

Annual General Meeting

Anthony Sethill, CEO

17 May, 2016

Group: 2015 financials and Healthcare review

2015 Financials

- Revenues up 22% to £32m – driven by Digital Audio
- Adjusted EBITDA loss of £7.8m - down from £9.8m in 2014
 - losses by division: Frontier £0.1m; Healthcare £7.0m; Group £0.6m*
- Cash: £7.7m at year-end
- Expect to achieve cashflow break-even in mid-2016

Review of Healthcare

- Moving towards resolution
- Announcement expected mid-2016

* Figures do not sum to £7.8m due to rounding

Digital radio

- 2015 revenues up 15% to £20.7m
- Market growing steadily
 - Norway firmly on way to being first country to have Digital Switchover (2017)
 - Germany and Netherlands key drivers of growth
 - in Brussels last week Germany, UK, Netherlands and France called for European co-operation to accelerate roll-out of DAB
- Frontier maintains market leadership position
 - introduction of Kino 4 (4th generation silicon) going well
 - incremental product developments to address specific applications
- Cash generative business

Smart audio

- 2015 revenues up 48% to £11.1m
- Business line renamed to reflect emerging market usage - similar to “smart TV”
- Market growing strongly – as Wi-Fi enabled devices become the norm (home speakers, soundbars and portable speakers)
- Frontier’s Google Cast solution comes to market in mid-2016
 - already have several design wins - some first time US customers
 - potential to deliver step change in revenues from 2017, subject to delivery against development schedules and subsequent market adoption of Google Cast
- Plan to use smart audio applications as gateway to broader smart home

Healthcare

- UK trials progressing steadily
 - feedback to date encouraging - still some way from publishing results
 - further trials starting Q2 16
- Small US sales and marketing team now established
 - experienced Chief Commercial Officer based in new Healthcare office in Boston
 - two trials in pipeline, initial focus on Emergency Departments - aim to help avoid new healthcare penalties
- Product development / R&D
 - recently released update of SensiumVitals – minor enhancements (informed by current trials)
 - development of second generation silicon under way – extra functionality and potential to address home healthcare market

Summary

- Outcome of Healthcare review will determine future shape of the Group
- Healthcare
 - opportunity exists for wireless vital signs monitoring – especially in US with recent introduction of new healthcare penalties
 - however required investment is significant and long term outcome is uncertain
- Prospects for Digital Audio are clearer
 - digital radio is well positioned; not a high growth business, but with Frontier's strong market leadership, expected to be cash generative for foreseeable future
 - smart audio offers exciting growth potential; Google relationship provides immediate opportunity which has already delivered several design wins
 - medium term, we expect to use smart audio as gateway to smart home

Thank You