



FRONTIER
SMART TECHNOLOGIES



Annual General Meeting

A pioneer in technologies for Digital Radio and Smart Audio devices

9th May 2017

DAB & Smart Radio

Established as world's #1 provider of DAB Digital Radio technology - 80% market share

Smart Audio

Emerging digital audio sector - Frontier well-positioned to pioneer, following previous success

Pioneer:
Helped establish sector – clear market leader

Financial strength:
£22m FY2016 revenues and EBITDA positive

Robust cash flow:
Facilitating growth into new digital audio verticals



Able to address significant emerging opportunities in Smart Audio through:

Desired partner:
One of few companies working with ecosystems players e.g. Google

Long term relationships:
consumer audio brands and manufacturers

Leading skills:
Talented team of digital audio engineering experts



Example of customer product

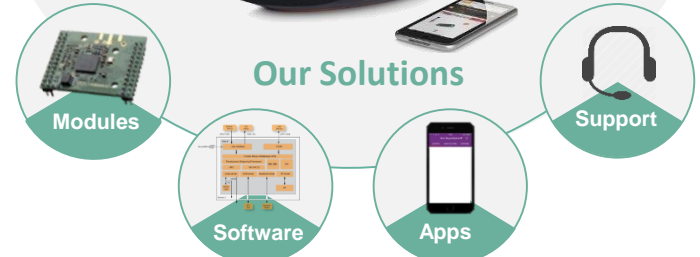


Example of customer product

Our Solutions

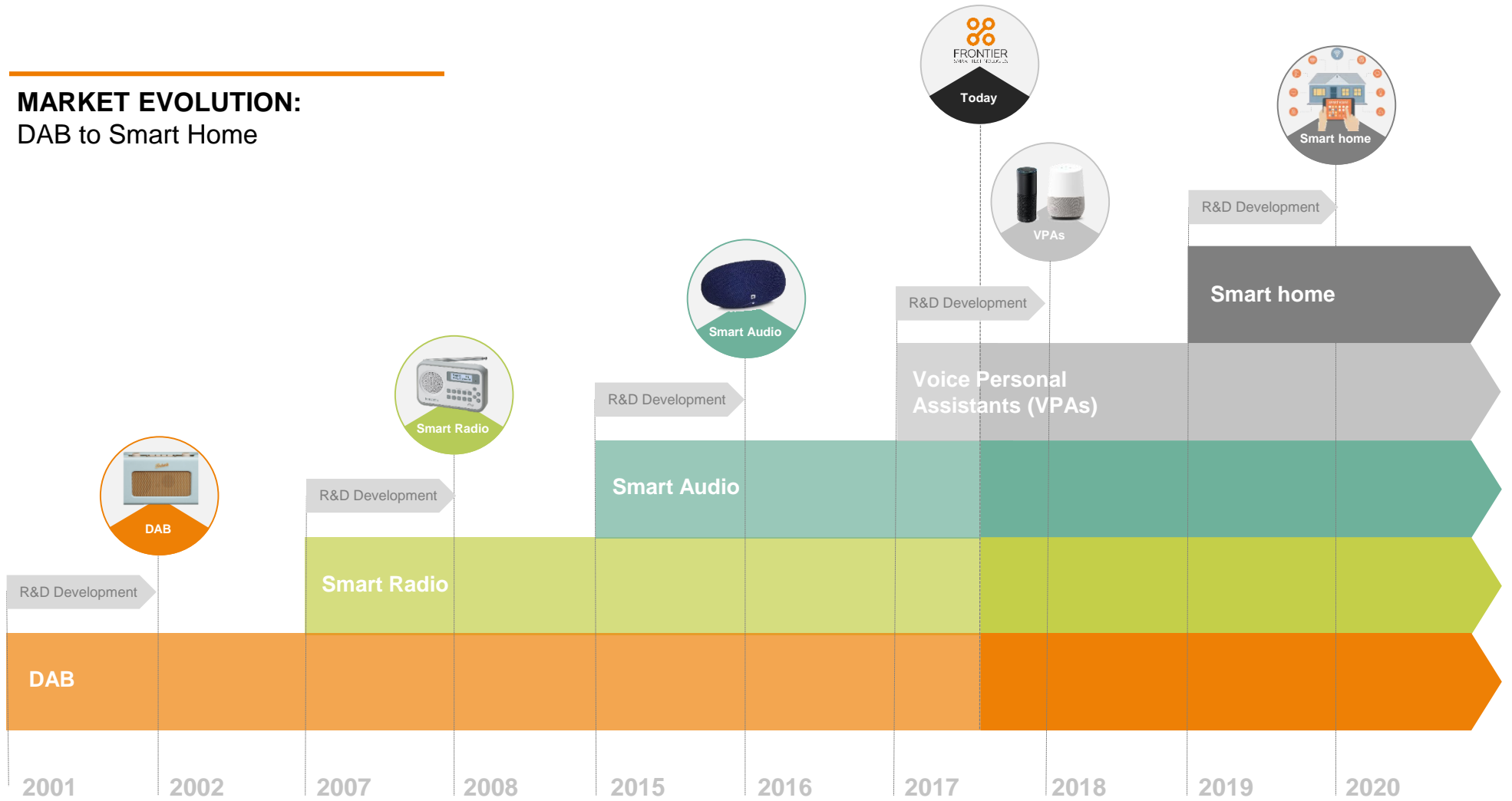


Our Solutions



Evolution of our markets

MARKET EVOLUTION: DAB to Smart Home



EBITDA positive for the first time

Financial highlights

- EBITDA turning positive at £0.7 million (FY 2015: loss¹ £0.8 million)
- Steady revenues of £32.1 million (FY 2015: £31.7 million)
- R&D expenditure reduced 11% to £6.6 million (FY 2015: £7.4 million)
- As of 31 Dec 2016, the Group's cash balance was £3.4 million

Corporate

- Group renamed Frontier Smart Technologies Group Limited (Nov 16) to reflect focus on consumer audio
- 40 for one share consolidation completed in November 2016

(1) EBITDA is earnings before interest, tax, depreciation, amortisation, and before non-recurring and certain non-cash items. 2015 EBITDA was adjusted in respect of an exceptional non-cash provision

Digital Radio: significant growth in profitability in 2016

80% share in DAB radio technology

TECHNOLOGY:

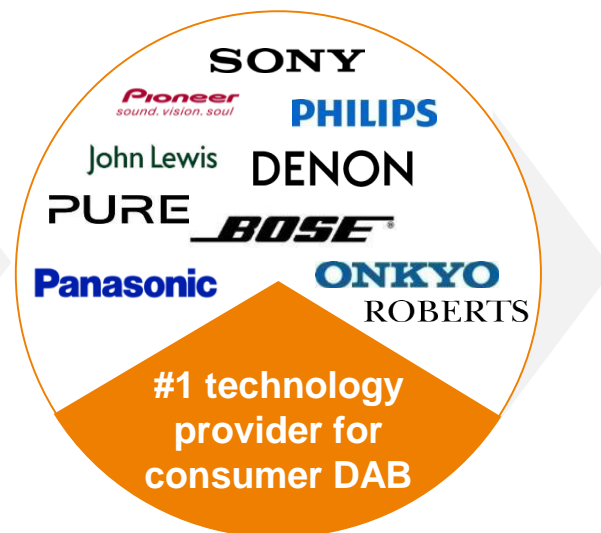
World class Kino 4 DAB chip and software

COMMERCIAL:

Hong Kong / Europe sales & support

OPERATIONS:

Best in class supply chain management



REVENUES:

Up 8% to £22.3 million (2015: £20.6 million)

R&D:

Major investment phase completed

EBITDA¹:

£8.7 million (2015: £2.7 million)

(1) pre-Group costs

Market leader in Smart Radio technology

Market volumes: ~1 million units a year

Frontier has leadership position with its Venice 6.5 module

- Broadcast radio
- Streaming functionality via Wi-Fi
 - Internet radio
 - Spotify Connect, Deezer, Napster, Tidal

Major customers: MediaMarkt, Lidl, Aldi, Roberts, John Lewis, Ruark, Revo, Hama, TechniSat



FY 2016 revenues: £9.3 million

FY 2016 EBITDA: £1.0 million¹

Expect broadly to maintain performance in medium term

Design wins with major customers, especially in Germany

Introduction of low cost / lower spec solution later this year

(1) pre-Group costs

The market for Virtual Personal Assistant (VPA)-enabled wireless speakers forecast to reach:

\$360 million 2015 **\$2.1 billion** 2020

Source: Gartner, February 2017



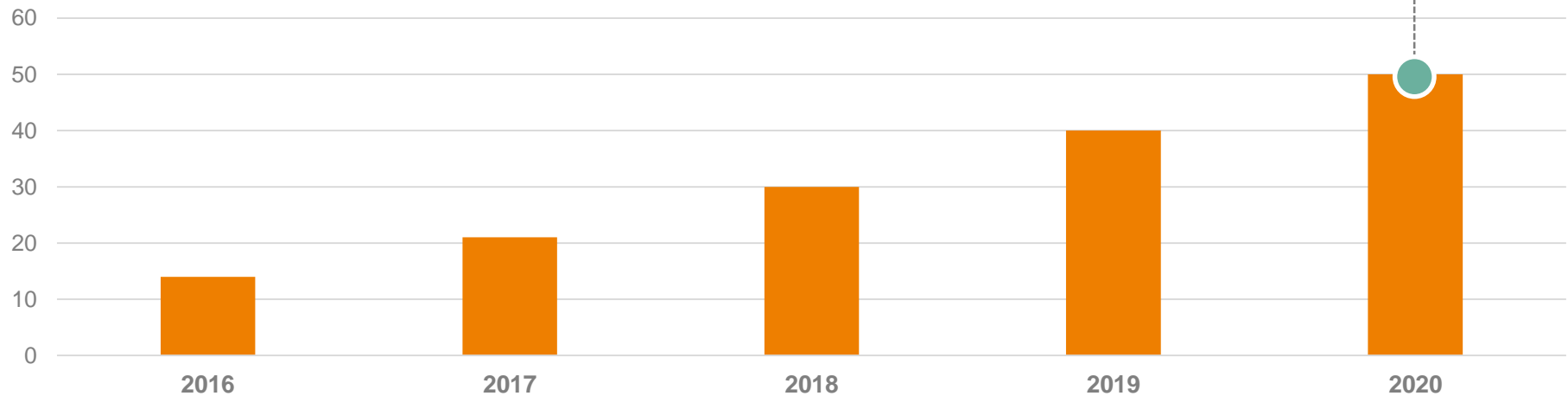
Smart Audio volumes set to grow from 14 million to 50 million units by 2020

Smart speaker shipments, millions

Smart Audio developing rapidly, driven by

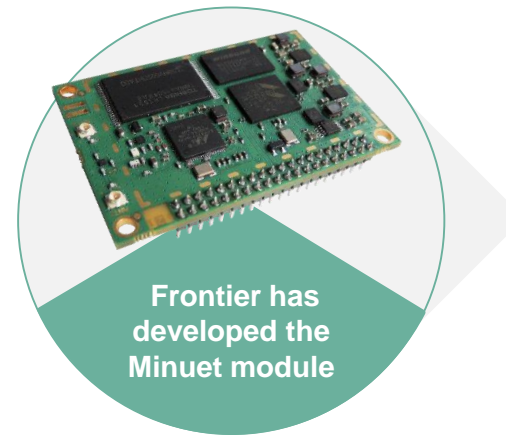
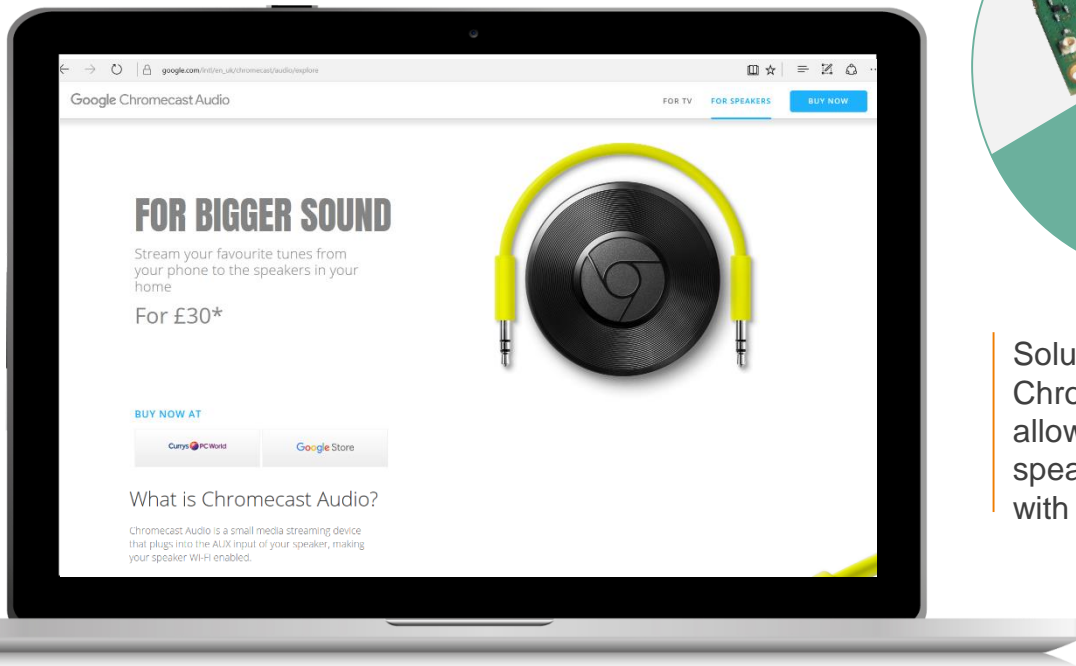
- ecosystem players, such as Google with its Chromecast streaming platform
- the introduction of voice personal assistants (VPAs), e.g. Amazon Echo and Google Home

By 2020, 80% of Smart Audio devices expected to be voice-enabled



Source: Strategy Analytics

Frontier: one of a few companies working with Google to integrate their Chromecast platform



Frontier has developed the Minuet module

Solution incorporates Chromecast technology to allow 3rd party smart speakers to be compatible with the Smart Home



3rd party smart speaker brand, JBL Playlist, uses Minuet

First design win (JBL Playlist) - announced Sept 16 with Harman, the world's largest speaker company

Followed by Zound (Urbanears), Brookstone, Jensen, SOLIS and Altec Lansing

H1 revenues significantly ahead of 2016

Board expects full year EBITDA¹ profit materially ahead of expectations²

Digital Radio and Smart Radio performing well

- Growth in continental Europe, boosted by switch-off of analogue radio in Norway
- Uplift from introduction of EU RED Directive (Jul 17)
- Margins for both business lines ahead of plan

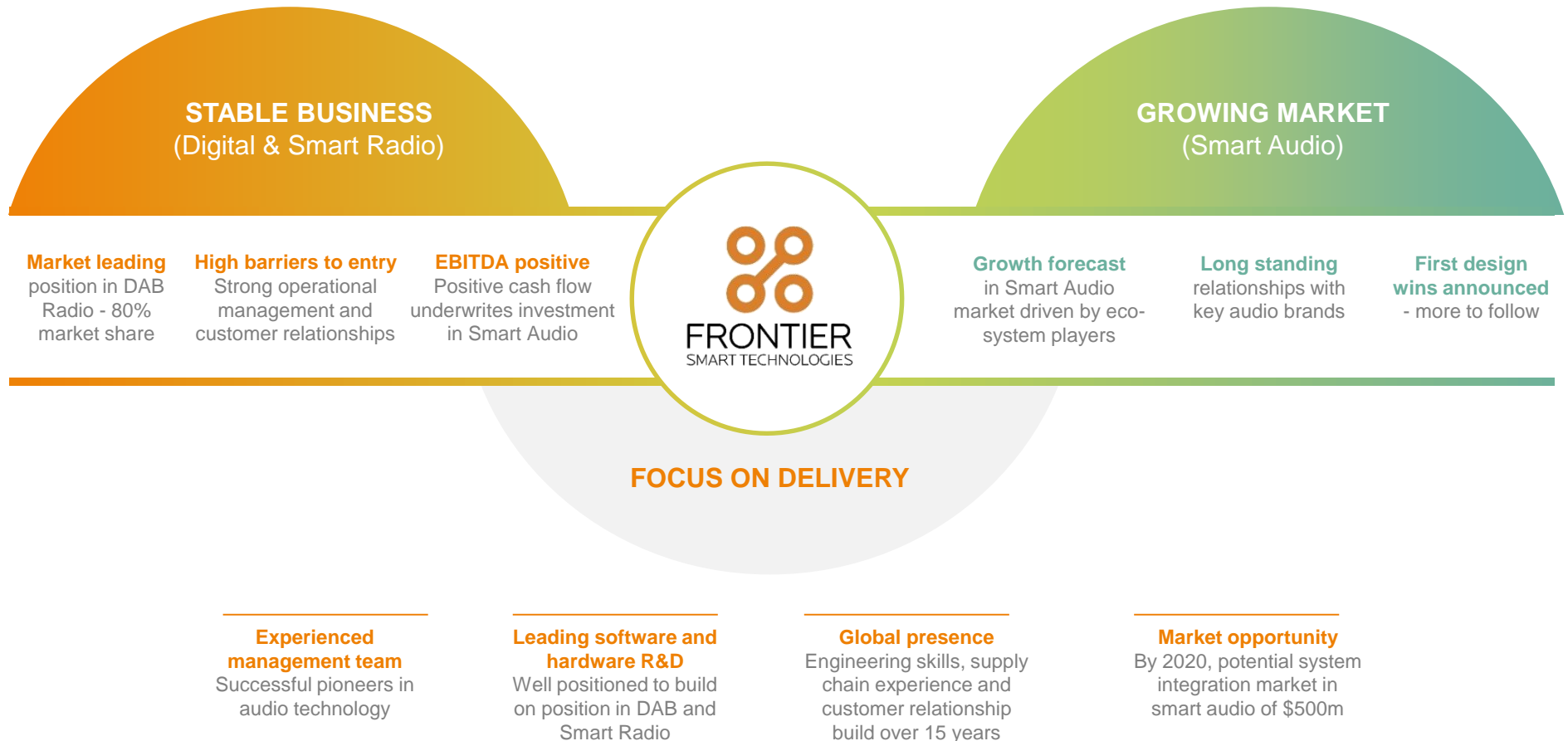
Smart Audio

- Several design wins for speakers using Google's Chromecast built-in technology
- Trading broadly in line with expectations, but it will be early in the second half before full year performance of this business line will be known

(1) EBITDA means earnings before interest, tax, depreciation and amortisation and non-cash share based payments

(2) Current market expectations for the year ending 31 December 2017 for the Group's EBITDA was approx. £1.0 million prior to this statement

Summary





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