



Report of the Supervisory Board

2023 was another year affected by numerous crises around the world that had global repercussions. In addition to the climate crisis, comparatively high inflation, especially in Europe and Austria, and the ongoing war in Ukraine, Hamas' attack on Israel in October 2023 led to the outbreak of a further armed conflict that could potentially have global implications.

In these turbulent times, the Frequentis business model has once again proven to be very stable and resilient, with undiminished demand for our communication and information systems for control centres with safety-critical tasks. That is shown by order intake, which rose 24.7% year-on-year to EUR 504.8 million on 31 December 2023, the highest level in the company's history.

Alongside the very gratifying rise in order intake, Group revenues increased by 10.8% compared with the previous year to EUR 427.5 million and Group EBIT was 6.6% higher at EUR 26.6 million. With an equity ratio of 41.9% and net cash of EUR 84.3 million at year-end 2023, Frequentis still has a very solid financial base for further development.

Changes on the Executive Board and (unchanged) composition of the Supervisory Board

Ms. Monika Haselbacher joined the Executive Board on 1 January 2023 as our new Chief Operations Officer (COO). She took over the previous COO agenda from Mr. Mattanovich, who has focused since then on his role as Chief Technology Officer (CTO). I am pleased to report that this addition has proven effective, and I am convinced that the broader allocation of Executive Board's tasks positions Frequentis optimally to continue its successful business operations and serve the needs of its customers with innovative products.

The members of the Supervisory Board were unchanged from the previous year.

Work of the Supervisory Board and its committees

In 2023, 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 meetings in 2023. 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 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, mainly to discuss aspects of Executive Board remuneration. Among other things, it addressed the statutory review of the compensation policy for the Executive Board and Supervisory Board, considered the company's remuneration report, evaluated the achievement of the targets agreed with the members of the Executive Board, and developed the Long-Term Incentive plan 2023 (LTIP 2023). The remuneration report and the LTIP 2023 were subsequently adopted at the company's Annual General Meeting on 1 June 2023. In addition, the Committee for Executive Board Issues took a general look at succession planning for the Executive Board.

The special committee established in connection with the insolvency of Commerzialbank Mattersburg in 2020 held one meeting in 2023 and advised the Executive Board on the ongoing judicial proceedings to assert possible claims by the company on the bank and third parties.

Except for one member, who was excused from attending one meeting of the Supervisory Board, all members took part in all Supervisory Board meetings in the reporting period. All committee members attended all committee meetings in the reporting period.

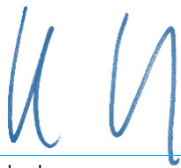
Financial statements of Frequentis AG and consolidated financial statements for 2023

The annual financial statements of Frequentis AG and the consolidated financial statements as at 31 December 2023 submitted by the Executive Board, as well as the management report for the company and the Group for the 2023 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 consolidated non-financial report for 2023. 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 the auditors at its meeting on 27 March 2024 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 2023 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 6 June 2024 that a dividend of EUR 0.24 per share should be paid for the 2023 financial year.

On behalf of the entire Supervisory Board, I would like to express my sincere 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 our customers and to the shareholders of Frequentis AG for their trust in us in these challenging times.

Vienna, 27 March 2024



Johannes Bardach
Chairman of the Supervisory Board of Frequentis AG