



Report of the Supervisory Board

The successful IPO of Frequentis AG made 2019 an exceptional year in the history of our company. Since 14 May 2019, shares in Frequentis AG have been traded on the official market of the Vienna Stock Exchange (market segment “prime market”) and on the regulated market of the Frankfurt Stock Exchange (market segment “general standard”).

In other respects as well, 2019 was a year we can look back on with pride and pleasure. Consolidated revenues rose 6.3% to EUR 303.6 million and consolidated EBIT increased to EUR 17.2 million. The company has a very sound financial base and is prepared for further sustained growth in the future.

Changes on the Supervisory Board

At the company’s Extraordinary General Meeting on 20 September 2019, the number of shareholder representatives on the Supervisory Board was increased from four to five and Ms. Petra Preining was elected to the Supervisory Board as a further shareholder representative. Mr. Reinhard Steidl was delegated by the Workers’ Council as an additional employee representative on the Supervisory Board.

Work of the Supervisory Board and its committees

In 2019, the Supervisory Board performed the tasks imposed on it by the law, the articles of association, and the rules of procedure with the utmost care. We regularly advised and supervised the Executive Board in the management of the company. The Executive Board kept the Supervisory Board informed at all times about the business situation and development of Frequentis AG. In addition, the chairmen of the committees and I maintained regular contact with the Executive Board to discuss opportunities and risks for the company.

The Supervisory Board of Frequentis AG held four regular meetings in 2019. At these meetings, the Supervisory Board received detailed reports from the Executive Board on the company’s business performance and situation, as well as the principal projects in progress, material events, possible acquisitions, and the related questions. In this context, the Supervisory Board discussed, questioned, and examined the information provided by the Executive Board. This examination, which took the form of an open discussion between the Executive Board and the Supervisory Board, did not result in any objections. The approval of the Supervisory Board was obtained on matters where this was required by the articles of association or rules of procedure.

The Audit Committee held three meetings in the reporting period and performed the tasks entrusted to it. In particular, it examined the company’s financial statements and consolidated financial statements, supervised the audit of the financial statements and consolidated financial statements and the independence of the auditor, prepared a proposal for the appointment of the auditor of the

financial statements and consolidated financial statements, and oversaw the company's accounting, internal control and internal audit system, and its risk management system. The Supervisory Board was kept continuously informed of the outcome of the meetings of the Audit Committee.

The Committee for Executive Board Issues met twice in the reporting period. As well as evaluating target attainment in the 2018 financial year and agreeing the targets for 2019, it mainly discussed and defined the modalities of the Long-Term Incentive Plan 2019 (LTIP 2019) for the Chairman of the Executive Board. The LTIP 2019 was subsequently adopted at the company's Extraordinary General Meeting on 20 September 2019.

Average attendance at the meetings of the Supervisory Board and its committees was around 93%. None of the members of the Supervisory Board were present at only half or less than half of the meetings of the Supervisory Board and the committees they belong to.

Financial statements of Frequentis AG and consolidated financial statements for 2019

The annual financial statements of Frequentis AG and the consolidated financial statements as at 31 December 2019 submitted by the Executive Board, as well as the management report for the company and the Group for the 2019 financial year were audited by the appointed auditors, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The audit did not give rise to any objections and the statutory requirements were complied with in full, so the auditors issued an unqualified audit opinion.

The Audit Committee examined the annual financial statements, the consolidated financial statements, the auditors' reports, the Executive Board's proposal for the distribution of the profit, the corporate governance report, and the consolidated non-financial report in detail with the auditors at its meeting on 27 March 2020 and proposed that they should be approved by the Supervisory Board. The Supervisory Board examined the documents in accordance with Section 96 of the Austrian Companies Act and agreed with the findings of the Audit Committee. The annual financial statements for Frequentis AG for 2019 were accepted by the Supervisory Board, so they are deemed to be approved pursuant to Section 96(4) of the Austrian Companies Act. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), the management report, the Group management report, the consolidated corporate governance report, and the consolidated non-financial report were approved by the Supervisory Board. The Supervisory Board agreed to the Executive Board's proposal for the distribution of the profit. At the Annual General Meeting on 14 May 2020, the Executive Board will therefore propose payment of a dividend of EUR 0.15 per share for the 2019 financial year.

Finally, on behalf of the Supervisory Board, I would like to express my thanks and appreciation to the entire Executive Board and all employees of the Frequentis Group for their successful work in the past financial year. We would also like to express our special thanks to our customers and to the shareholders of Frequentis AG for their trust in us.

Vienna, 27 March 2020



Johannes Bardach
Chairman of the Supervisory Board of Frequentis AG