

**ascom**

# Invitation to the 2021 Annual General Meeting





# Highlights

## 281.0<sub>m</sub>

Net revenue

## 322.4<sub>m</sub>

Incoming Orders

### Shareholder return

	2020 <sup>1</sup>	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%

<sup>1</sup> Proposal to the Annual General Meeting.

### 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



# 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<sup>1</sup> compared to the previous year
- EBITDA<sup>2</sup> 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.

<sup>1</sup> Constant currencies are calculated by converting current numbers using the prior year's exchange rates.

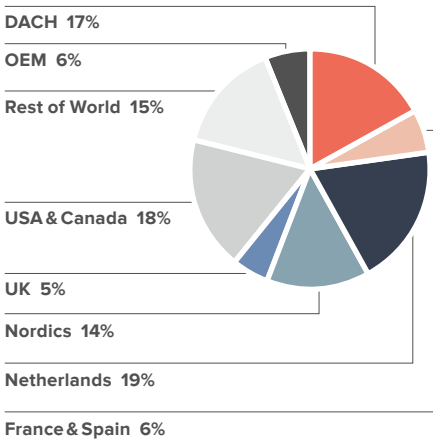
<sup>2</sup> Definition of EBITDA, see "Consolidated income statement" on page 67 of this Annual Report.

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.

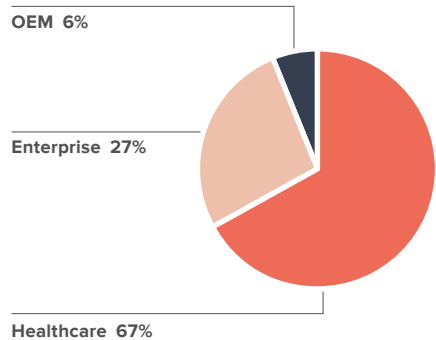
### Good starting position for 2021

Thanks to the top-line 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.

#### Revenue by region



#### Revenue by segment



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 take 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.

## 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  
Chairman of the Board



Jeannine Pilloud  
CEO

# Invitation to the 2021 Annual General Meeting of Ascom Holding AG

Baar, March 2021

Dear Shareholder,

The Annual General Meeting of Ascom Holding AG for the financial year 2020 will take place on

**Wednesday, 21 April 2021, at 14.00 at Ascom Holding AG, Zugerstrasse 32, 6340 Baar**

**Please note: In consideration of the ongoing Covid-19 pandemic and based on Art. 27 of the Ordinance 3 of the Swiss Federal Council on Covid-19, the 2020 Annual General Meeting will be held without the physical participation of shareholders.**

## **AGENDA AND PROPOSALS**

### **1. 2020 Annual Report and Financial Statements of Ascom Holding AG, Report of the Statutory Auditors**

#### **Proposal of the Board of Directors:**

That the 2020 Annual Report and Financial Statements be approved.

### **2. 2020 Consolidated Financial Statements, Report of the Statutory Auditors**

#### **Proposal of the Board of Directors:**

That the 2020 Consolidated Financial Statements be approved.

### **3. 2020 Remuneration Report (consultative vote)**

#### **Proposal of the Board of Directors:**

That the 2020 Remuneration Report be approved.

## 4. Appropriation of Retained Earnings of Ascom Holding AG for 2020

### Proposal of the Board of Directors:

	in CHF
Retained earnings from previous year	338,531,345
Distribution of dividends 2020	0
Result for the period 2020	1,635,211
<b>Retained earnings at 31 December 2020</b>	<b>340,166,556</b>
Distribution of dividends 2021	0
Balance to be carried forward	<b>340,166,556</b>

## 5. Discharge from liability of the members of the Board of Directors

### Proposal of the Board of Directors:

That all members of the Board of Directors be discharged from liability.

## 6. Elections

### 6.1 Board of Directors

#### Proposal of the Board of Directors:

That

- a) Dr Valentin Chapero Rueda
- b) Nicole Burth Tschudi
- c) Laurent Dubois
- d) Jürg Fedier
- e) Michael Reitermann
- f) Dr Andreas Schönenberger

be re-elected (each separately) as members of the Board of Directors for the term of one year, i.e. until the completion of the 2022 Annual General Meeting.

### 6.2 Chairman of the Board of Directors

#### Proposal of the Board of Directors:

That Dr Valentin Chapero Rueda be re-elected as Chairman of the Board of Directors for the term of one year, i.e. until the completion of the 2022 Annual General Meeting.

### **6.3 Compensation & Nomination Committee**

#### **Proposal of the Board of Directors:**

That

- a) Nicole Burth Tschudi
- b) Laurent Dubois

be re-elected (each separately) as members of the Compensation & Nomination Committee for the term of one year, i.e. until the completion of the 2022 Annual General Meeting.

### **6.4 Statutory Auditors**

#### **Proposal of the Board of Directors:**

That PricewaterhouseCoopers AG be re-elected as Statutory Auditors for a further year.

### **6.5 Independent Representative**

#### **Proposal of the Board of Directors:**

That Franz Müller, Attorney and Notary, Berne, be re-elected as Independent Representative for the term of one year, i.e. until the completion of the 2022 Annual General Meeting, and that Dr Alexander Kernen, Attorney and Notary, Berne, be re-elected as his deputy.

## **7. Approval of the maximum total amounts for future compensations**

### **7.1 Board of Directors**

#### **Proposal of the Board of Directors:**

That the maximum amount of gross compensations of CHF 700,000 for the Board of Directors for the period until the 2022 Annual General Meeting be approved (subject to additional mandatory employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries).

## 7.2 Executive Board

### a) Fixed compensation

#### **Proposal of the Board of Directors:**

That the maximum amount of fixed gross compensations of CHF 1,200,000 for the Executive Board (2 members; including contributions to pension funds and other social benefits) for the business year 2022 be approved (subject to additional mandatory employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries).

### b) Variable compensation

#### **Proposal of the Board of Directors:**

That the maximum amount of variable gross compensations of CHF 1,200,000 for the Executive Board (2 members) for the business year 2022 be approved.

### c) Allocation of equity securities (long-term incentive)

#### **Proposal of the Board of Directors:**

That the maximum amount of the value of allocation of equity securities (long-term incentive) of CHF 500,000 (at the moment of allocation) for the Executive Board (2 members) for the business year 2022 be approved.

## DOCUMENTS

The Annual Report (incl. Remuneration Report) and the Financial Statements (incl. Consolidated Financial Statements) as well as the Report of the Statutory Auditors are available with the Company. The complete 2020 Annual Report is available in English and can be downloaded at the website [www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html](http://www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html).

## PARTICIPATION OF SHAREHOLDERS

Voting material is delivered together with the invitation documents. Persons registered with the right to vote at the Company's shareholder's ledger on 12 April 2021 are entitled to vote.

Due to the extraordinary situation in connection with the ongoing Covid-19 pandemic, the Board of Directors unfortunately had to decide to hold the Annual General Meeting on 21 April 2021 based on Art. 27 of the Ordinance 3 on Measures to Combat the Coronavirus (Covid-19) **without the physical participation of shareholders.**

Under Art. 689c of the Swiss Code of Obligations, you may authorize Mr Franz Müller, Attorney and Notary, Herrengasse 22, Postbox, 3001 Berne, to act as your proxy. Mr Müller will vote in accordance with your instructions (please use the reverse side of the reply form). You should return the reply form giving written voting instructions by 15 April 2021 at the latest.

You may register as well on the shareholder platform of Nimbus and give your instructions online ([ascom.shapp.ch](https://ascom.shapp.ch)).

The shareholders' ledger will be closed on 12 April 2021. Shareholders who sell their shares after this date will no longer be entitled to vote at the Annual General Meeting.

Shareholders who wish to ask a question with regard to the Annual General Meeting can do so electronically until 16 April 2021 ([info@ascom.com](mailto:info@ascom.com)). We will publish your questions and our answers on our website ([www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html](http://www.ascom.com/Investor-Relations/Financial-information/Annual-General-Meeting.html)).

Ascom Holding AG

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'V. Chaperero Rueda', written in a cursive style.

Dr Valentin Chaperero Rueda

**Enclosures**

Letter of invitation

Reply form (for proxy)

Reply envelope

# Explanatory notes on the Invitation to the 2021 Annual General Meeting

Dear Shareholder,

The Annual General Meeting 2021 will take place on Wednesday, 21 April 2021, without the physical participation of shareholders. Please use the enclosed reply form to order the 2020 Annual Report (in English).

I would like to take this opportunity now to make some comments on the agenda:

## **AGENDA ITEMS 1 AND 2 (ANNUAL REPORT/FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS)**

Despite the Covid-19 pandemic, Ascom could achieve the communicated targets and return to profitable growth in 2020.

Ascom achieved a revenue growth of 3.6% (at constant currencies) and an EBITDA-Margin of 8.9% in 2020. The Group profit amounts to CHF 6.5 million.

Ascom Holding AG as a company generated a profit of CHF 1.6 million depending on the income from shareholdings. However, the Group result is economically relevant.

**The Board of Directors proposes that the 2020 Annual Report, Financial Statements and Consolidated Financial Statements be approved.**

### **AGENDA ITEM 3 (REMUNERATION REPORT)**

As we did last year, we are putting the Remuneration Report before you for a consultative vote. The Remuneration Report can be found on our website and provides you with comprehensive information on Ascom's compensation system and on the compensation paid in 2020.

The following gross compensation was paid out within the limits defined by the Annual General Meeting:

- Board of Directors (6 members): CHF 700,000 for the period of office 2020/21
- Executive Board (4 members): CHF 3,032,812 for financial year 2020

**The Board of Directors proposes that the Remuneration Report for 2020 be approved.**

### **AGENDA ITEM 4 (APPROPRIATION OF AVAILABLE EARNINGS)**

Because of the on-going transformation and the uncertainties in the current year due to the Covid-19 pandemic, the Board of Directors will propose to carry forward the retained earnings and to abstain from a dividend payment.

**The Board of Directors proposes approval of the appropriation of retained earnings (carried forward to new account).**

### **AGENDA ITEM 5 (DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS)**

**The Board of Directors proposes that the members of the Board of Directors be discharged.**

## AGENDA ITEM 6 (ELECTIONS)

The Board of Directors proposes to the shareholders that the current members be re-elected:

- Dr Valentin Chapero Rueda, Chairman
- Nicole Burth Tschudi
- Laurent Dubois
- Jürg Fedier
- Michael Reitermann
- Dr Andreas Schönenberger

The Board members are all independent and have non-executive mandates for Ascom.

As members of the Compensation & Nomination Committee, the Board of Directors proposes that Nicole Burth Tschudi and Laurent Dubois be re-elected. It is intended that Jürg Fedier will continue to chair the Audit Committee.

The Independent Representative, Franz Müller, attorney-at-law and notary in Berne, as well as Dr Alexander Kernen – his office partner, as his deputy – are standing for another term of office. Both are independent and have no other mandates for Ascom.

In addition, the Board of Directors proposes that PricewaterhouseCoopers AG be re-elected as auditors.

**The Board of Directors proposes that the nominated candidates and the Independent Representative be re-elected, and that PricewaterhouseCoopers AG be re-elected as auditors as well.**

## AGENDA ITEM 7 (APPROVAL OF THE MAXIMUM TOTAL AMOUNTS FOR FUTURE COMPENSATIONS)

Below, we provide you with maximum amounts (framework amounts) to be approved for the upcoming 2022 financial year, as per Art. 20e of the Articles of Association.

### Board of Directors

We propose to you that the maximum total amount of gross compensation for the six members of the Board of Directors for the period of one year until the 2022 Annual General Meeting be set at CHF 700,000 (same as previous year). An ordinary member shall receive a fee of CHF 100,000 while the Chairperson shall receive CHF 200,000. In addition, mandatory employer contributions to governmental social insurances (e.g. AHV) are to be additionally declared as compensation to the extent they constitute or increase pension benefits for the beneficiaries, which is generally not the case.

### Executive Board

The compensation for the members of the Executive Board consists of three components: fixed compensation, performance-related variable compensation, and a long-term incentive in the form of equity securities.

We propose that the maximum gross compensation for the two members of the Executive Board for the 2022 financial year be determined as follows:

- **Fixed compensation** including payments into the pension fund and other social benefits: approval of a maximum total amount of CHF 1,200,000 (2021: CHF 2,000,000 for four members) including reserves for currency fluctuations. In addition, mandatory employer contributions to governmental social insurances (e.g. AHV) are to be additionally declared as compensation to the extent they constitute or increase pension benefits for the beneficiaries, which is generally not the case.

▪ **Variable compensation:**

For the 2022 financial year, too, variable gross compensation will be determined primarily by reference to quantitative targets (revenue, EBIT-DA), set for the year 2022 by the Board of Directors in December 2021 in line with the budget targets for 2022. If all these targets are met, the CEO will receive variable compensation amounting to 77% of the fixed compensation, and the CFO will receive a variable compensation amounting to 49%. Based on the current employment contracts for the Executive Board, this amounts to approximately CHF 575,000. If the quantitative targets are exceeded, the variable compensation of the members of the Executive Board may double at most. In order to cover the maximum amount and taking into consideration currency fluctuations, we propose to you that a maximum total amount of CHF 1,200,000 be approved for the 2022 financial year (2021: CHF 1,800,000 for four members). The maximum amount can be reached only if the budget is exceeded by a wide margin, resulting in a substantial increase in value for shareholders.

▪ **Allocation of equity securities (long-term incentive):**

To further recognize sustainable value creation for the Company and its shareholders, a new long-term incentive was developed and approved by the Board of Directors. 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 clawback 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 Board of Directors proposes that a total amount of a maximum of CHF 500,000 be approved for the business year 2022 for the allocation of equity securities (2021: CHF 850,000 for four members).

**The Board of Directors proposes that the suggested measures be approved.**

Sincerely,



Dr Valentin Chapero Rueda  
Chairman of the Board of Directors

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# Summary of key financial data

CHFm	2020	2019	2018	2017	2016 <sup>6</sup>
Incoming orders	322.4	315.5	329.6	324.8	360.4
Order backlog <sup>1</sup>	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 <sup>5</sup>	(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 <sup>2</sup>	(31.4)	(34.7)	(33.2)	(29.7)	(42.9)
Balance sheet total <sup>1</sup>	203.1	214.2	218.4	229.6	225.1
Shareholders' equity <sup>1</sup>	71.1	63.2	83.2	83.1	80.9
Shareholders' equity in % of balance sheet total <sup>1</sup>	35.0	29.5	38.1	36.2	35.9
Net cash or (net debt) <sup>1,3</sup>	12.8	(21.8)	1.2	12.3	24.1
Gearing in % <sup>4</sup>	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) <sup>1</sup>	1,282	1,292	1,246	1,223	1,188

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

<sup>2</sup> Research and development costs excluding depreciation, amortization, impairment and capitalized costs.

<sup>3</sup> Cash and cash equivalents less borrowings.

<sup>4</sup> Borrowings/shareholders' equity.

<sup>5</sup> Excludes depreciation, amortization and impairment from non-operating result.

<sup>6</sup> Including the former Network Testing Division which was divested as of 30 September 2016.

Only the English Annual Report is binding.

It can be obtained from following link:

[www.ascom.com/corp/investor-relations/reports-presentation.html](http://www.ascom.com/corp/investor-relations/reports-presentation.html)

## PUBLISHING DETAILS

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