



## Report of the Supervisory Board

Worldwide, 2021 was another year overshadowed by the COVID-19 pandemic. Nevertheless, demand for Frequentis products and solutions did not deteriorate thanks to the company's stable business model as a provider of communication and information solutions for the safety-critical sector. The Group therefore successfully continued to grow in 2021 by pressing ahead with digital solutions for customer projects.

An important milestone in Frequentis' growth was the acquisition of civil and military ATM voice communications and air traffic optimisation product lines of the US group L3Harris Technologies, Inc., which was completed in 2021. These units contributed EUR 19 million to the Frequentis Group's revenues in the reporting period.

Overall, revenues in the Frequentis Group increased by 11.4% year-on-year to EUR 333.5 million, despite the ongoing impact of the COVID-19 pandemic. Group EBIT rose to EUR 29 million, which was 8.2% higher than in the previous year. With net cash of EUR 101 million at year-end 2021, Frequentis still has a very solid financial base and is well-prepared for future development.

### Changes on the Executive Board and Supervisory Board

Mrs. Sylvia Bardach, who had been CFO of Frequentis AG since 2007, stepped down from the Executive Board on 15 April 2021 as part of a long-term succession plan. She had held a variety of management roles at Frequentis over a period of more than 30 years and made a significant contribution to the Group's international growth and business success. Mr. Peter Skerlan was appointed to the Executive Board as CFO with effect from 16 April 2021. He joined the Frequentis Group in 1999 and was Vice President Finance with overall responsibility for financial performance and processes in the Frequentis Group from 2006.

At the 14th Annual General Meeting of Frequentis AG on 20 May 2021, the number of shareholder representatives on the Supervisory Board was increased from five to six, and Mrs. Sylvia Bardach was elected to the company's Supervisory Board for the maximum term permitted by law.

### Work of the Supervisory Board and its committees

In 2021, 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 ordinary meetings in 2021. 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, 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 regularly informed of the outcome of the meetings of the Audit Committee.

The Committee for Executive Board Issues met twice in the reporting period. In particular, it dealt with the issues and necessary preparations in connection with the change on the Executive Board in April 2021. Furthermore, this committee discussed the remuneration report, which the company was required to prepare for the first time, and worked out a proposal for the long-term incentive plan 2021 (LTIP 2021) for the Chairman of the Executive Board. The remuneration report and the LTIP 2021 were subsequently adopted at the company's Annual General Meeting on 20 May 2021.

The special committee established in 2020 in the context of the insolvency of Commerzialbank Mattersburg met once in the reporting period and advised the Executive Board on further action to assert possible claims by the company on the bank and third parties in connection with this case.

None of the members of the Supervisory Board were present at only half or less than half of the meetings of the Supervisory Board or the committees they belong to.

## Financial statements of Frequentis AG and consolidated financial statements for 2021

The annual financial statements of Frequentis AG and the consolidated financial statements as at 31 December 2021 submitted by the Executive Board, as well as the management report for the company and the Group for the 2021 financial year were audited by the appointed auditors, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft ("BDO"). 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 performed a limited assurance review of the data and disclosures on sustainability reporting in the non-financial report. BDO also evaluated compliance with the C rules of the Austrian Corporate Governance Code. Neither the review of the consolidated non-financial report, nor the evaluation of corporate governance resulted in 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 consolidated corporate governance report, and the consolidated non-financial report in detail with the auditors at its meeting on 30 March 2022 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 (AktG) and agreed with the findings of the Audit Committee. The annual financial statements for Frequentis AG for 2021 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 2 June 2022, the Executive Board will therefore propose payment of a dividend of EUR 0.20 per share for the 2021 financial year.

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 commitment and extremely successful work in the past financial year. We would also like to express our special thanks to the customers and shareholders of Frequentis AG for their trust in these challenging times.

Vienna, 30 March 2022



Johannes Bardach  
Chairman of the Supervisory Board of Frequentis AG