

Ascom Danmark A/S

Naverland 3
2600 Glostrup
CVR No. 13235686

Annual report 2019

The Annual General Meeting adopted the
annual report on 14.08.2020



Jens Andersen
Chairman of the General Meeting

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Entity details

Entity

Ascom Danmark A/S

Naverland 3

2600 Glostrup

CVR No.: 13235686

Registered office: Albertslund

Financial year: 01.01.2019 - 31.12.2019

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Board of Directors

Lasse Lundgren

Christophe Scheldegger

Claes Sture Bertil Ödman

Kim Brun Sørensen

Executive Board

Jens Andersen

Bank

Nordea Bank Danmark A/S

Vestergade 13

8600 Silkeborg

Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Strandvejen 44

2900 Hellerup

CVR No.: 33771231

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Ascom Danmark A/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

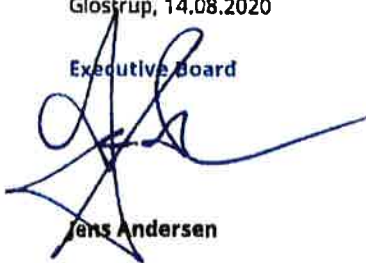
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Glostrup, 14.08.2020

Executive Board



Jens Andersen

Board of Directors



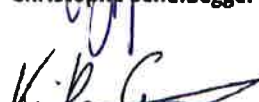
Lasse Lundgren



Claes Sture Bertil Ödman



Christophe Scheidegger



Kim Brun Sørensen

Independent auditor's report

To the Shareholders of Ascom Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ascom Denmark A/S for the financial year 1 January - 31 December 2019, which comprise Income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are Independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management 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, Management is responsible for assessing the Company's ability to

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 ISAs and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 14.08.2020

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR No. 33771231

Kaare von Cappeln
State-Authorised Public Accountant
Identification No (MNE) mne11629

Management commentary

Primary activities

Ascom Danmark A/S' main activities are sales, installation and servicing of IT and communications solutions primarily in the healthcare sector (regions and municipalities) and the security sector. This includes primarily solutions provided by Ascom but also proprietary applications and solutions from selected strategic partners.

The solutions from Ascom Danmark A/S are sold in Denmark as well as Greenland, the Faroe Islands and Iceland.

Development in activities and finances

The company's revenue decreased by -4,3 % in 2019 compared to 2018 primarily due to lower than expected project revenue in the hospitals segment and psychiatry segment. Project revenue still looking challenging in Elderly Care segment as has been the case for several years. Revenue however showed significant growth within Secure Establishment segment.

Loss for the year amounts to DKK -7.080, which not considered fully satisfactory, but a result of investing in a few large public tenders containing development of new software.

Both regions and municipalities continue to look at mobility solutions based on cellular technologies and thus using smartphones, as opposed to many years of investments in DECT technology. Ascom has the portfolio to support this trend, and management expects this trend to increase in the coming years in both hospitals, psychiatry and elderly care.

Ascom has in the latest years invested heavily in new SW based solutions for the Healthcare segment, especially hospitals. This includes advanced Nurse Call solutions and market leading solutions for Medical Device Alarm Management. Management expect to continue increase market share within Nurse Call solutions, and establish Ascom as a market leader within Medical Device alarm Management solutions.

Management expects to see continued replacement of existing mobility solutions with Ascom's new clinical smartphone. Together with growth expectations within Nurse Call and Alarm Management solutions, management expect this to drive growth in the coming years in both order intake and revenue.

Events after the balance sheet date

In February/March 2020, the Corona virus (Covid-19) reached Europe and continues to spread.

From March 12th the Danish government took actions to shutdown parts of society, and implemented measures regarding social distancing to limit the spread. By mid-April and later again in mid-May some restrictions are being gradually lifted.

The consequences for the economy cannot yet be estimated. There are risks for the entire economy, including: in terms of lower demand, employee downtime due to illness, production downtime, lost productivity, procurement bottlenecks, liquidity bottlenecks, etc.

The financial impact on Ascom Danmark A/S cannot be estimated at this time, however, so far operations continue almost as normal, executing the backlog of projects with some re-planning and delays, and fulfilling the support contracts. The majority of the customers are governmental enterprises and hence not negatively subject to the Covid-19 impact. The management continuously assess the situation and currently do not expect the going concern to be endangered. See note 1 Subsequent Events.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue		71,231	74,434
Other external expenses		(38,555)	(45,476)
Gross profit/loss		32,676	28,958
Staff costs	2	(38,020)	(34,561)
Depreciation, amortisation and impairment losses	3	(121)	(123)
Operating profit/loss		(5,465)	(5,726)
Other financial income		2	16
Other financial expenses	4	(528)	(454)
Profit/loss before tax		(5,991)	(6,164)
Tax on profit/loss for the year	5	(1,089)	1,322
Profit/loss for the year		(7,080)	(4,842)
Proposed distribution of profit and loss:			
Retained earnings		(7,080)	(4,842)
Proposed distribution of profit and loss		(7,080)	(4,842)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Land and buildings		2,585	2,706
Other fixtures and fittings, tools and equipment		136	136
Leasehold improvements		0	0
Property, plant and equipment	6	2,721	2,842
Other receivables		574	352
Other financial assets	7	574	352
Fixed assets		3,295	3,194
Manufactured goods and goods for resale		631	793
Inventories		631	793
Trade receivables		13,262	22,196
Contract work in progress	13	44,197	28,041
Receivables from group enterprises		0	3,721
Deferred tax	8	1,056	2,144
Other receivables		245	86
Income tax receivable		354	354
Prepayments	9	141	461
Receivables		59,255	57,003
Cash		2,125	1,974
Current assets		62,011	59,770
Assets		65,306	62,964

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	10	1,200	1,200
Retained earnings		4,563	11,643
Equity		5,763	12,843
Other provisions	11	757	757
Provisions		757	757
Payables to group enterprises		21,700	0
Other payables		1,392	0
Non-current liabilities other than provisions	12	23,092	0
Prepayments received from customers		0	3,286
Contract work in progress	13	14,590	2,703
Trade payables		3,393	2,669
Payables to group enterprises		3,932	23,972
Other payables		13,544	16,447
Deferred Income	14	235	287
Current liabilities other than provisions		35,694	49,364
Liabilities other than provisions		58,786	49,364
Equity and liabilities		65,306	62,964
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Group relations	17		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,200	11,643	12,843
Profit/loss for the year	0	(7,080)	(7,080)
Equity end of year	1,200	4,563	5,763

Notes

1 Events after the balance sheet date

In February/March 2020, the Corona virus (Covid-19) reached Europe and continues to spread.

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No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries	34,954	32,071
Pension costs	2,400	2,188
Other social security costs	390	302
Other staff costs	276	0
	38,020	34,561
Average number of full-time employees	47	44

3 Depreciation, amortisation and impairment losses

	2019 DKK'000	2018 DKK'000
Depreciation of property, plant and equipment	121	123
	121	123

4 Other financial expenses

	2019 DKK'000	2018 DKK'000
Financial expenses from group enterprises	264	167
Exchange rate adjustments	5	29
Other financial expenses	259	258
	528	454

5 Tax on profit/loss for the year

	2019 DKK'000	2018 DKK'000
Change in deferred tax	1,089	(1,322)
	1,089	(1,322)

6 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	5,961	474	586
Cost end of year	5,961	474	586
Depreciation and Impairment losses beginning of year	(3,255)	(338)	(586)
Impairment losses for the year	(121)	0	0
Depreciation and Impairment losses end of year	(3,376)	(338)	(586)
Carrying amount end of year	2,585	136	0

7 Financial assets

	Other receivables DKK'000
Cost beginning of year	352
Additions	222
Cost end of year	574
Carrying amount end of year	574

8 Deferred tax

	2019 DKK'000	2018 DKK'000
Property, plant and equipment	182	278
Receivables	32	3
Tax losses carried forward	842	1,863
Deferred tax	1,056	2,144

	2019 DKK'000	2018 DKK'000
Changes during the year		
Beginning of year	2,144	822
Recognised in the income statement	(1,088)	1,322
End of year	1,056	2,144

9 Prepayments

Prepayments concerns prepaid costs.

10 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Contributed capital	1,000	1200	1,200
	1,000		1,200

11 Other provisions

Other provisions concerns guarantee provisions.

12 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK'000
Payables to group enterprises	21,700
Other payables	1,392
	23,092

13 Contract work in progress

	2019 DKK'000	2018 DKK'000
Sales value of the periods production	52,304	49,194
Prepayments received	(22,697)	(23,856)
	29,607	25,338
Shown in the balance as such:		
Contract work in progress (assets)	44,197	28,401
Received prepayments on work in progress (liabilities)	(14,590)	(2,703)
	29,607	25,338

Uncertainty relating to recognition and measurement of contract work in progress

As in any orderproducing company the statement of contract work in progress is influenced by some uncertainty, because it is difficult to compose an accurate statement on a specific date in time.

The contract work in progress is therefore estimated based on the progress of each case under consideration of degree of completion and the expected endresult on the day of the estimation including an estimate of the costs related to finishing the projects.

14 Deferred income

Deferred income concerns accrued revenue.

15 Unrecognised rental and lease commitments

	2019	2018
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	2,647	2,796

16 Assets charged and collateral

The following assets have been provided as security for bank debt:

Letter of Indemnity - a company charge of DKK 11,000 thousand granting a charge on intangible assets, property, plant and equipment, trade receivables and inventories with a total book value of DKK 16,614 thousand at 31.12.2019.

Mortgage registered to the mortgagor of DKK 4,000 thousand granting a mortgage on land and buildings with a total book value of DKK 2,585 thousand at 31.12.2019.

Contractual obligations

Upon participation in competitive bidding and conclusion of sales contracts, the usual guarantees have been provided regarding tender, advance payments and performance. The guarantees have a total value of DKK 16,733 thousand at 31.12.2019.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Ascom Holding AG, Switzerland

The Annual Group Report for Ascom Holding AG can be found on the following address:
Zugerstrasse 32, CH-6340 Baar or the website www.ascom.com

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

The financial statements are presented in DKK.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.