



Report of the Supervisory Board

The Frequentis Group celebrated its 75th anniversary in 2022. During this time, Frequentis grew from a tiny company in post-war Vienna into a medium-sized Austrian enterprise and ultimately into a successful global group of companies headed by the publicly listed company Frequentis AG.

Unfortunately, this happy event was overshadowed by the serious events on the global stage. First and foremost, the outbreak of war in Ukraine, which – in addition to unimaginable human suffering – resulted in energy price rises and, as a result, in above-average inflation rates in almost all countries. Moreover, the COVID-19 pandemic continued to have some impact in 2022.

Thanks to Frequentis' stable business model as a provider of communication and information systems for control centres in the safety-critical sector, revenues increased even in this particularly challenging environment and the Group therefore remained on its successful growth track, although business was affected by high inflation rates around the world.

Overall, Group revenues increased by 15.7% year-on-year to EUR 386 million. The Group's EBIT was EUR 25 million, giving an EBIT margin of 6.5%. With an equity ratio of 43.3% and net cash of EUR 91 million at year-end 2022, Frequentis still has a very solid financial base and is very well-prepared for further development.

Changes on the Executive Board and Supervisory Board

Following careful consideration, in the reporting period the Supervisory Board decided to extend the Executive Board by adding a new member with effect from 1 January 2023 and appointed Ms. Monika Haselbacher as Chief Operations Officer (COO) from this date. Ms. Haselbacher has taken over the COO agenda from Mr. Mattanovich, who remains Chief Technology Officer (CTO). I am particularly pleased that we have been able to fill the important post of COO with a highly qualified person from within the Frequentis Group. I am convinced that the four-member Executive Board positions Frequentis optimally for the future and will safeguard the continuity, ongoing development, innovative capability, and business success of the entire Group.

On the Supervisory Board there was one change in the composition of the employee representatives due to the retirement of Mr. Siegfried Meisel. Mr. Stefan Hackethal was appointed to replace him.

Work of the Supervisory Board and its committees

In 2022, 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 and one strategy meeting in 2022. At these meetings, the Supervisory Board received detailed reports from the Executive Board on the company's strategy, 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 all 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 consolidated 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 questions and necessary preparations for the appointment of Ms. Monika Haselbacher as an additional member of the Executive Board with effect from 1 January 2023. Further, the committee discussed the remuneration report to be prepared by the company and drafted a proposal for the Long-Term Incentive Plan 2022 (LTIP 2022) for the Chairman of the Executive Board. The remuneration report and the LTIP 2022 were subsequently adopted at the company's Annual General Meeting on 2 June 2022.

The special committee established in connection with the insolvency of Commerzialbank Mattersburg in 2022 held two meetings in 2022 and advised the Executive Board on the ongoing judicial proceedings to assert possible claims by the company on the bank and third parties.

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 2022

The annual financial statements of Frequentis AG and the consolidated financial statements as at 31 December 2022 submitted by the Executive Board, as well as the management report for the company and the Group for the 2022 financial year were audited by the appointed auditors, BDO Assurance 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 for 2022. This 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 consolidated corporate governance report, and the consolidated non-financial report in detail with auditors at its meeting on 29 March 2023 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 2022 were accepted by the Supervisory Board, so they are deemed to be approved pursuant to Section 96(4) of the Austrian Companies Act. The management report, the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), 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. A proposal will therefore be put to the Annual General Meeting on 1 June 2023 that a dividend of EUR 0.22 per share should be paid for the 2022 financial year.

On behalf of the entire 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 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 ongoing trust in these constantly challenging times.

Vienna, 29 March 2023



Johannes Bardach
Chairman of the Supervisory Board of Frequentis AG