**–**	**–**	**20.3**

Other intangibles comprise acquired trademarks and licenses.

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	2020	2019
Acquisition cost		
As of 1 January	35.0	35.9
Additions from acquisitions	–	–
Liquidation of a subsidiary or business	–	–
Disposal of a subsidiary or business	–	–
Reversal of earn-out	–	–
Translation adjustment	(1.1)	(0.9)
As of 31 December	**33.9**	**35.0**
Accumulated amortization		
As of 1 January	(34.5)	(35.0)
Additions	(0.4)	(0.5)
Liquidation of a subsidiary or business	–	–
Disposal of a subsidiary or business	–	–
Translation adjustment	1.0	1.0
As of 31 December	**(33.9)**	**(34.5)**
Theoretical book values, net		
As of 1 January	0.5	0.9
As of 31 December	**–**	**0.5**

Theoretical effect on income statement

CHFm	2020	2019
Operating result	11.0	(13.4)
Theoretical amortization goodwill	(0.4)	(0.5)
Theoretical operating result incl. amortization goodwill	10.6	(13.9)
Group profit for the period	6.5	0.5
Theoretical amortization goodwill	(0.4)	(0.5)
Theoretical Group profit for the period incl. amortization goodwill	6.1	–

Theoretical effect on balance sheet

CHFm	2020	2019
Equity according to balance sheet	71.1	63.2
Theoretical capitalization net book value goodwill	–	0.5
Theoretical equity incl. net book value goodwill	71.1	63.7
Equity as % of balance sheet total	35.0%	29.5%
Theoretical equity incl. net book value goodwill as % of balance sheet total (incl. goodwill)	35.0%	29.7%

10. FINANCIAL ASSETS

CHFm	31.12.2020	31.12.2019
Deferred income tax assets	7.7	9.9
Pension-related assets	0.9	1.9
Finance leases	1.2	1.6
Other financial assets	15.5	15.1
Total non-current portion	**25.3**	**28.5**

Detailed information related to deferred income tax assets and pension-related assets are provided in notes 23 and 14, respectively. Other financial assets mainly comprise the subordinated vendor loan amounting to CHF 14.2 million (previous year: CHF 14.3 million) at actual value (having a nominal value of USD 15 million, a seven-year maturity and a stated interest rate of 4% p.a.) granted in connection with the disposal of the Network Testing Division.

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 31.12.2020
Gross investment in leases	0.7	1.3	–	2.0
Unearned interest income	(0.1)	(0.1)	–	(0.2)
Present value of the net minimum lease payments	**0.6**	**1.2**	**–**	**1.8**

CHFm	Within 12 months	Between 1 and 5 years	Later	Total 31.12.2019
Gross investment in leases	0.8	1.7	–	2.5
Unearned interest income	(0.1)	(0.1)	–	(0.2)
Present value of the net minimum lease payments	**0.7**	**1.6**	**–**	**2.3**

11. BORROWINGS

The Group has syndicated revolving multi-currency credit facilities in the amount of CHF 60.0 million with four Swiss banks at variable interest rates with an option to fix the interest rate monthly for a maximum period of 12 months. Additionally, the Group has a CHF 20.0 million credit facility to finance large projects. Supplementary, the Group also has an uncommitted guarantee line of CHF 5.0 million with a Swiss bank. At 31 December 2020, Ascom used the cash lines as shown in the table below:

CHFm	31.12.2020	31.12.2019
Current	–	40.0
Non-current	19.0	–
Total borrowings	**19.0**	**40.0**

As the final maturity of the Group's credit facilities is 19 November 2024, the outstanding borrowings at 31 December 2020 are classified as non-current. The credit facility includes two financial covenants: a debt service ratio (calculated as the ratio of net debt and outstanding bank guarantees to EBITDA) and an equity ratio (calculated as the ratio of shareholders' equity to total assets). The financial covenants are disclosed in note 27.5.

12. OTHER LIABILITIES (CURRENT)

CHFm	31.12.2020	31.12.2019
Income tax liabilities	1.5	1.4
VAT and other tax liabilities	5.3	5.8
Personnel-related liabilities	6.1	6.1
Derivative financial instruments	–	0.1
Other liabilities	0.3	0.1
Total	**13.2**	**13.5**

13. PROVISIONS

CHFm	Restructuring	Deferred tax provisions	Employee benefit obligation	Other provisions	Total
Balance at 1.1.2019	**0.6**	**5.8**	**19.7**	**11.1**	**37.2**
Additions	4.8	0.5	1.6	2.5	9.4
Increase in present value	–	–	0.6	–	0.6
Payments	(0.4)	–	(0.8)	(1.4)	(2.6)
Release of unused amounts	(0.2)	(1.9)	–	(8.3)	(10.4)
Currency translation adjustments	0.1	(0.2)	(1.0)	(0.1)	(1.2)
Balance at 31.12.2019	**4.9**	**4.2**	**20.1**	**3.8**	**33.0**
Additions	0.6	0.4	0.7	1.4	3.1
Increase in present value	–	–	0.6	–	0.6
Payments	(2.7)	–	(0.5)	(1.6)	(4.8)
Release of unused amounts	(0.3)	(0.4)	(0.1)	(0.6)	(1.4)
Currency translation adjustments	–	0.1	0.5	–	0.6
Balance at 31.12.2020	**2.5**	**4.3**	**21.3**	**3.0**	**31.1**

Expected payment

CHFm	Restructuring	Deferred tax provisions	Employee benefit obligation	Other provisions	Total
Within 12 months	4.9	–	0.1	3.2	8.2
Later	–	4.2	20.0	0.6	24.8
Balance at 31.12.2019	**4.9**	**4.2**	**20.1**	**3.8**	**33.0**
Within 12 months	2.5	–	–	2.7	5.2
Later	–	4.3	21.3	0.3	25.9
Balance at 31.12.2020	**2.5**	**4.3**	**21.3**	**3.0**	**31.1**

On 16 December 2019, the Board of Directors of Ascom Holding AG approved the restructuring program. This program comprises mainly personnel-related restructuring charges, impacts all functions within the organization and carried a cost of CHF 4.8 million, which was charged to the 2019 operating result, as included in the following table.

CHFm	2020	2019
Restructuring included in cost of sales	0.2	(2.2)
Restructuring included in marketing and sales	0.2	(1.9)
Restructuring included in research and development	–	(0.2)
Restructuring included in administration	(0.7)	(0.5)
Total	**(0.3)**	**(4.8)**

For detailed descriptions related to deferred taxes, refer to note 23.

Provisions for employee benefit obligations include the economical pension obligations (refer to note 14) as well as provisions for other long-term employee benefits. The discount rate used in 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 2020, the range of the applied discount rate varies between 0.3% and 1.1% (previous year: 0.7%–1.9%), which corresponds to local market conditions.

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

14. PENSION BENEFIT OBLIGATIONS

Employer contribution reserves (ECR)

CHFm							Result from ECR in personnel expense		Result from ECR in interest expense	
	Nominal value 31.12.2020	Renounced use 31.12.2020	Balance sheet 31.12.2020	Accumulation/ (usage) 2020	CTA 2020	Balance sheet 31.12.2019	2020	2019	2020	2019
Pension plans	0.9	–	0.9	(1.0)	–	1.9	(0.6)	(0.1)	–	–
Total	**0.9**	**–**	**0.9**	**(1.0)**	**–**	**1.9**	**(0.6)**	**(0.1)**	**–**	**–**

Economical benefit/economical obligation and pension benefit expenses

CHFm		Economical part of the organization					Pension benefit expenses within personnel expenses		Pension benefit expenses within interest expenses	
	(Surplus) / deficit 31.12.2020	31.12.2020	31.12.2019	Change to prior-year period or recognized in the current result of the period	CTA 2020	Contributions concerning the business period	2020	2019	2020	2019
Pension plans without surplus/deficit	–	–	–	–	–	(8.2)	8.2	9.1	–	–
Pension plans with deficit	0.8	0.8	1.0	(0.1)	(0.1)	(0.2)	0.1	0.2	–	–
Pension plans without own assets	18.6	18.6	17.4	0.6	0.6	(0.3)	0.3	1.1	0.6	0.6
Total	**19.4**	**19.4**	**18.4**	**0.5**	**0.5**	**(8.7)**	**8.6**	**10.4**	**0.6**	**0.6**

15. CUSTOMER PREPAYMENTS AND DEFERRED REVENUE

CHFm	31.12.2020	31.12.2019
Customer prepayments[1]	22.8	21.5
Deferred revenue	0.2	–
Total	**23.0**	**21.5**

[1] This line item includes CHF 1.2 million (previous year: CHF 2.7 million) of customer prepayments arising from customer projects using the percentage-of-completion method.

16. ACCRUED LIABILITIES

CHFm	31.12.2020	31.12.2019
Personnel-related accruals	20.9	14.1
Accrued liabilities arising from long-term contracts (PoC)	0.5	0.2
Other accrued expenses	7.2	7.6
Total	**28.6**	**21.9**

17. SHARE CAPITAL AND OWN SHARES

Composition of share capital

CHFm	Number 31.12.2020	Amount 31.12.2020	Number 31.12.2019	Amount 31.12.2019
Registered shares nom. CHF 0.50	36,000,000	18.0	36,000,000	18.0
Number of registered shareholders	4,111		4,294	

The total authorized number of ordinary shares is 36,000,000 of which 35,992,845 are outstanding at 31 December 2020 (previous year: 35,978,277). Each outstanding 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 2020	Amount 2020	Average transaction price	Number 2019	Amount 2019	Average transaction price
Balance at 1.1.	**21,723**	**0.2**	**10.66**	**38,110**	**0.4**	**10.66**
Additions	10,000	0.1	7.17	–	–	–
Disposals	(24,568)	(0.2)	9.75	(16,387)	(0.2)	10.66
Balance at 31.12.	**7,155**	**0.1**	**8.91**	**21,723**	**0.2**	**10.66**

18. NET REVENUE

Net revenue comprises sale of hardware and software, rendering of professional services delivered in connection with customer projects as well as after-sales support, repair and maintenance services. The table below provides additional information for long-term contracts applying the percentage-of-completion method:

CHFm	2020	2019
Contract revenue recognized in the reporting period	26.8	26.3

19. PERSONNEL EXPENSES

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

CHFm	2020	2019
Wages and salaries	(103.4)	(108.8)
Social security and pension costs	(24.9)	(26.4)
Other personnel expenses	(9.3)	(9.5)
Total[1]	**(137.6)**	**(144.7)**

[1] Own employees. This line item includes restructuring costs of CHF 0.3 million (previous year: CHF 4.8 million), see note 13.

20. OTHER OPERATING INCOME AND EXPENSES

CHFm	2020	2019
Other operating income	0.2	–
Total other operating income	**0.2**	**–**
Amortization of intangible assets from acquisition[1]	(1.2)	(1.5)
Other operating expenses	(0.2)	–
Total other operating expenses	**(1.4)**	**(1.5)**

[1] This line item exclusively contains amortization of intangible assets initially capitalized due to a purchase price allocation at acquisition date.

21. FINANCIAL INCOME AND EXPENSES

CHFm	2020	2019
Financial income		
Interest income	1.3	1.3
Net foreign exchange gains	–	1.0
Other financial income	–	0.1
Total	**1.3**	**2.4**
Financial expenses		
Interest expenses	(1.1)	(0.8)
Net foreign exchange losses	(3.0)	–
Other financial expenses	(0.4)	(0.3)
Total	**(4.5)**	**(1.1)**
Financial income/(expenses), net	**(3.2)**	**1.3**

22. NON-OPERATING RESULT

CHFm	2020	2019
Non-operating income	–	8.9
Non-operating expenses	–	(0.5)
Total	**–**	**8.4**

Non-operating result relates exclusively to non-core legacy real estate activities.

In May 2019, Ascom divested for CHF 6.9 million (EUR 6.1 million) the Technologiepark Teningen which is located north of Freiburg in Breisgau (Germany). This non-operating property was let to third parties since the divestment of the former division Energy Systems in 2003. The non-operating income of CHF 8.9 million in 2019 was mainly due to the profit from disposal (CHF 3.5 million) and the release of provisions for environmental costs.

23. INCOME TAX

CHFm	2020	2019
Current income tax charge	0.1	(0.7)
Adjustments in respect of current income tax of previous years	0.2	0.2
Deferred income tax	(1.6)	3.6
Total income tax	**(1.3)**	**3.1**

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

Analysis of income tax rate

CHFm	2020	2019
Ordinary result	7.8	(12.1)
Weighted-average expected income tax rate	21.8%	27.2%
Non-operating and extraordinary result	–	9.5
Weighted-average expected income tax rate	35.1%	25.2%
Profit/(loss) before income tax	**7.8**	**(2.6)**
Weighted-average expected income tax rate	21.8%	34.6%
Expected income tax	(1.7)	0.9
Utilization of previously unrecognized tax loss carry-forwards	0.2	1.2
Effect from recognition of previous years' tax losses	1.1	0.5
Effect from first-time recognition of previous years' temporary differences	–	0.1
Effect of non-recognized current-year tax losses	(0.4)	(1.3)
Effect of change in applicable tax rate	(0.3)	0.1
Adjustments in respect of current income tax of previous years	0.1	–
Effect of income/(expenses) taxed with a different rate or not taxed	(0.2)	1.6
Effect of expiry/impairment of capitalized tax losses/tax credits	(0.1)	–
Total income tax	**(1.3)**	**3.1**

The total weighted-average expected income tax rate of 21.8% (previous year: 34.6%) 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 and, accordingly, changes in the relative contribution of individual Group companies to total Group earnings before income tax may impact the weighted-average expected income tax rate.

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

CHFm	31.12.2020	31.12.2019
Intangible assets	(2.7)	(2.4)
Inventories and work in progress	0.4	0.6
Tax loss carry-forwards and tax credits	4.3	5.2
Other assets and liabilities	1.4	2.3
Total	**3.4**	**5.7**
Recognized as deferred income tax assets	7.7	9.9
Recognized as deferred income tax liabilities	(4.3)	(4.2)

Tax losses amounting to CHF 21.3 million (previous year: CHF 22.8 million) are recognized for Group companies which incurred losses and where future tax benefits are expected and supported by increased future profitability and synergies as a result of restructuring.

Tax loss carry-forwards which are not recognized amount to CHF 306.8 million (previous year: CHF 313.1 million) and expire in the following years:

CHFm	31.12.2020	31.12.2019
Within 12 months	–	–
Between 1 and 5 years	53.3	54.0
Later	253.5	259.1

24. 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.

	2020	2019
Group profit for the period attributable to owners of the parent (CHFm)	**6.5**	**0.5**
Weighted-average number of outstanding shares	35,988,583	35,968,534
Earnings per share from Group profit (CHF)	**0.18**	**0.01**

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.

	2020	2019
Group profit for the period attributable to owners of the parent (CHFm)	**6.5**	**0.5**
Weighted-average number of outstanding shares	35,988,583	35,968,534
Adjustment for the dilutive number of outstanding share options	240,219	107,073
Weighted-average number of diluted shares	**36,228,802**	**36,075,607**
Diluted earnings per share from Group profit (CHF)	**0.18**	**0.01**

25. SHARE-BASED PAYMENTS

Ascom Share Matching plans 2017 and 2018

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 following table shows the development of outstanding investment shares:

	Number of investment shares 2020	Number of investment shares 2019	Number of investment shares 2018
Investment shares outstanding at 1.1.	**52,536**	**83,927**	**82,147**
Granted	–	–	24,057
Exercised	(45,501)	(29,927)	(21,777)
Forfeited	(790)	(1,464)	(500)
Investment shares outstanding at 31.12.	**6,245**	**52,536**	**83,927**

	2020	2019	2018
Resolution passed by the Board of Directors on	–	–	28.08.
Number of Ascom senior management members who decided to participate	–	–	15
Vesting period (years)	–	–	2.79
Fair value of the matching shares granted during the year (CHF)[1]	–	–	17.85
Personnel expenses for equity-settled matching shares recognized as other capital reserves (equity) (CHFm)	–	(0.2)	(0.2)

[1] At weighted average.

Ascom Performance Stock Unit ("PSU") plan 2019 and 2020

In 2019, the Board of Directors decided to introduce a Performance Stock Unit ("PSU") plan for Ascom senior management as a long-term incentive instead of share matching plans. The following table shows the development of outstanding PSUs:

	Number of PSUs 2020	Number of PSUs 2019
PSU outstanding at 1.1.	**148,412**	**–**
Granted	221,650	153,562
Exercised	–	–
Forfeited	(38,930)	(5,150)
Investment shares outstanding at 31.12.	**331,132**	**148,412**

	2020	2019
Resolution passed by the Board of Directors on	01.07.	03.06.
Number of Ascom senior management members participating	46	51
Vesting period (years)	3.00	3.00
Fair value of PSU granted during the year (CHF)	6.85	9.71
Personnel expenses for equity-settled PSUs recognized as other capital reserves (equity) (CHFm)	(0.6)	(0.4)

26. TRANSACTIONS WITH RELATED PARTIES

A legally independent fund provides for Swiss pensions (see note 2.18). In 2020 and 2019, only minor lease payments were disbursed to the Swiss pension fund for premises occupied by the Group.

In 2020, there was no other transaction with related parties (previous year: nil).

27. 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 overall risk management is an integral part of corporate management and the long-term corporate strategy, and is correspondingly incorporated in the overall risk and control 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 policy. The treasury policy 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 policy is reviewed annually and revised, as appropriate, by the Audit Committee. Transactions without underlying core business and all forms of speculation are prohibited with rare exceptions approved by the Group CFO and by the Audit Committee where required by local circumstances. Risk management also involves centrally securing comprehensive and efficient insurance protection for the Group.

27.1 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 and to secure working capital financing in the ordinary course of business. 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.

27.2 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 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 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 31.12.2020	Impact on net result 31.12.2020	Impact on equity 31.12.2020	Reasonable shift 31.12.2019	Impact on net result 31.12.2019	Impact on equity 31.12.2019
EUR/CHF	+/– 15%	–/+ 1.2	–/+ 4.2	+/– 15%	–/+ 1.6	–/+ 9.4
USD/CHF	+/– 15%	+/– 1.6	–/+ 2.4	+/– 15%	+/– 2.4	+/– 1.4
SEK/CHF	+/– 15%	–/+ 0.7	–/+ 5.5	+/– 15%	+/– 0.4	–/+ 8.8
GBP/CHF	+/– 15%	+/– 0.2	–/+ 0.3	+/– 15%	+/– 0.2	+/– 0.1
EUR/SEK	+/– 15%	–/+ 0.3	+/– 0.3	+/– 15%	+/– 0.1	+/– 0.1
USD/SEK	+/– 15%	–/+ 0.2	+/– 0.2	+/– 15%	+/– 0.0	+/– 0.0

27.3 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 syndicated 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.

27.4 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.

27.5 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 level as perceived by bank partners and debt investors.

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

CHFm	31.12.2020	31.12.2019
Net debt/(cash) including outstanding bank guarantees[1]	(7.5)	26.1
EBITDA	24.9	0.8
Debt service ratio	**(0.3)**	**32.6**
Total assets	203.1	214.2
Shareholders' equity	71.1	63.2
Equity ratio	**35.0%**	**29.5%**

[1] Borrowings and outstanding bank guarantees less cash and cash equivalents. At 31 December 2020, outstanding bank guarantees amounted to CHF 5.3 million (previous year: CHF 4.3 million).

28. 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	31.12.2020	31.12.2019
Contract volume	8.4	16.1
Positive fair value[1]	0.2	0.2
Negative fair value[2]	–	0.1

[1] Refer to note 5.
[2] Refer to note 12.

Breakdown by currency (CHFm)	31.12.2020	31.12.2019
EUR/SEK	8.4	–
EUR/CHF	–	8.0
SEK/CHF	–	8.1
Total	**8.4**	**16.1**

29. 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	
	31.12.2020	31.12.2019
Within 12 months	5.6	5.5
Between 1 and 5 years	5.7	5.4
Later	–	–
Total	**11.3**	**10.9**

b) Lease commitments – Group as lessor

The Group does not have any future minimum lease receivables under non-cancellable operating leases (previous year: nil).

c) Contingencies

Ascom is exposed to a multitude of legal risks internationally in the normal course of business. These relate particularly to risks associated with product liability, patent law, tax law, competition law and executed business acquisitions and disposal. 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 such indemnification. 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 2020, contingent liabilities amount to CHF 5.6 million (previous year: CHF 3.8 million). There is no indication that these liabilities will lead to fulfillment payments.

30. PLEDGED ASSETS

At 31 December 2020, financial assets of CHF 0.1 million (previous year: CHF 0.1 million), and cash and cash equivalents with a total carrying amount of CHF 0.2 million (previous year: CHF 0.2 million), were pledged.

31. EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date, no other subsequent adjusting events have occurred that impact the 2020 consolidated financial statements.

32. PROPOSAL OF THE BOARD OF DIRECTORS

For the year ended 31 December 2020, the Board of Directors proposes to the Annual General Meeting on 21 April 2021 no distribution of dividends. In 2020, no dividend was distributed to the shareholders of Ascom Holding AG.

33. TIME OF RELEASE FOR PUBLICATION

The Board of Directors approved the 2020 consolidated financial statements on 8 March 2021 and authorized them for publication at the media conference on 11 March 2021.

34. CONSOLIDATED COMPANIES

Country	Company	Registered office	Business activities		Share capital	Parent company	Group's interest
Australia	GTM Resources Pty. Ltd.	Alexandria NSW	●	AUD	3	Ascom Holding AG	100%
	Ascom Integrated Wireless Pty. Ltd.	Alexandria NSW	■	AUD	3,000,000	GTM Resources Pty. Ltd.	100%
Belgium	Ascom (Belgium) NV	Zaventem	■	EUR	1,424,181	Ascom Holding AG	100%
Denmark	Ascom Danmark A/S	Vallensbæk	■	DKK	1,200,000	Ascom Holding AG	100%
Finland	Ascom Oy	Turku	■	EUR	33,638	Ascom Holding AG	100%
France	Ascom (France) SA	Suresnes	■	EUR	2,000,000	Ascom Holding AG	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%
						Ascom Solutions AG	6%
	Ascom Unternehmensholding GmbH	Frankfurt a. M.	●	EUR	5,113,000	Ascom Holding AG	100%
Italy	Ascom UMS S.r.l.	Scandicci	■ ★	EUR	100,000	Ascom Solutions AG	100%
Malaysia	Ascom (Malaysia) SDN BHD	Petaling Jaya	■	MYR	1,000,000	Ascom Holding AG	100%
Netherlands	Ascom (Nederland) BV	Utrecht	■	EUR	1,361,000	Ascom Solutions AG	100%
Norway	Ascom (Norway) A/S	Oslo	■	NOK	1,250,000	Ascom Solutions AG	100%
Romania	Ascom Mobile Solutions Romania S.R.L.	Cluj-Napoca	★	RON	45,000	Ascom Solutions AG	100%
Singapore	Ascom Solutions (Singapore) Pte Ltd	Singapore	■	SGD	50,000	Ascom Solutions AG	100%
Sweden	Ascom (Sweden) AB	Gothenburg	■ ★	SEK	96,154,000	Ascom Holding AG	100%
Switzerland	Ascom Holding AG	Baar	●	CHF	18,000,000	n/a	100%
	Mocsa AG in Liquidation	Berne	–	CHF	100,000	Ascom Holding AG	100%
	Ascom Solutions AG	Mägenwil	■	CHF	10,000,000	Ascom Holding AG	100%
United Kingdom	Ascom (UK) Ltd	Lichfield	■	GBP	50,000	Ascom Solutions AG	100%
USA	Ascom (US) Inc.	Morrisville NC	■ ★	USD	1	Ascom Solutions AG	100%

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.
★ Research and Development: This entity performs research and development activities.
□ Real estate: This entity performed real estate activities.
– Other: This entity is dormant or in liquidation.

Report of the statutory auditor

to the General Meeting of Ascom Holding AG

Baar

Report on the audit of the consolidated financial statements

Opinion

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

In our opinion, the consolidated financial statements (pages 66 to 95) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

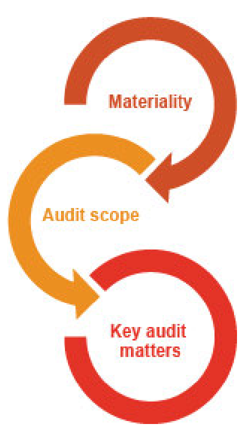
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

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

Our audit approach

Overview



Overall Group materiality: CHF 1'950'000

We concluded full scope audit work at 5 reporting units in 5 countries. Our audit scope addressed 58% of the Group's revenue. In addition, specified procedures were performed on a further 3 reporting units in 3 countries representing a further 17% of the Group's revenue.

As key audit matter the following area of focus has been identified:

Sales and Revenue recognition (multi-element contracts)

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 1'950'000
How we determined it	0.7% of net revenue
Rationale for the materiality benchmark applied	We chose net revenue as the benchmark because, in our view, given the volatility of the results in the past years, it is a reasonable and generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 195'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured as a "one company" functional organization. The Group financial statements are a consolidation of over 20 reporting units. We identified 5 reporting units that, in our view, required an audit of their complete financial information. To obtain appropriate coverage over all material financial statement line items, we identified 3 additional reporting units that, in our view, required specified audit procedures over significant balances and transactions including revenue.

For the remaining reporting units, we performed other procedures to test or assess that there were no significant risks of material misstatement in these reporting units in relation to the Group financial statements.

To ensure sufficient and appropriate involvement of the Group team, we held conference calls with selected component teams responsible for full scope audits during the different phases of the work. We discussed the risks identified and challenged the audit approach in significant risk areas relevant to those reporting units. Furthermore, we obtained a memorandum of examination from all full scope component teams and assessed the results and impact on the Group financial statements and challenged their conclusions.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

Sales and Revenue recognition (multi-element contracts)

Key audit matter	How our audit addressed the key audit matter
As described in note 2.6 "Revenue recognition" the consolidated financial statements include revenues from multi-element contracts including the sale of goods and the rendering of services. Those revenues are allocated to the separable components based on the relative fair value of the separable components. Service revenues are then accrued over the service period outlined in the contract. We focused on this area due to the size of revenues earned from multi-element contracts, and the fact that contract accounting involves assessing and allocating the separable components based on the underlying terms of an individual contract. As part of our work, we focused on management's processes in applying the methodology. Risks mainly include: • Improper allocation of service revenues and revenues from components. • Incorrect recognition of revenues of service components (cut-off and matching of revenues and efforts).	We obtained an understanding of the processes and internal controls around revenue recognition for multi-element contracts and tested key controls in place to assess the appropriate application of the Group accounting policies. We challenged management's assessments around multi-element contracts and the allocation of revenues of goods and services, particularly where judgement is involved. We assessed whether management's policies and processes for making these estimates continue to be appropriate and are applied consistently to contracts of a similar nature. Furthermore, we performed a comparison of this year's data with the previous year's data. We selected a sample of contracts (or revenue transactions) to test the appropriateness of the separation of revenues from the sale of goods and revenues from the rendering of services and to assess whether the revenues for service contracts for multi-element contracts were recorded in the correct period. The combination of the procedures carried out above gave us sufficient evidence to address the risk identified around revenue recognition for multi-element contracts, and there were no significant findings as a result of our work.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

Thomas Wallmer	Daniel Wyss
Audit expert Auditor in charge	Audit expert

Zürich, 8 March 2021

Summary of key financial data

CHFm	2020	2019	2018	2017	2016[6]
Incoming orders	322.4	315.5	329.6	324.8	360.4
Order backlog[1]	215.6	177.5	149.6	143.3	121.8
Net revenue	281.0	282.9	318.5	309.7	354.3
EBITDA	24.9	0.8	39.0	43.6	16.9
EBITDA in % of net revenue	8.9	0.3	12.2	14.1	4.8
Earnings before interest and income tax (EBIT)	11.0	(13.4)	26.6	33.2	1.3
EBIT in % of net revenue	3.9	(4.7)	8.4	10.7	0.4
Personnel expenses	(137.6)	(144.7)	(136.9)	(128.3)	(172.5)
Depreciation, amortization and impairment[5]	(13.9)	(14.2)	(12.4)	(10.4)	(15.6)
Group profit/(loss) for the period	6.5	0.5	21.4	25.9	(145.7)
Net cash flow from operating activities	45.1	2.9	20.0	16.2	6.0
Capital expenditures on property, plant and equipment	1.8	1.7	2.8	2.5	4.1
Capital expenditures on intangible assets	8.9	14.7	8.6	7.8	18.3
Research and development expenditures[2]	(31.4)	(34.7)	(33.2)	(29.7)	(42.9)
Balance sheet total[1]	203.1	214.2	218.4	229.6	225.1
Shareholders' equity[1]	71.1	63.2	83.2	83.1	80.9
Shareholders' equity in % of balance sheet total[1]	35.0	29.5	38.1	36.2	35.9
Net cash or (net debt)[1,3]	12.8	(21.8)	1.2	12.3	24.1
Gearing in %[4]	26.7	63.3	24.0	21.7	12.6
Dividends paid/distribution of share premium	–	16.2	16.2	28.8	16.1
Number of employees (FTE)[1]	1,282	1,292	1,246	1,223	1,188

[1] At 31 December.
[2] Research and development costs excluding depreciation, amortization, impairment and capitalized costs.
[3] Cash and cash equivalents less borrowings.
[4] Borrowings/shareholders' equity.
[5] Excludes depreciation, amortization and impairment from non-operating result.
[6] Including the former Network Testing Division which was divested as of 30 September 2016.

Balance sheet

Assets

CHF 1,000	31.12.2020	31.12.2019
Cash and cash equivalents	17,664	6,352
Other current receivables		
Group companies	7,357	6,250
Third parties	278	155
Prepaid expenses current	306	73
Total current assets	**25,605**	**12,830**
Financial assets		
Group companies	3,237	10,756
Third parties	14,150	14,339
Prepaid expenses non-current	489	–
Investments in Group companies	403,913	403,913
Total non-current assets	**421,789**	**429,008**
Total assets	**447,394**	**441,838**

Liabilities and shareholders' equity

CHF 1,000	31.12.2020	31.12.2019
Current interest-bearing liabilities – third parties	–	40,000
Other current liabilities		
Group companies	2,867	3,888
Third parties	378	498
Accrued expenses	4,993	5,905
Current provisions	48	–
Total current liabilities	**8,286**	**50,291**
Non-current interest-bearing liabilities		
Group companies	53,351	27,062
Third parties	19,000	–
Non-current provisions	2,132	1,663
Total non-current liabilities	**74,483**	**28,725**
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	338,531	337,593
Profit/(loss) of the period	1,635	938
Treasury shares held by Ascom Holding AG	(64)	(232)
Total shareholders' equity	**364,625**	**362,822**
Total liabilities and shareholders' equity	**447,394**	**441,838**

Income statement

CHF 1,000	2020	2019
Investment income	–	20,780
Other income	13,430	12,046
Total ordinary income	**13,430**	**32,826**
Administration expenses	(11,335)	(10,331)
Value adjustments on investments and loans	(713)	(22,055)
Total operating income	**1,382**	**440**
Financial expenses	(1,405)	(1,279)
Financial income	1,748	1,755
Profit/(loss) before tax	**1,725**	**916**
Income taxes	(90)	22
Profit/(loss) for the period	**1,635**	**938**

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 Swiss accounting legislation of the Swiss Code of Obligations (SCO). 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, mainly 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 to a group assessment 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 to the disposal of treasury shares are recorded in the income statement.

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

3. Contingent liabilities
Outstanding parent and bank guarantees in respect of third parties total CHF 22.2 million (previous year: CHF 25.9 million).

4. Investments
Direct and indirect investments are listed in note 34 of the consolidated financial statements.

5. Pledged assets
At 31 December 2020, 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 closing rates of the previous corresponding month.

7. Number of full-time equivalents
The number of full-time equivalents exceeded 10, but did not exceed 50 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 2020	Amount 2020	Average transaction price	Number 2019	Amount 2019	Average transaction price
Balance at 1.1.	**21,723**	**0.2**	**10.66**	**38,110**	**0.4**	**10.66**
Additions	10,000	0.1	7.17	–	–	–
Disposals	(24,568)	(0.2)	9.75	(16,387)	(0.2)	10.66
Balance at 31.12.	**7,155**	**0.1**	**8.91**	**21,723**	**0.2**	**10.66**

9. Significant shareholders

The following 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 2020:

- UBS Fund Management (Switzerland) AG, Basel, Switzerland (8.04%).
- Veraison SICAV, Zurich, Switzerland (6.70%).
- Pictet Asset Management SA, Geneva, Switzerland (5.43%).

This does not cover shares, which are not registered in the share register (dispo shares). Dispo shares amounted to 30.65% as of 31 December 2020 (previous year: 31.39%).

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
19.09.2020	Veraison SICAV, Zurich, Switzerland	9.25%
20.08.2019	UBS Fund Management (Switzerland) AG, Basel, Switzerland	7.34%
07.08.2019	Pictet Asset Management SA, Geneva, Switzerland	5.67%
03.11.2020	Luxempart S.A., Leudelange, Luxembourg	4.07%
09.11.2018	Credit Suisse Funds AG, Zurich, Switzerland	3.02%

There are no known shareholders' agreements. Additional details are disclosed in the first chapter of the Corporate Governance Report (refer to page 27).

10. Participations

Number of participations which were held by members of the Board of Directors	Shares[1]	Shares[1]
	2020	2019
Dr Valentin Chapero Rueda, Chairman	76,994	9,994
Nicole Burth Tschudi	–	–
Laurent Dubois	7,500	–
Jürg Fedier	4,400	4,400
Michael Reitermann	31,490	–
Andreas Schönenberger	–	–
Andreas Umbach, former Chairman	–	48,750
Christina Stercken, former member	–	4,000
Dr Harald Deutsch, former member	–	4,000
Total Board of Directors	**120,384**	**71,144**

[1] Acquired by the Board members from the market.

Number of participations which were held by members of the Executive Board	Shares	Shares
	2020	2019
Jeannine Pilloud, CEO	15,973	15,973
Dominik Maurer, CFO	6,700	–
Francis Schmeer, Chief Sales & Marketing Officer	2,133	1,958
Total Executive Board	**24,806**	**17,931**

No members of the Executive Board and no members of the Board of Directors or closely related parties hold any conversion or option rights. Additional details are disclosed in section III of the Remuneration Report (refer to pages 60 to 61).

Shares or options on shares for members of the Board of Directors and employees

In 2020, no options on shares were allocated to members of the Board of Directors or to employees (previous year: nil). The following information relates to the allocation of shares:

	Quantity	Value	Quantity	Value
CHF 1,000		Shares 2020		Shares 2019
Allocated to members of the Board	–	–	6,321	66
Allocated to employees	13,089	127	7,947	102
Total	**13,089**	**127**	**14,268**	**168**

11. Events after the balance sheet date

Since the balance sheet date, no subsequent adjusting events have occurred that impact the 2020 financial statements.

12. Time of release for publication

The Board of Directors approved the 2020 statutory financial statements on 8 March 2021 and authorized them for publication at the media conference on 11 March 2021.

Comments on the financial statements

Assets

Investments include shares in Group companies amounting to CHF 403.9 million (previous year: CHF 403.9 million).

In the year under review, the loans to Group companies are mainly denominated in GBP and DKK. Financial assets from third parties comprise mainly the subordinated vendor loan amounting to CHF 14.2 million at actual value (having a nominal value of USD 15 million, a seven-year maturity and a stated interest rate of 4% p.a.) granted in connection with the disposal of the Network Testing Division.

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

Liabilities and equity

In the year under review, total loans from Group companies increased by CHF 26.3 million.

Bank loans comprise amounts drawn under available revolving multi-currency loan facilities in an aggregate amount of CHF 80.0 million denominated in CHF. The final maturity date of the loan facilities is 19 November 2024.

Accrued expenses are mainly related to net unrealized foreign exchange gains.

Income statement

Investment income of previous year represents ordinary dividend payments from Group companies.

Other income comprises mainly trademark and management fees charged to Group companies of CHF 13.4 million (previous year: CHF 12.0 million).

Administration expenses include mainly personnel-related costs in amount of CHF 8.7 million (previous year: CHF 9.0 million) and external consulting services.

Financial expenses consist mainly of interest of CHF 0.7 million paid to banks and Group companies (previous year: CHF 0.7 million), as well as bank charges of CHF 0.2 million (previous year: CHF 0.1 million) and foreign exchange losses mainly on loans, cash and other current receivables of CHF 0.5 million (previous year: CHF 0.5 million).

Financial income consists mainly of interest income from loans to Group companies of CHF 0.5 million (previous year: CHF 0.5 million) and from the subordinated vendor loan of CHF 1.2 million (previous year: CHF 1.2 million).

Profit for the period

In 2020, Ascom Holding AG records a net profit of CHF 1.6 million (previous year: net profit of CHF 0.9 million), while Ascom Group records a consolidated net profit of CHF 6.5 million (previous year: consolidated net profit of CHF 0.5 million).

Proposal for the appropriation of retained earnings 2020

CHF	2020
Retained earnings from previous year	338,531,345
No distribution of dividends in 2020	–
Result for the period	1,635,211
Retained earnings at 31.12.2020	**340,166,556**
No distribution of dividends in 2021	–
Balance to be carried forward	340,166,556

Proposal for the appropriation of reserves from capital contribution 2020

CHF	2020
Distributable reserves from capital contribution from previous year	1,123,343
Distribution of reserves from capital contribution	–
Distributable reserves from capital contribution at 31.12.2020	**1,123,343**
Balance to be carried forward	1,123,343

pwc

Report of the statutory auditor

to the General Meeting of Ascom Holding AG

Baar

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ascom Holding AG, which comprise the balance sheet as at 31 December 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 101 to 107) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

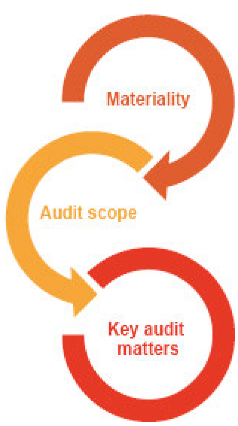
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

Our audit approach

Overview



Overall materiality: CHF 1'800'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in Group companies

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1'800'000
How we determined it	0.5% of net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark against which the performance of the entity is most commonly measured and is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 180'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of investments in Group companies

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2020, investments in Group companies of Ascom Holding AG amounted to CHF 404m. These are directly held investments, which may hold other subsidiaries of the group. Due to the strong vertical integration of Ascom's business, the valuation of investments in Group companies is performed according to a group assessment as opposed to individual subsidiary level. This accounting policy is referenced in note 2. Accounting Policies. We consider the impairment assessment, in particularly the single grouping of investments as a key audit matter, due to the significance of the investments value on the balance sheet of Ascom Holding AG and because of the level of judgement involved in concluding on the single grouping for valuation purposes.	We performed the following audit procedures: • We assessed the appropriateness of the grouping of the investments as one segment based on their level of vertical integration. We did this by critically reviewing the different elements of Management's assessment and validating them with evidence and our understanding of the economic links amongst the Ascom Group companies. • We then verified the valuation of the group of investments based on a discounted cashflow model performed by management. Due to the headroom the results from the model were not sensitive to any changes in assumptions and hence we did not extend our work. Additional comfort was provided by the market capitalisation of the Group. On the basis of the audit procedures above, we have gained sufficient evidence to address the risk of material misstatements in the valuation of investments in subsidiaries. We have no findings to report.

Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 retained 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

Thomas Wallmer	Daniel Wyss
Audit expert Auditor in charge	Audit expert

Zürich, 8 March 2021

Key financial data on the share capital

CHF		2020	2019	2018	2017	2016
Dividend/distribution per share						
Registered shares	CHF 0.50	–	0.45	0.45	0.80	0.45
Equity per share[1,2]						
Registered shares	CHF 0.50	1.97	1.76	2.31	2.31	2.25
Earnings per share[1,2]						
Registered shares	CHF 0.50	0.18	0.01	0.60	0.72	(4.07)
Share price (high/low of the period under review)[3]						
Registered shares	CHF 0.50	13.28/4.48	14.94/9.56	25.70/12.42	25.40/15.45	18.30/14.36
Taxable values[1]						
Registered shares	CHF 0.50	13.10	10.52	13.58	25.20	16.00
Number of shares[1]						
Registered shares	CHF 0.50	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Of which own shares[1]						
Registered shares	CHF 0.50	7,155	21,723	38,110	44,547	98,075

[1] At 31 December.
[2] Based on the consolidated financial statements.
[3] Closing price.

Dates and contacts

Important dates

21 April 2021
Annual General Meeting

19 August 2021
2021 Half-Year Results Conference
Restaurant Metropol, Zurich

Contact address

Ascom Group Communications & IR
Ascom Holding AG
Daniel Lack
Senior VP Legal & Communications/IR
Zugerstrasse 32 | CH-6340 Baar
+41 41 544 78 00 | Fax +41 41 761 97 25
info@ascom.com | investor@ascom.com

Worldwide contacts

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

Austria, Vienna
Ascom Deutschland GmbH
Branch Austria
info-at@ascom.com

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

Denmark, Vallensbæk
Ascom Danmark A/S
info@ascom.dk

Finland, Turku
Ascom Oy
myynti@ascom.com

France, Suresnes
Ascom (France) SA
fr-info@ascom.com

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

Italy, Scandicci
Ascom UMS S.r.l.
it.info@ascom.com

Malaysia, Kuala Lumpur
Ascom (Malaysia) SDN BHD
sales-my@ascom.com

Netherlands, Utrecht
Ascom (Nederland) BV
info.nl@ascom.com

Norway, Oslo
Ascom (Norway) A/S
firmapost.no@ascom.com

Romania, Cluj-Napoca
Ascom Mobile Solutions Romania S.R.L.
info.ro@ascom.com

Sweden, Gothenburg
Ascom (Sweden) AB
seinfo@ascom.com

Switzerland, Baar
Ascom Holding AG
investor@ascom.com

Switzerland, Mägenwil
Ascom Solutions AG
info-ch@ascom.com

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

United Kingdom, Lichfield
Ascom (UK) Ltd
uk.marketing@ascom.com

USA, Morrisville NC
Ascom (US) Inc.
info.us@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 2020 Annual Report of the Ascom Group is available in English only and can be viewed online at: www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html

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