

Spectralink Denmark ApS

Bygholm Søpark 21 E
8700 Horsens

CVR no. 29 17 78 72

Annual report for 2016

(11th Financial year)

Adopted at the annual general meeting
on 16 June 2017

Michael Larsen
chairman

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Statement by management on the annual report

The Board of directors and Executive Board have today discussed and approved the annual report of Spectralink Denmark ApS for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Horsens, 23 May 2017

Executive board

Douglas Charles Werking

Board of Directors

Casandra Sue Hofmann

Douglas Charles Werking

Michael Larsen

Independent auditor's report

To the shareholder of Spectralink Denmark ApS

Opinion

We have audited the financial statements of Spectralink Denmark ApS for the financial year 1 January - 31 December 2016, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

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.

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.

Independent auditor's report

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.

Independent auditor's report

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, we conclude that 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 of management's review.

Hellerup, 23 May 2017

CVR no. 33 25 68 76

 Crowe Horwath.

Lasse Nørgård
State Authorized Public Accountant

Company details

The company

Spectralink Denmark ApS
Bygholm Søpark 21 E
8700 Horsens

CVR no.: 29 17 78 72
Reporting period: 1 January - 31 December
Incorporated: 14. November 2005
Domicile: Horsens

Board of Directors

Cassandra Sue Hofmann
Douglas Charles Werking
Michael Larsen

Executive board

Douglas Charles Werking

Auditors

Crowe Horwath
Statsautoriseret Revisionsinteressentskab
Rygårds Allé 104
2900 Hellerup

Consolidated financial statements

The company is included in the consolidated financial statements of the parent company.

The consolidated financial statements of the parent company may be obtained at the following address:

Spectralink International Corporation
2560 55th Street,
Boulder, Colorado 80301
USA

Management's review

Principal activities

The Spectralink Group is specialised in the development, production and marketing of enterprise wireless data and telecommunications systems distributed all over the world.

Spectralink Denmark ApS' solutions are based on open standards and interoperate with most existing and future communications systems. End-users are offered wireless and mobile solutions and are thereby more flexible at work.

Development in activities and financial position

Spectralink Denmark ApS realised a profit after tax of DKK 9,839 thousand for 2016 against a profit of DKK 935 thousand in 2015. The increase is due to a profit for the year from subsidiary.

Management considers the result satisfactory and within expectations.

Outlook

Management expects positive profit development for 2017.

Post balance sheet events

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Spectralink Denmark ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2016 is presented in TDKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Adjustment of fundamental error

The subsidiary has made an adjustment in financial statement for 2016 concerning 2015. The adjustment is recognised as a fundamental error.

The error has no effect on the income statement or the balance sheet for 2016. The error effect the income statement before tax with DKK 3,3 mill. and net profit for the year 2015 with DKK 3,3 mill. The equity is increased with DKK 3,3 mill in 2015.

The comparatives have been restated to reflect the error.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Accounting policies

Income statement

Financial income and expenses

Financial income and expenses include interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the onaccount taxation scheme.

Profit/loss from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in the company income statement after elimination of the proportionate share of intra-group profits/gains.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences(goodwill) and deduction of any remaining value of negative differences(negative goodwill).

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Spectralink Denmark ApS is adopted are not taken to the net revaluation reserve.

Receivables

Receivables are measured at amortised cost.

Accounting policies

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of investments in subsidiaries and associates relative to the cost.

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Other external expenses		<u>-18</u>	<u>-21</u>
Gross profit		-18	-21
Income from investments in subsidiaries		9.857	1.063
Financial income	1	0	9
Financial costs		<u>0</u>	<u>-1</u>
Profit/loss before tax		9.839	1.050
Tax on profit/loss for the year	2	<u>0</u>	<u>-115</u>
Net profit/loss for the year		<u>9.839</u>	<u>935</u>
Proposed distribution of profit			
Retained earnings		<u>9.839</u>	<u>935</u>
		<u>9.839</u>	<u>935</u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Assets			
Investments in subsidiaries	3	<u>27.380</u>	<u>17.525</u>
Fixed asset investments		<u>27.380</u>	<u>17.525</u>
Fixed assets total		<u>27.380</u>	<u>17.525</u>
Receivables from subsidiaries		<u>3.112</u>	<u>3.127</u>
Receivables		<u>3.112</u>	<u>3.127</u>
Cash at bank and in hand		<u>62</u>	<u>65</u>
Current assets total		<u>3.174</u>	<u>3.192</u>
Assets total		<u><u>30.554</u></u>	<u><u>20.717</u></u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Liabilities and equity			
Share capital		200	200
Share premium account		84.864	84.864
Retained earnings		<u>-54.528</u>	<u>-64.365</u>
Equity	4	<u>30.536</u>	<u>20.699</u>
Other payables		<u>18</u>	<u>18</u>
Short-term debt		<u>18</u>	<u>18</u>
Debt total		<u>18</u>	<u>18</u>
Liabilities and equity total		<u>30.554</u>	<u>20.717</u>
Contingent assets, liabilities and other financial obligations	5		

Notes

	2016	2015		
	TDKK	TDKK		
1 Financial income				
Interest received from subsidiaries	0	9		
	0	9		
2 Tax on profit/loss for the year				
Deferred tax for the year	0	115		
	0	115		
3 Investments in subsidiaries				
Cost at 1 January 2016	466.370	466.370		
Cost at 31 December 2016	466.370	466.370		
Revaluations at 1 January 2016	-452.127	-449.908		
Net effect from adjustment of fundamental error	3.280	0		
Net profit/loss for the year	9.857	1.063		
Revaluations at 31 December 2016	-438.990	-448.845		
Carrying amount at 31 December 2016	27.380	17.525		
4 Equity				
	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2016	200	84.864	-67.647	17.417
Net effect from adjustment of fundamental error	0	0	3.280	3.280
Adjusted equity at 1 January 2016	200	84.864	-64.367	20.697
Net profit/loss for the year	0	0	9.839	9.839
Equity at 31 December 2016	200	84.864	-54.528	30.536

Notes

5 Contingent assets, liabilities and other financial obligations

The Company is jointly taxed with other Danish group companies. The jointly taxed companies have joint and unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.