

Half-Year Report 2023

Delivering on our growth ambitions





Nicolas Vanden Abeele, CEO
Dr Valentin Chapero Rueda,
Chairman

Letter to Shareholders

Dear Shareholders,

Ascom looks back on a good first half-year 2023 with a continued improvement of its operational performance, which resulted in double-digit revenue growth at constant currencies and a considerably higher EBITDA margin. Ascom is well on track in the implementation of its strategy to become a leader in real-time communication and collaboration solutions in mission-critical environments.

We also made good progress during the first half-year 2023 in further strengthening our portfolio and developing new customer use cases, enhancing our go-to-market and sales capabilities, and in lowering our cost base, which further improved our competitive and financial performance. In addition, the supply chain has progressively been stabilizing since the beginning of the year, resulting in better supply visibility and security and a gradual normalization of component prices.

First half-year 2023 at a glance

- Net revenue grew by 10.3% at constant currencies (4.5% at actual currencies) and came to CHF 150.2 million (H1/2022: CHF 143.8 million)
- EBITDA increased to CHF 11.2 million with an EBITDA margin of 7.5% (H1/2022: CHF 1.7 million with a margin of 1.2%; adjusted for one-off charges: CHF 6.9 million with a margin of 4.8%)
- Ascom closed the first half of 2023 with a Group profit of CHF 5.1 million (H1/2022: loss of CHF -2.3 million)
- The balance sheet remains solid and Ascom has no outstanding borrowings. The net cash position driven by a strong cash-flow generation amounted to CHF 21.2 million (31.12.2022: CHF 16.6 million) and the equity ratio stood at a solid level of 35.7%

- The continued appreciation of the Swiss Franc led to negative currency effects on revenue growth at actual vs constant currencies

Double-digit revenue growth at constant currencies

Ascom generated a net revenue of CHF 150.2 million in H1/2023, representing a strong increase of 10.3% at constant currencies (4.5% at actual currencies) compared to CHF 143.8 million in H1/2022. The strongest performance has been achieved in the regions DACH, France & Spain and UK with revenue growth of more than 20% at constant currencies. USA & Canada as well as the region Rest of World showed solid double-digit growth, while the regions Nordics and Netherlands were in line with the previous year.

Revenue split by market segment showed the Healthcare sector accounting for 67% of revenue, the Enterprise sector slightly increasing to 28% and the OEM business contributing 5% of total revenue for the first half-year 2023.

Incoming orders remain strong

Ascom achieved a total volume of new orders in H1/2023 of CHF 171.5 million, representing an increase of 0.7% at constant currencies (-4.5% at actual currencies). Moreover, incoming orders in the first six months of 2023 were about 10% higher than in the second half-year 2022 (CHF 156.2 million). The book-to-bill ratio remains healthy at 1.14, supporting further revenue growth in the second half-year and beyond.

Robust growth in order intake was achieved in particular in the regions of DACH, UK, and Netherlands.

The order backlog further increased to CHF 289.8 million (31.12.2022: CHF 276.5 million).

Good improvement in profitability

Gross profit in the first half-year 2023 was at CHF 71.3 million with an improved gross margin of 47.5% (H1/2022: 42.7%). This positive development is a result of higher revenue volume combined with lower cost of sales and product cost improvements.

EBITDA increased to CHF 11.2 million with an EBITDA margin of 7.5% (H1/2022: CHF 1.7 million with a margin of 1.2%, adjusted for one-off charges CHF 6.9 million with a margin of 4.8%).

EBIT in H1/2023 amounted to CHF 6.1 million (H1/2022: CHF -3.5 million, adjusted for one-off charges: CHF 1.7 million).

Ascom closed the first half of 2023 with a Group profit of CHF 5.1 million (H1/2022: loss of CHF -2.3 million).

Solid balance sheet

At 30 June 2023, cash and cash equivalents amounted to CHF 21.2 million. Ascom improved its cash flow generation substantially and generated free cash flow of CHF 12.2 million in the first six months (H1/2022 CHF -7.1 million). Ascom repaid the outstanding borrowings of CHF 10 million and paid out dividends of CHF 7.2 million in the first half-year 2023.

Ascom has no borrowings outstanding, resulting in a net cash position (cash and cash equivalents less borrowings) of CHF 21.2 million (31.12.2022: CHF 16.6 million). As of 30 June 2023, the equity ratio stood at a solid level of 35.7% (31.12.2022: 36.4%).

Strategy execution on track

Ascom is delivering on its communicated strategic plan, with:

- A growth acceleration as planned to double-digit revenue growth at constant currencies in the first half year. A solid and growing order backlog and healthy book-to-bill ratio of 1.14, supporting a continued growth trajectory in the second half-year 2023 and beyond.
- Strengthening further our position in solutions and software with the launch of the new Healthcare Platform and standardized value propositions.
- Driving further our portfolio and platform convergence, and enriching our key customer use cases with best-in-class ROI.
- Strengthening our go-to-market and sales excellence efforts, with targeted investments in sales power and better market segmentation to further support our growth.
- Targeting a lower cost base and further increase of efficiency, enhancing our competitive positioning and financial performance. Major steps have been initiated in the first six months, with full run-rate benefits expected in 2024.

As a result of these initiatives, we have seen a good market traction in the first half-year 2023, which was translated into a positive funnel evolution and customer projects pipeline.

Launch of new Myco 4 smartphone

In August 2023, the new Myco 4 smartphone, a purpose-built professional smartphone for critical environments such as hospitals and enterprises, will be launched. This state-of-the-art smartphone is a new milestone in our end-to-end solution offering and is fully integrated with the Ascom Healthcare Platform. It will leverage a number of key advantages and will be a door-opener for many new opportunities in the health-care and enterprise markets.

Guidance and targets reconfirmed

We are well on our way to realizing our strategic transformation and delivering significant growth and shareholder value. In addition, we are also making good progress in further sharpening our internal culture and values, and in becoming a more agile, customer-centric and innovative company.

In 2023 and the years ahead, we will continue our focus on improving Ascom's financial performance and enriching our customer segment offerings.

Given the positive development during the first half-year 2023, we are well on track with our plan and reconfirm our growth and value creation ambitions for 2023. We target revenue growth of around 10% at constant currencies and an EBITDA margin of around 11% for fiscal year 2023.

Moreover, we confirm our mid-term guidance of an expected annual double digit revenue growth and EBITDA margin improvement of about 100 basis points until 2025 compared to fiscal year 2021.

A word of thanks

As a conclusion, we would like to thank our valued customers and partners for their confidence in Ascom as one of their most trusted partners in many projects. We would also like to thank our employees for their continuous dedication and efforts in making our journey successful.

Thanks to both, we have again made good progress in the first half of 2023 in executing on our strategic plan, in elevating further our market impact and success, and in delivering the next step-up of our financial performance.

We remain committed to creating further significant shareholder value in 2023 and beyond.

Sincerely,



Valentin Chapero Rueda
Chairman of the Board



Nicolas Vanden Abeele
CEO

Consolidated balance sheet

Assets

CHFm	Note	30.6.2023	%	31.12.2022	%
Cash and cash equivalents		21.2		26.6	
Trade receivables		51.6		69.4	
Other short-term receivables		5.0		2.9	
Inventories and work in progress		42.6		37.6	
Prepayments and accrued income		24.7		18.8	
Current assets		145.1	75.9	155.3	77.0
Property, plant and equipment		6.1		6.4	
Intangible assets		29.4		30.1	
Financial assets		10.6		10.0	
Non-current assets		46.1	24.1	46.5	23.0
Total assets		191.2	100.0	201.8	100.0

Liabilities and shareholders' equity

CHFm	Note	30.6.2023	%	31.12.2022	%
Trade payables		14.7		16.6	
Other liabilities		13.3		14.6	
Provisions		2.0		1.9	
Customer prepayments and deferred revenue		40.7		33.3	
Accrued liabilities		23.7		23.5	
Current liabilities		94.4	49.4	89.9	44.5
Borrowings	5	–		10.0	
Other liabilities		0.8		0.7	
Provisions		27.8		27.8	
Non-current liabilities		28.6	14.9	38.5	19.1
Total liabilities		123.0	64.3	128.4	63.6
Share capital		18.0		18.0	
Capital reserves		16.2		15.8	
Own shares		(0.7)		(0.7)	
Retained earnings		34.7		40.3	
Shareholders' equity		68.2	35.7	73.4	36.4
Total liabilities and shareholders' equity		191.2	100.0	201.8	100.0

The notes on pages 8 to 11 are an integral part of the consolidated interim financial statements.

Consolidated income statement

CHFm	Note	1 st half-year 2023	%	1 st half-year 2022	%
Net revenue		150.2	100.0	143.8	100.0
Cost of sales		(78.9)		(82.4)	
Gross profit		71.3	47.5	61.4	42.7
Marketing and sales		(40.0)		(38.0)	
Research and development		(13.8)		(15.3)	
Administration		(11.2)		(11.0)	
Other operating expenses		(0.2)		(0.6)	
Operating result (EBIT)		6.1	4.1	(3.5)	(2.4)
Financial income		1.6		1.5	
Financial expenses		(0.6)		(0.6)	
Profit/(loss) before income tax		7.1	4.7	(2.6)	(1.8)
Income tax		(2.0)		0.3	
Group profit/(loss) for the period¹		5.1	3.4	(2.3)	(1.6)

¹ Attributable to the owners of the parent.

Earnings per share

CHF	1 st half-year 2023	1 st half-year 2022
Basic	0.14	(0.06)
Diluted	0.14	(0.06)

Additional information – non-GAAP measures

CHFm	1 st half-year 2023	%	1 st half-year 2022	%
EBITDA ¹	11.2	7.5	1.7	1.2

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 the first half-year 2023, operating depreciation and amortization amounted to CHF 5.1 million (previous year: CHF 5.1 million).

The notes on pages 8 to 11 are an integral part of the consolidated interim financial statements.

Consolidated statement of changes in equity

CHFm	Attributable to owners of the parent							Total shareholders' equity
	Capital reserves ¹				Retained earnings			
	Share capital	Own shares	Share premium	Other capital reserves	Currency translation adjustments	Goodwill offset	Other retained earnings	
Balance at 1.1.2022	18.0	(0.1)	1.1	14.7	(17.3)	(54.9)	118.5	80.0
Group profit/(loss) for the period	-	-	-	-	-	-	(2.3)	(2.3)
Currency translation adjustments	-	-	-	-	(5.0)	-	-	(5.0)
Share-based payments	-	-	-	0.3	-	-	-	0.3
Purchase of own shares	-	(0.6)	-	-	-	-	-	(0.6)
Dividends paid ²	-	-	-	-	-	-	(7.2)	(7.2)
Balance at 30.6.2022	18.0	(0.7)	1.1	15.0	(22.3)	(54.9)	109.0	65.2
Balance at 1.1.2023	18.0	(0.7)	1.1	14.7	(25.5)	(56.5)	122.3	73.4
Group profit/(loss) for the period	-	-	-	-	-	-	5.1	5.1
Currency translation adjustments	-	-	-	-	(3.5)	-	-	(3.5)
Share-based payments	-	-	-	0.4	-	-	-	0.4
Purchase of own shares	-	-	-	-	-	-	-	-
Dividends paid ²	-	-	-	-	-	-	(7.2)	(7.2)
Balance at 30.6.2023	18.0	(0.7)	1.1	15.1	(29.0)	(56.5)	120.2	68.2

¹ Non-distributable statutory and legal reserves of Ascom Holding AG: CHF 3.6 million (previous year: CHF 3.6 million).

² Refer to note 4.

The notes on pages 8 to 11 are an integral part of the consolidated interim financial statements.

Consolidated statement of cash flows

CHFm	Note	1 st half-year 2023	1 st half-year 2022
Group profit/(loss) for the period		5.1	(2.3)
+ Depreciation of property, plant and equipment		0.8	0.8
+ Amortization of intangible assets		4.3	4.3
+ Share-based payments		0.4	0.3
+/- Addition/(release) of provisions		1.9	3.8
+/- Adjustment for other non-cash items		(0.5)	(2.2)
+/- Change in inventory and work in progress		(7.3)	(10.6)
+/- Change in trade receivables		16.0	7.5
+/- Change in trade payables		(1.2)	(1.1)
+/- Change in other receivables and prepayments		(8.1)	(1.5)
+/- Change in accrued and other short-term liabilities and deferred income		6.1	0.4
- Interest income		(0.1)	-
+ Interest expenses		0.3	0.3
+ Interest received		0.1	-
+/- Income tax (benefits)/expenses		2.0	(0.3)
- Income tax paid		(1.6)	(1.1)
Cash flow from operating activities		18.2	(1.7)
- Purchase of property, plant and equipment		(0.8)	(1.0)
- Purchase of intangible assets		(5.3)	(4.7)
+/- Change in financial assets and other non-current assets		0.1	0.3
Cash flow from investing activities		(6.0)	(5.4)
+/- Proceeds from/(repayment of) long-term borrowings	5	(10.0)	-
- Purchase of own shares		-	(0.6)
- Dividends paid	4	(7.2)	(7.2)
Cash flow from financing activities		(17.2)	(7.8)
+/- Foreign currency translation differences on cash and cash equivalents		(0.4)	(0.5)
Increase/(decrease) in cash and cash equivalents		(5.4)	(15.4)
+ Cash and cash equivalents at 1.1.		26.6	29.5
Cash and cash equivalents at 30.6.		21.2	14.1

The notes on pages 8 to 11 are an integral part of the consolidated interim financial statements.

Notes to the consolidated interim financial statements

1. GENERAL INFORMATION AND BASIS FOR PREPARATION

These unaudited consolidated interim financial statements of Ascom Holding AG and its subsidiaries cover the period from 1 January to 30 June 2023 and are prepared in accordance with Swiss GAAP FER 31 (“Complementary recommendation for listed companies”). These consolidated interim financial statements contain an update of information already published and must therefore be read in conjunction with the year-end financial statements dated 31 December 2022, which were prepared in conformity with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles FER/ FER = Fachempfehlungen zur Rechnungslegung = Accounting and reporting recommendations). The accounting policies have been applied consistently by Group companies. Furthermore, applied accounting and disclosure policies comply with the provisions of the listing rules of the SIX Swiss Exchange and the Swiss company law.

Preparation of the consolidated interim financial statements demands certain estimates and assumptions that affect the reported assets, liabilities, income and expenses and contingent liabilities at the time the accounts are prepared. If, at a later point in time, variations should occur to such estimates and assumptions, which were decided upon by the management in good faith at the time the accounts were prepared, the original estimates and assumptions are adapted accordingly in the accounting period in which the data changes.

Ascom Group’s business activities are not subject to pronounced seasonal fluctuations. However, experience has shown that, factoring out economic influences, higher sales and therefore higher profitability are usually generated in the second half of the year, largely following the investment spending patterns of Ascom’s customers.

Ascom Holding AG, the parent company of the Group, is a public limited company and domiciled in Baar, Switzerland.

2. ACCOUNTING PRINCIPLES

The consolidated interim financial statements were prepared according to the same accounting principles as those applied for the consolidated financial statements for the year ended 31 December 2022.

Ascom is exposed to translational and transactional effects of foreign currency fluctuations, in particular to the currencies below:

CHF	ISO code	Unit	30.6.2023	Average 1 st half-year 2023	31.12.2022	Average 1 st half-year 2022
Euro	EUR	1	0.979	0.988	0.985	1.026
US dollar	USD	1	0.901	0.916	0.923	0.940
Swedish krona	SEK	1	0.083	0.087	0.089	0.098
Pound sterling	GBP	1	1.140	1.129	1.110	1.217

3. SEGMENT INFORMATION

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 therefore reflects 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.

Allocation of incoming orders and net revenue

CHFm	Incoming orders		Net revenue	
	1 st half-year 2023	1 st half-year 2022	1 st half-year 2023	1 st half-year 2022
DACH	36.1	30.4	25.8	20.7
France & Spain	9.3	14.0	11.7	9.5
Netherlands	28.9	27.4	24.3	25.4
Nordics	23.4	28.7	19.9	22.4
UK	11.7	10.6	9.1	8.1
USA & Canada	30.1	28.9	28.4	26.4
Rest of World	25.1	29.0	22.9	21.0
OEM (Original Equipment Manufacturer)	6.9	10.5	8.1	10.3
Total	171.5	179.5	150.2	143.8

4. DIVIDENDS PAID, OWN SHARES, SHARE-BASED PAYMENTS

On 18 April 2023, the Annual General Meeting of Ascom Holding AG approved a dividend of CHF 0.20 per share entitled to dividends. The total payout amounted to CHF 7.2 million (previous year: CHF 7.2 million).

In the period under review, Ascom did not acquire own shares (previous year: 85,000 shares).

5. BORROWINGS

The Group has syndicated revolving credit facilities in the amount of CHF 40.0 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 with the same bank consortium to finance large projects. The Group also has an uncommitted guarantee line of CHF 5.0 million with a Swiss bank. At 30 June 2023, Ascom did not use any of the cash lines available (31.12.2022: CHF 10.0 million).

The final maturity of the Group's credit facilities is 19 November 2024. 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 fully complied with.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors and the Executive Management are not aware of any significant events occurring up to the date of approval of the interim consolidated financial statements that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

7. TIME OF RELEASE FOR PUBLICATION

The Board of Directors approved the 2023 consolidated interim financial statements on 4 August 2023 and gave permission for publication at the media conference on 8 August 2023.

8. SHARE INFORMATION

	1 st half-year 2023	1 st half-year 2022
Number of registered shares nom. CHF 0.50 ¹	36,000,000	36,000,000
Share price per registered share in CHF (high/low of the period under review) ²	11.20/7.56	12.70/6.50
Share price per registered share in CHF ¹	10.92	6.72
Market capitalization in CHFm ¹	393.1	241.9

¹ At the end of the period.

² Closing price.

Summary of key financial data

CHFm	1 st half-year 2023	1 st half-year 2022
Incoming orders	171.5	179.5
Order backlog ¹	289.8	279.6
Net revenue	150.2	143.8
EBITDA	11.2	1.7
EBITDA in % of net revenue	7.5	1.2
Operating result (EBIT)	6.1	(3.5)
EBIT in % of net revenue	4.1	(2.4)
Personnel expenses	(77.9)	(75.6)
Depreciation, amortization and impairment	(5.1)	(5.1)
Group profit/(loss) for the period	5.1	(2.3)
Net cash flow from operating activities	18.2	(1.7)
Capital expenditures on property, plant and equipment	0.8	1.0
Capital expenditures on intangible assets	5.3	4.7
Research and development expenditures ²	(14.7)	(16.1)
Balance sheet total ¹	191.2	178.2
Shareholders' equity ¹	68.2	65.2
Shareholders' equity in % of balance sheet total ¹	35.7	36.6
Net cash or (net debt) ^{1,3}	21.2	14.1
Gearing in % ⁴	-	-
Dividends paid/distribution of share premium	7.2	7.2
Number of employees (FTE) ¹	1,368	1,326

¹ At the end of the period.

² Research and development costs excluding depreciation, amortization, impairment and capitalized costs.

³ Cash and cash equivalents less borrowings.

⁴ Borrowings/shareholders' equity.

Dates and contacts

Important dates

5 March 2024

2023 Full-Year Results Conference
Restaurant Metropol, Zurich

16 April 2024

Annual General Meeting
Theater Casino, Zug

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Declaration of forward-looking statements

This Half-Year 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 this Half-Year Report.

The complete Half-Year Report 2023 of the Ascom Group is available in English only and can be viewed online at: <https://www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html>

Publishing details

Publisher Ascom Holding AG, Baar

Financial Statements Ascom Group Finance, Baar

Consulting Tolxdorff Eicher, Horgen

Photo Severin Jakob, Zurich

Concept, Design & Production Linkgroup AG, Zurich

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