First half 2020
Investor Presentation

18 August 2020
## Agenda

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### Defying the pandemic – Resilience of business model

**Frequentis products are part of the safety-critical infrastructure**

Infrastructure has to be available and ready for operation

Demand for products not dependent on number of flights / flight movements, number of deployments of police, fire service and emergency rescue services not relevant for infrastructure demand

**Business continuity**

Remote project acceptances executed

Regional presence helpful in the face of travel restrictions

**Corporate culture has permitted mobile working practices for many years**

High commitment from employees

No need for additional IT investments

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1) Installation and go-lives of new systems were – and still are – only possible in those countries where Frequentis has its own locations (including the USA, Australia, Brazil, China, the UK, and Germany), or where travel by Frequentis staff is possible.
### Highlights H1’20

- **Limited impact from COVID-19 on daily operations**

### Order intake
- **€ 171.8m**
  - +28.8% vs. H1’19

### Orders on hand
- **€ 445.2m**
  - approx. 1 ½ years visibility

### Revenue
- **€ 132.2m**
  - -0.1% vs. H1’19

### EBITDA
- **€ 6.0m**
  - +3.6m vs. H1’19

### EBIT
- **€ -1.0m**
  - +2.9m vs. H1’19

### Net result
- **€ -23.4m / € -0.2m**
  - Impairment of deposits at Commerzialbank Mattersburg had an impact of € 23.2m on net result (taking into account the tax effect).

### Equity ratio
- **36.5%**

### Net cash
- **€ 51.2m**
  - Net cash included € 36.8m advance payments from customers. Cash and cash equivalents amounted to € 57.7m, liabilities to banks were € 6.5m.
## Further highlights in H1 2020

<table>
<thead>
<tr>
<th>Acquisition of 51% stake in ATRiCS, Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software solutions to improve safety and digitalisation at airports</td>
</tr>
<tr>
<td>Full consolidated from 1 April 2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>15% stake in Nemergent Solutions, Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better exploitation of opportunities in safety-critical broadband communication</td>
</tr>
<tr>
<td>Binding investment agreement signed on 7 August 2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dividend of € 0.15 per share for FY 2019 as approved by AGM</th>
</tr>
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<tbody>
<tr>
<td>Virtual Annual General Meeting held</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Employee participation programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>High participation rate of more than 35%</td>
</tr>
<tr>
<td>Issue proceeds of slightly more than € 1m</td>
</tr>
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</table>
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Comments

- Order intake in H1 2020 significantly above H1 2019
- Strong growth despite pandemic
- Resilience of business model and growth path confirmed
- Strive to roughly maintain or even increase order intake in FY 2020
  - Full year impact of COVID-19 cannot be estimated, possibility that customers could postpone investments
Well-filled order books, stable revenue despite pandemic

**Comments**

- Orders on hand increased significantly
  - Public Safety & Transport +4.4%
  - Air Traffic Management +20.0%
- Stable revenue development despite pandemic
- Revenue split: 68% ATM, 32% PST (H1 2019: 70% ATM, 30% PST)
Comments

- Comparability of half year / full year limited due to seasonality
- EBITDA and EBIT mainly positively influenced by lower travel / trade show expenses due to travel restrictions
- EBIT in line with the normal business pattern during the year
- Net result of € -23.4m (incl. impairment loss on the deposits at Commerzialbank Mattersburg)/ € -0.2m (excl. impairment loss)
- EPS € -1.78 (incl. impairment loss) / € -0.03 (excl.) vs. € -0.23 in H1 2019
Significant seasonality of profitability
Half-year EBIT vs. full-year EBIT

- Half-year results usually negative
- Revenues and EBIT highest in H2 due to completion of site acceptance tests and finalisation of projects
- Expenses (fixed costs like staff, raw materials, etc.) spread fairly evenly over the quarters
Maintain net cash position with minimum level of about 10% of Group revenues.

Equity ratio of >35%.

FY 2020:
Capex of about € 5m,
R&D expenses of about € 22m.

Dividend policy
Payout of 20-30% of Frequentis Group net profit with a cap of 40% of net profit of Frequentis AG.
Agenda

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Update on the insolvency of Commerzialbank Mattersburg

**Main facts**

- Notification of the Austrian Financial Market Authority (FMA) on 14 July 2020 prohibiting Commerzialbank Mattersburg by decree with immediate effect from continuing its business operations
- Appointment of an auditor as government commissioner
- Austrian FMA filed application to open insolvency proceedings, 27 July
- Government commissioner states in interim report dated 24 July 2020 that the bank was mathematically over-indebted at the time FMA prohibited business operations

**Measures adopted with respect to Commerzialbank Mattersburg**

- Full amount of Frequentis' claims against the bank declared due on 16 July 2020
- € 100,000.-- received from protection entity for Austrian credit institutions (Einlagensicherung) on 24 July
- Impairment loss of € 30.9 million recognised in other financial results
- Engagement of a team of lawyers to evaluate all legal options in order to protect the interests of Frequentis
- Filing the entire amount in the insolvency proceedings
- Filing of a statement of facts as well as participation as a private party in the criminal proceedings
### 15% stake in Nemergent Solutions, Spain

#### Nemergent at a glance
- Based in Bilbao, Spain
- About 30 employees
- Strong R&D expertise in mission-critical services

#### Strategic rationale
- Strong expertise in LTE and mission-critical services (3GPP) for the use in safety-critical environments
- Strategic expansion and deepening of already existing collaboration
- Bundling of skills and competences in software and technology
- Better exploitation of opportunities in safety-critical broadband communication brought by the LTE mobile communications standard, e.g. in Public Safety & Transport market
- Frequentis representative member of the Nemergent Board of Directors

#### Transaction details
- Frequentis acquisition of a 15% stake
- Customary pre-emption right
- Transaction is to be carried out through a capital increase at Nemergent, binding investment agreement signed on 7 August 2020
Growth markets of the future: our innovations already in use

<table>
<thead>
<tr>
<th>Digital (Remote) Tower</th>
<th>Drone management</th>
<th>5G/LTE in control centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>Avinor, Norway</td>
<td>BroadWay programme(^1) for the use of 5G/LTE for safety-critical broadband communication</td>
</tr>
<tr>
<td>Germany</td>
<td>AirLabs Austria</td>
<td>Use in local public transport</td>
</tr>
<tr>
<td>England</td>
<td>GOF-U-Space project / SESAR joint undertaking (EU co-financed project)</td>
<td>15% stake in Nemergent, Spain</td>
</tr>
<tr>
<td>Brazil</td>
<td>Developing counter-drone system for FALKE project in Germany</td>
<td>Public safety project in UK to include 5G/LTE</td>
</tr>
<tr>
<td>New Zealand</td>
<td></td>
<td></td>
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<tr>
<td>Double-digit annual growth</td>
<td></td>
<td></td>
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</table>

\(^1\)Frequentis is part of phase 2 of the European investment procurement programme BroadWay.
Striving to roughly maintain or even increase revenues and order intake in FY 2020.
All expectations for FY 2020 connected to risks from COVID-19 pandemic, especially due to travel restrictions and potential temporary shift in revenues.

Dealing with the COVID-19 situation remains a key management issue.
Impact on our costs (e.g. travel expenses), project acceptances, supply chains, the budgets available, and the potential postponement of investments cannot be estimated at present.

Orders on hand of € 445.3m as at 30 June 2020 – a good basis for solid revenue generation in H2 2020 and beyond.

Order intake of € 171.8m – a good start to H1 2020.

Outlook and management agenda for 2020
Contact / Financial Calendar

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Financial Calendar 2020
18.08.2020 Half-year financial report 2020
25.11.2020 Ex-dividend day
26.11.2020 Record date for dividend
27.11.2020 Dividend payment day

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You're on a plane. Frequentis products ensure secure communication between pilot and air traffic control.

You call the rescue service, fire brigade or police. Our technology guarantees that your call is put through.

Frequentis supplies safety-critical and therefore indispensable infrastructure. Worldwide!
## Key figures for the Frequentis Group

All figures in € million, except where otherwise stated.

### Orders

<table>
<thead>
<tr>
<th>Orders</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>+/- in %</th>
<th>+/- in € m</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>171.8</td>
<td>133.4</td>
<td>+28.8%</td>
<td>+38.4</td>
<td>333.7</td>
</tr>
<tr>
<td>Orders on hand at end of period</td>
<td>445.2</td>
<td>351.8</td>
<td>+26.5%</td>
<td>+93.4</td>
<td>391.5</td>
</tr>
</tbody>
</table>

### Earnings

<table>
<thead>
<tr>
<th>Earnings</th>
<th>H1 2020</th>
<th>H1 2019(^1)</th>
<th>+/- in %</th>
<th>+/- in € m</th>
<th>2019(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>132.3</td>
<td>132.4</td>
<td>-0.1%</td>
<td>-0.1</td>
<td>303.6</td>
</tr>
<tr>
<td>EBITDA</td>
<td>6.0</td>
<td>2.4</td>
<td>++100.0%</td>
<td>+3.6</td>
<td>30.2</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>4.5%</td>
<td>1.8%</td>
<td>+2.7 PP</td>
<td>–</td>
<td>9.9%</td>
</tr>
<tr>
<td>EBIT</td>
<td>-1.0</td>
<td>-3.9</td>
<td>+75.5%</td>
<td>+2.9</td>
<td>17.2</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>-0.7%</td>
<td>-2.9%</td>
<td>+2.2 PP</td>
<td>–</td>
<td>5.7%</td>
</tr>
<tr>
<td>Profit/loss for the period(^2)</td>
<td>-23.4</td>
<td>-2.4</td>
<td>++100.0%</td>
<td>-20.9</td>
<td>12.5</td>
</tr>
<tr>
<td>Profit/loss attributable to equity holders(^2)</td>
<td>-23.6</td>
<td>-2.9</td>
<td>++100.0%</td>
<td>-20.7</td>
<td>11.8</td>
</tr>
<tr>
<td>Earnings per share in €(^2)</td>
<td>-1.78</td>
<td>-0.23</td>
<td>++100.0%</td>
<td>–</td>
<td>0.93</td>
</tr>
</tbody>
</table>

### Statement of financial position

<table>
<thead>
<tr>
<th>Statement of financial position</th>
<th>H1 2020</th>
<th>H1 2019(^1)</th>
<th>+/- in %</th>
<th>+/- in € m</th>
<th>2019(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>258.1</td>
<td>255.5</td>
<td>+1.0%</td>
<td>+2.7</td>
<td>272.1</td>
</tr>
<tr>
<td>Shareholders’equity</td>
<td>94.1</td>
<td>103.1</td>
<td>-8.7%</td>
<td>-8.9</td>
<td>116.2</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>36.5%</td>
<td>40.3%</td>
<td>-3.8 PP</td>
<td>–</td>
<td>42.7%</td>
</tr>
<tr>
<td>Net cash</td>
<td>51.2</td>
<td>64.7</td>
<td>-20.8%</td>
<td>-13.5</td>
<td>77.8</td>
</tr>
<tr>
<td>No. of employees (average)</td>
<td>1,890</td>
<td>1,853</td>
<td>+2.0%</td>
<td>–</td>
<td>1,849</td>
</tr>
</tbody>
</table>

### Cash flow statement

<table>
<thead>
<tr>
<th>Cash flow statement</th>
<th>H1 2020</th>
<th>H1 2019(^1)</th>
<th>+/- in %</th>
<th>+/- in € m</th>
<th>2019(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow from operating activities</td>
<td>12.2</td>
<td>-6.1</td>
<td>–</td>
<td>+18.3</td>
<td>17.7</td>
</tr>
<tr>
<td>Cash Flow from investing activities</td>
<td>-4.7</td>
<td>-9.0</td>
<td>+48.1%</td>
<td>+4.3</td>
<td>-4.6</td>
</tr>
<tr>
<td>Cash Flow from financing activities</td>
<td>-3.7</td>
<td>16.7</td>
<td>–</td>
<td>-20.4</td>
<td>8.0</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>57.7</td>
<td>47.2</td>
<td>+22.2%</td>
<td>+10.5</td>
<td>66.9</td>
</tr>
</tbody>
</table>

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1) Initial application of IFRS 16 (Leases) from 1 January 2019 (Annual Report 2019, note 41 to the consolidated financial statements).

2) Remark for H1 2020 figures: The impact of the impairment loss on the deposits at Commerzialbank Mattersburg on the loss for the period was € 23.2 million (including the income tax effect). Excluding this impairment, the loss in the first half of 2020 would have been € 0.2 million and earnings per share would have been € -0.03.
### Working capital overview

#### Components of working capital

<table>
<thead>
<tr>
<th>Date</th>
<th>Inventories</th>
<th>Trade accounts receivable</th>
<th>Contract assets from contracts with customers</th>
<th>Contract costs</th>
<th>Contract liabilities from contracts with customers</th>
<th>Trade accounts payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2016</td>
<td>-33.6</td>
<td>-38.6</td>
<td>13.8</td>
<td>1.7</td>
<td>54.3</td>
<td>-16.7</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>29.9</td>
<td>33.5</td>
<td>40.9</td>
<td>48.6</td>
<td>37.6</td>
<td>10.3</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>40.6</td>
<td>39.1</td>
<td>58.6</td>
<td>48.7</td>
<td>52.9</td>
<td>16.8</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>38.7</td>
<td>34.0</td>
<td>13.1</td>
<td>2.5</td>
<td>38.4</td>
<td>16.0</td>
</tr>
<tr>
<td>30.06.2020</td>
<td>15.2</td>
<td>52.9</td>
<td>50.0</td>
<td>-54.3</td>
<td>49.3</td>
<td>16.5</td>
</tr>
</tbody>
</table>

#### Net working capital in % of LTM (last twelve months) revenues

- **16.0%**
- **12.7%**
- **13.2%**
- **16.8%**
- **16.5%**

<table>
<thead>
<tr>
<th>Date</th>
<th>In € m</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2016</td>
<td>11.0</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>10.2</td>
</tr>
<tr>
<td>31.12.2018</td>
<td>13.1</td>
</tr>
<tr>
<td>31.12.2019</td>
<td>13.8</td>
</tr>
<tr>
<td>30.06.2020</td>
<td>15.2</td>
</tr>
</tbody>
</table>

#### Comments

- Net working capital in percent of last twelve months revenues below 17% in the past 5 years
R&D – an important part of the Frequentis success story

Diverse R&D activities:
- research
- platform development
- product enhancements
- development for customer projects
- lifecycle and product management

R&D costs comprise both internal and customer-financed activities.

Customer-financed activities mostly take place in the second half of the year.

R&D activities are fully expensed and not capitalised.

R&D expenses:
€ 22.1m in FY 2019,
data based on IAS 38
(i.e. internal, not customer-financed R&D activities).
Leadership team

Executive board

Norbert Haslacher  
CEO  
Business units and regions  
Global sales & marketing  
New business development  
Investor relations

Sylvia Bardach  
CFO  
Finance  
Human resources  
Legal | IT | Reg. operations  
Corporate communications  
Safety | Facility mgmt.

Hermann Mattanovich  
CTO, COO  
Technology & products  
Project mgmt. | Customer services  
Planning, production & logistics  
Security | Quality mgmt. & processes

Supervisory board

Hannes Bardach  
(Chairman)

Karl Michael Millauer  
(Deputy Chairman)

Reinhold Daxecker  
(Member)

Boris Nemsic  
(Member)

Petra Preining  
(Member)

Siegfried Meisel  
(Delegated by the Workers’ Council)

Gabriele Schedl  
(Delegated by the Workers’ Council)

Reinhard Steidl  
(Delegated by the Workers’ Council)