



## Report of the Supervisory Board

Worldwide, 2020 was dominated by the COVID-19 pandemic. The effects of this pandemic did not leave Frequentis AG unscathed. Thanks to its stable business model as a supplier of communication and information systems for control centres in the safety-critical sector and the measures introduced by the Executive Board to deal with the challenges arising from the pandemic, Frequentis was able to continue its business with almost no disruption. I would especially like to thank our employees for the creativity and ingenuity with

which they drove forward and successfully completed individual customer projects with the aid of digital media.

Despite the pandemic, consolidated revenues were close to the prior-year level at EUR 299.4 million and consolidated EBIT increased to EUR 26.8 million. At the end of 2020, Frequentis had a net cash position of EUR 85.0 million, so it has a very solid financial base.

### Changes on the Supervisory Board

Dr. Karl Michael Millauer and Dr. Boris Nemsic were both appointed to the Supervisory Board for the period until the end of the 13th Annual General Meeting on 14 May 2020. At this General Meeting, Dr. Karl Michael Millauer and Dr. Boris Nemsic were both re-elected as members of the Supervisory Board of Frequentis AG for the maximum period permitted by law. At the meeting of the Supervisory Board following the Annual General Meeting, Dr. Millauer was also re-elected as Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee. Dr. Nemsic was re-elected as a member of the Committee for Executive Board Issues.

### Work of the Supervisory Board and its committees

In 2020, 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 five meetings in 2020. 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 four meetings in the reporting period and performed the tasks entrusted to it. In particular, it examined the company's financial statements, the consolidated financial statements, and the consolidated corporate governance report, 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. In addition, the Audit Committee performed the preliminary examination of the non-financial report. 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 2019 financial year, it mainly discussed the remuneration policy for the Supervisory Board and the Executive Board, and defined the modalities of the Long-Term Incentive Plan 2020 (LTIP 2020) for the Chairman of the Executive Board. The remuneration policies and the LTIP 2020 were subsequently adopted at the company's Annual General Meeting on 14 May 2020.

In connection with the insolvency of Commerzbank Mattersburg, the Supervisory Board set up a special committee chaired by Dr. Millauer. The other members of this committee are Ms. Petra Preining and Mr. Siegfried Meisel. The tasks of the special committee are, on the one hand, supervising the measures to recover the company's deposits at Commerzbank Mattersburg and the related pursuit of claims against the bank and third parties and, on the other hand, investigating and appraising the internal workflows relating to the case and revising the relevant processes and regulations. The special committee held three meetings in 2020 and reported continuously to the Supervisory Board.

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 2020

The annual financial statements of Frequentis AG and the consolidated financial statements as at 31 December 2020 submitted by the Executive Board, as well as the management report for the company and the Group for the 2020 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. BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft performed a limited assurance review of the data and disclosures on sustainability reporting in the non-financial report. This review did not give rise to any objections.

The Supervisory Board's 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 auditors at its meeting on 31 March 2021 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 2020 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 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 20 May 2021, the Executive Board will therefore propose payment of a dividend of EUR 0.15 per share for the 2020 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 and exceptional commitment 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 in these challenging times.

Vienna, 31 March 2021



Dr. Johannes Bardach  
Chairman of the Supervisory Board of Frequentis AG