Group Management Report as at 31 December 2024

Economic environment

Compared to other sectors of the economy, the areas in which the Frequentis Group operates (information and communication systems for civil and military air traffic control, emergency services, rail and water transport) have relatively low cyclical exposure. Frequentis' business performance would be adversely affected by a significant global decline in one of these five areas. Frequentis cannot completely avoid general economic developments. However, it supplies safety-critical infrastructure, which cannot be dispensed with and has to be upheld and maintained even in periods of crisis.

The International Monetary Fund (IMF) published its World Economic Outlook Update in January 2025[1]. Global growth was 3.2% in 2024 and is projected to be at around the same level at 3.3% in 2025. The forecast for 2025 is below the historical average (2000-2019) of 3.7%.

Policy-generated disruptions to the ongoing disinflation process could interrupt the pivot to easing monetary policy, with implications for fiscal sustainability and financial stability. Managing these risks requires a keen policy focus on balancing trade-offs between inflation and real activity, rebuilding buffers, and lifting medium-term growth prospects through stepped-up structural reforms as well as stronger multilateral rules and cooperation.

The IMF projects that the US economy will grow by 2.7% in 2025 and that the economy in the euro zone will grow by 1.0%. For the major economies in the euro zone it predicts differing growth rates in 2025, led by Spain (2.3%), ahead of France (0.8%), Italy (0.7%), and Germany (0.3%). The forecast for the UK is 1.6% growth in 2025.

For the emerging and developing economies in Asia, the projection is 5.1% growth in 2025. The IMF assumes growth of 2.5% for Latin America and 3.6% for the Middle East and Central Asia in 2025.

[1] https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025

Business performance

Thanks to the high level of orders on hand at the end of 2023 and strong order intake, the Frequentis Group grew revenues by 12.4% in 2024. It therefore posted double-digit growth for the fourth consecutive year. Due to Frequentis' stable business model as a provider of communication and information solutions for control centres in the safety-critical sector, demand remains high. Order intake rose by 15.7% and orders on hand increased by 21.8%, with both indicators posting double-digit growth for the third successive year.

Significant events in 2024

Acquisition for workflow management systems

On 1 July 2024, Frequentis acquired the Austrian software company Groiss Informatics GmbH, which has its registered office in Klagenfurt, Austria. The acquisition of this company, which has eight employees, extends Frequentis' competence in workflow management systems and workflow automation. Customers can therefore be offered more extensive workflow management solutions for various control centre applications. Groiss Informatics GmbH was merged into Frequentis AG on 6 November 2024.

Karl Wannenmacher appointed new Chief Technology Officer

Karl Wannenmacher became Frequentis' new CTO on 1 July 2024 and the former CTO Hermann Mattanovich, who had been with the company for 30 years, took on an advisory role. Before his appointment as CTO, Karl Wannenmacher was in charge of the development of the 3020 LifeX software-centred public safety system. He has 25 years' experience in software development and has worked for Frequentis since 2005.

Impact of the geopolitical situation

In addition to the war in Ukraine, which has been going on since February 2022 and is now in its fourth year, Hamas' attack on Israel in October 2023 led to the outbreak of a further war with potentially global consequences. Moreover, there are longer-term crises such as the climate crisis and the recurrent distortion and price volatility on the energy market.

It is therefore possible to talk about a polycrisis, where individual crises have a compound effect. At the same time, Europe, in particular, is stepping up investment in military infrastructure and public safety.

These crises affect Frequentis' internal and external stakeholders in many different ways. No revenues were generated with the Russian Federation, Belarus or in the Palestinian territories in either 2024 or 2023. Since 2022, the wars have had an indirect effect through higher prices, especially for electricity, gas, and fuels.

Consequently, prices of other everyday products increased. Inflation therefore rose sharply almost everywhere in the world and was well above the average for previous years in both 2022 and 2023. This resulted in the need to adjust prices for existing and new customer projects. However, inflation dropped perceptibly in 2024.

The inflation-related annual salary adjustments based on individual and collective salary agreements were reflected in the Frequentis Group's personnel expenses in both 2022 and 2023. Correspondingly high salary rises were also registered in 2024, reflecting the above-average inflation in 2023. In view of the declining inflation rate in 2024, salary rises in 2025 are expected to be lower than in 2024.

The recurrent supply chain bottlenecks caused by various factors in previous years (e.g. attacks on trade routes) and the at times sharp price hikes and delivery delays resulting from this were almost non-existent in 2024.

Order intake

Order intake in the Frequentis Group was EUR 583.8 million in 2024, an increase of 15.7% (EUR 79.0 million) compared with 2023, when order intake was EUR 504.8 million.

The distribution of order intake between the two segments in 2024 was as follows: Air Traffic Management 68% (EUR 397.8 million) compared with 68% in 2023 (EUR 345.4 million), Public Safety & Transport 32% (EUR 186.0 million), compared with 32% in 2023 (EUR 159.3 million).

Highlights of order intake in the Air Traffic Management segment

In civil air traffic control, the Federal Aviation Administration (FAA) in the USA has awarded Frequentis a nationwide contract to implement the air-to-ground protocol control system (APCS) for the US National Airspace System, which supports over one billion passengers a year. The APCS will replace the existing radio control equipment units. Migrating from the current analogue and time division multiplexing communication protocols to digital internet protocol (IP) communication has many benefits including enhanced communication, increased efficiency, and added security.

The Spanish air navigation service provider (ANSP) ENAIRE has extended its contingency communication and maintenance project with Frequentis for up to 12 years. The latest contract expansion includes operational maintenance to extend the life cycle of the systems and extension of a voice communication backup system for all major Spanish air traffic control centres.

At Luxembourg airport, the Frequentis X10 voice communication system (VCS) is to modernise the tower and approach infrastructure for air/ground and ground/ground communications. The X10 VCS provides a market-leading approach to cybersecurity and the most intuitive human-machine interface for air traffic controllers.

In Ireland, Frequentis has secured a contract to deliver a state-of-the-art contingency air traffic management system to AirNav Ireland. This system uses technology that is distinct from the primary system to ensure enhanced reliability and performance.

Frequentis is modernising the voice communication and recording systems at the Budapest Area Control Centre in Hungary and the tower at Budapest Airport. The new system improves fail-safety and integrates existing and new technologies.

Frequentis has been selected by Avinor AS, the state-owned operator of Norway's airports and air navigation services, to modernise air traffic management at Oslo Airport and up to 14 regional airports. For this, it is supplying its advanced automated tower solution.

In the area of military air traffic management, Frequentis has been awarded the order to renew the German armed forces' military radar network. This comprises a nationwide network of sensors at 22 locations. MilRADNET uses proven and innovative technologies from Frequentis for the exchange and distribution of flight surveillance data. The network makes a significant contribution to the safety of German and pan-European airspace.

Highlights of order intake in the Public Safety & Transport segment

The Public Safety business domain made further progress with the expansion of its portfolio using the products of the Italian company Regola, which was acquired in 2022, and registered initial successes in Germany and the UK. New orders supported and drove forward the strategic market expansion in Australia, South-East Asia, the Middle East, and North America.

Frequentis is introducing its LifeX 3020 solution in Malaysia as a replacement for the existing MERS999 emergency call system to improve emergency response times. The project comprises the installation of 350 workstations at 3 large emergency response centres and supports the nationwide emergency services. This is the first deployment of its kind in South-East Asia and supports public safety in Malaysia.

In the UK, Frequentis is working with IBM as an ecosystem partner to deliver a new mobile communication network for the emergency services. This MCX services network for voice, video, and data communications improves the efficiency and security of emergency services (MCX / mission-critical services). More than 300,000 personnel will benefit from faster access to key data.

In the Public Transport business domain, orders were acquired from European railways for the modernisation of platform systems to prepare for the FRMCS standard (Future Railway Mobile Communication System). In addition, initial orders were received for MissionX, the FRMCS / MCX product portfolio.

Frequentis is delivering a new nationwide communication system to the Swiss railways to replace the existing infrastructure and improve coordination across the entire railway network. The platform is based on the FRMCS target architecture and will support operation of the Swiss railways in the coming decades. This collaboration underscores the almost 20-year partnership between Frequentis and the Swiss railways.

ÖBB-Infrastruktur AG is testing Frequentis' MCX system in the Austrian rail network as part of a trial to prepare for the transition to the future 5G MCX-based communication landscape. For the Schneebergbahn tourist train in Lower Austria, Frequentis is implementing a powerful system for mission-critical services (MCX), allowing operational communications via the 4G mobile network.

The Maritime business domain acquired new orders from Canada, the USA, Spain, Singapore, and, for the first time, New Zealand. The New Zealand coastguard covers 11% of the world's oceans, an area twice the size of Europe. In all, Frequentis systems will be used for more than one-third of the world's oceans. Follow-on orders were received from Greenland and the Netherlands.

Orders on hand

Orders on hand totalled EUR 724.0 million as at 31 December 2024, an increase of 21.8% (EUR 129.4 million) compared with end-December 2023 (EUR 594.7 million). The Air Traffic Management segment accounted for around 64% of total orders on hand (December 2023: 63%) and the Public Safety & Transport segment for 36% (December 2023: 37%).

Revenues and operating performance

In 2024, revenues increased by 12.4% (EUR 52.8 million) to EUR 480.3 million (2023: EUR 427.5 million). In terms of size, the acquisition of Groiss Informatics GmbH was insignificant. This company was merged into Frequentis AG in the fourth quarter of 2024. The revenue growth is therefore deemed to be organic.

The Air Traffic Management segment grew revenues by 15.3% to EUR 338.2 million. In the Public Safety & Transport segment, revenues were 6.1% higher at EUR 142.0 million. The revenue split between the Air Traffic Management and Public Safety & Transport segments was 70% : 30% in 2024 (2023: 69% : 31%).

The breakdown of revenues by region in 2024 was as follows:

- Europe 62% (2023: 66%)
- Americas 18% (2023: 16%)
- Asia 12% (2023: 11%)
- Australia / Pacific 6% (2023: 6%)
- Africa 1% (2023: 1%)
- <1% (2023: <1%) of revenues were not allocated to a region.

The change in inventories of finished goods and work in progress was EUR 2.8 million in 2024 (2023: EUR -0.5 million). The year-on-year increase in 2024 was due to more manufacturing orders in progress.

Own work capitalised declined to EUR 1.6 million (2023: EUR 4.1 million) as most of the voice communication systems produced for leasing were developed in previous years.

Other operating income increased to EUR 11.5 million (2023: EUR 8.1 million), mainly due to higher income from grants and subsidies. The biggest single items in other operating income are grants and subsidies for research and development costs and income from research subsidies.

The operating performance increased by 13.0% to EUR 496.3 million in 2024 (2023: EUR 439.2 million).

Earnings

The cost of materials and purchased services increased by 8.0% to EUR 113.1 million (2023: EUR 104.7 million), which was less than the rise in revenues. Personnel expenses rose 14.2% to EUR 260.3 million (2023: EUR 227.9 million), which was above the rise in revenues. This resulted principally from an increase in headcount and salary rises, which were attributable to the above-average inflation in 2023.

The other operating expenses increased by 10.1% to EUR 68.7 million (2023: EUR 62.4 million), driven mainly by the change in project-related provisions and higher travel expenses. By contrast, energy costs and exchange rate differences decreased. Travel expenses rose by EUR 1.3 million year-on-year to EUR 14.0 million, which was 2.9% of revenues in 2024 (2023: 3.0%). Frequentis strives to keep travel expenses at around 3-4% of revenues.

EBITDA (earnings before interest, taxes, depreciation, amortisation, and impairment losses) increased to EUR 54.1 million in 2024 (2023: EUR 44.2 million). The EBITDA margin (relative to revenues) was 11.3% in 2024, compared with 10.3% in 2023.

Depreciation and amortisation increased to EUR 19.4 million (2023: EUR 17.5 million). Impairment losses of EUR 2.6 million were registered in 2024 due to an impairment in the Business Recording unit (2023: no impairment losses).

As a result of all the changes outlined above, EBIT increased by 20.5% to EUR 32.1 million in 2024 (2023: EUR 26.6 million). The EBIT margin (relative to revenues) was 6.7%, compared with 6.2% in 2023.

Financial income was EUR 0.9 million in 2024 and thus at the same level as in 2023 (EUR 0.9 million). Financial expenses (which also include interest on leases in accordance with IFRS 16) increased to EUR 1.6 million (2023: EUR 1.4 million). The income of EUR 1.0 million (2023: EUR 0.0 million) reported in the line item reversal of impairment loss on financial assets relates to the recourse claims for time deposits and deposits due on demand at Commerzialbank Mattersburg, which had been recognised in the past as fully impaired.

Profit before tax was EUR 32.8 million in 2024 (2023: EUR 26.4 million). Income tax expense was EUR 9.3 million (2023: EUR 6.4 million), giving a tax rate of 28.3% (2023: 24.4%). The higher tax expense in 2024 was mainly due to the impairment of goodwill and higher tax losses, for which no deferred taxes were recognised. A tax rate of around 25% is expected for 2025.

The profit for the period increased to EUR 23.5 million in 2024 (2023: EUR 20.0 million). Basic earnings per share were EUR 1.66 in 2024 (2023: EUR 1.39) and diluted earnings per share were EUR 1.65 (2023: EUR 1.38).

Employees

The number of employees increased by 9.2% to an average of 2,422 full-time equivalents (FTEs) in 2024 (2,217 FTEs in 2023; based in both cases on employees with contracts for an indefinite period). Around 1,150 FTEs, which was about half of the total, were employed in Austria.

Asset and capital structure

Total assets increased by 6.4% to EUR 394.8 million as at end-December 2024 (end-December 2023: EUR 371.1 million). This was partly attributable to an increase in property, plant and equipment, and contract assets. The equity ratio was 44.3% (end-December 2023: 41.9%). Equity increased by EUR 19.2 million to EUR 174.8 million (end-December 2023: EUR 155.6 million).

The net cash position (cash and cash equivalents and time deposits less liabilities to banks and other financial liabilities) was EUR 81.8 million as at end-December 2024, which was below the net cash position of EUR 84.3 million recorded at the end of December 2023.

Non-current assets amounted to EUR 103.5 million at the end of December 2024 (end-December 2023: EUR 94.0 million). The three largest items here were property, plant and equipment, which totalled EUR 70.3 million (end-December 2023: EUR 55.9 million), intangible assets, which amounted to EUR 15.4 million (end-December 2023: EUR 17.5 million), and goodwill, which was EUR 8.6 million (end-December 2023: EUR 11.4 million). The increase in property, plant and equipment was principally due to the extension of the term of the rental contract for the headquarters of the Frequentis Group in Vienna, Austria.

Current assets totalled EUR 291.3 million at the end of December 2024 (end-December 2023: EUR 277.1 million). The most important item here is cash and cash equivalents, including time deposits, which amounted to EUR 82.0 million (end-December 2023: EUR 84.7 million), followed by trade accounts receivable totalling EUR 80.1 million (end-December 2023: EUR 81.0 million), contract assets, which amounted to EUR 70.9 million (end-December 2023: EUR 61.3 million), and inventories, which totalled EUR 32.9 million (end-December 2023: EUR 26.6 million). The main reason for the rise in inventories was an increase in raw materials, supplies, and work in progress, especially assemblies which were still being processed on the reporting date.

At end-December 2024, around 60% of total cash and cash equivalents and time deposits were deposited with ten system-relevant major banks in Austria and Germany. Around 40% was deposited with approximately 25 other banks in Europe, Australia, Asia, and the Americas.

On the liabilities side, the main item was equity of EUR 174.8 million as at end-December 2024 (end-December 2023: EUR 155.6 million). The second largest item comprised current liabilities, which amounted to EUR 132.6 million as at end-December 2024 (end-December 2023: EUR 142.4 million). Contract liabilities accounted for EUR 57.6 million of this amount (end-December 2023: EUR 72.1 million). The reduction in contract liabilities was mainly attributable to lower advance payments by customers.

Non-current liabilities (third-largest item on the liabilities side) totalled EUR 87.4 million (end-December 2023: EUR 73.0 million). The biggest component of this was non-current lease liabilities, which totalled EUR 41.3 million (end-December 2023: EUR 29.2 million). The rise in long-term lease liabilities was mainly attributable to the extension of the rental contract for the headquarters of the Frequentis Group in Vienna, Austria.

Cash flow

The cash flow from operations increased to EUR 60.6 million in 2024 (2023: EUR 46.8 million).

The cash flow from operating activities decreased to EUR 22.1 million in 2024 (2023: EUR 25.7 million). This was attributable to the positive development of the cash flow from operations and the change in net working capital, especially the change in contract liabilities and other liabilities.

The cash outflow for investing activities was EUR 15.6 million in 2024, compared with an outflow of EUR 18.8 million in 2023. This also includes the cash outflows for the acquisition of the Austrian company Groiss Informatics GmbH. Capital expenditure (cash outflows for the purchase of intangible assets, property, plant and equipment) were EUR 10.1 million, which was lower than in 2023 (EUR 11.7 million). The cash outflows in 2022 and 2023 were influenced by own work capitalised, mainly in connection with voice communication systems produced in these two years.

The free cash flow (cash flow from operating activities plus cash flow from investing activities) was EUR 6.5 million (2023: EUR 6.8 million).

The cash outflow for financing activities was EUR 13.9 million in 2024 (2023: cash outflow of EUR 13.4 million). This amount includes cash outflows of EUR 1.4 million for the acquisition of non-controlling interests in Systems Interface Limited, UK.

The total cash outflow in 2024 was EUR 7.4 million (2023: outflow of EUR 6.6 million). Cash and cash equivalents, excluding time deposits, amounted to EUR 67.0 million as at end-December 2024 (end-December 2023: EUR 74.2 million).

Business relations with related parties

For details see ↗ Consolidated financial statements as at 31 December 2024, *Note 37*.

Segment performance

Air Traffic Management / ATM

The Air Traffic Management (ATM) segment comprises the ATM Civil business domain (which includes AIM / Aeronautical Information Management) and the ATM Defence business domain. This segment focuses on civil and military air traffic control organisations and therefore generally on one to two customers per country. It is estimated that the market entry barriers are relatively high.

The business domains have similar products. In the Defence business domain, there is also demand for additional encryption solutions. The safety and quality management requirements are the same: the international regulations for standardisation of air traffic issued by the International Civil Aviation Organization (ICAO) apply. Moreover, the infrastructure to be installed for customers (radar, radio transmission, networks) is comparable.

Frequentis' ATM portfolio for the defence sector comprises communication and information systems for air defence and military air traffic control, systems for networked operational management and tactical networks, management and information systems, including systems for integrated use by different authorities, and encrypted, interoperable communication systems for mission-critical applications.

Revenues in the Air Traffic Management segment increased by 15.3% to EUR 338.2 million in 2024 (2023: EUR 293.3 million). EBIT was EUR 18.0 million (2023: EUR 10.1 million) and the EBIT margin (relative to revenues) was 5.3%, compared with 3.4% in 2023.

Highlights from the operating business

In the ATM Civil business domain, the Frequentis Arrival Manager (AMAN) has transformed approach flights within the Milan Area Control Centre, which is responsible for the airspace over north-west Italy. This has resulted in fuel savings and thus reduced emissions at Milan Malpensa, Milan Linate, and Bergamo Orio al Serio airports.

The Lithuanian air navigation service provider has extended its Frequentis drone management system (uncrewed traffic management – UTM) with a digital, automated risk assessment tool to speed up classification of the risk posed by drone flights. The tool will also be used to identify and define risk mitigation measures in the future.

In the application of artificial intelligence (AI), Frequentis is working on the development of audio enhancement suitable for the aviation industry. The use of the AI-based software module will considerably reduce the strain on air traffic controllers resulting from exposure to noise in communication systems. The AI module is trained to suppress noise and works both online and offline, i.e., without an internet connection.

In the ATM Defence business domain, the C4i VOICE C2 (Command and Control) solution has been certified to operate on the US Department of Defense networks. The cybersecurity and interoperability tests were completed successfully. Frequentis has also carried out successful trials with its fixed and deployable digital tower solutions for the US Department of Defense at three Air Force and Naval Air Bases. The trials took place during real-time operation in a first-of-its-kind programme in Florida, Georgia, and Texas.

Public Safety & Transport / PST

The Public Safety & Transport segment comprises the Public Safety, Public Transport, and Maritime business domains. Its customers are public authorities or related organisations with monitoring and control functions.

The Public Safety business domain's customers are the police, fire, and rescue services. Police organisations also require additional encryption solutions. Alongside conventional rail operators, the Public Transport business domain's customers include local public transport providers. The Maritime business domain focuses on coastguards and port authorities.

The business domains have similar products and the infrastructure to be installed for customers (phones, radio transmission, networks) is comparable. Despite several international standardisation efforts, different national and regional requirements and regulations still apply.

Revenues in the Public Safety & Transport segment increased by 6.1% to EUR 142.0 million in 2024 (2023: EUR 133.8 million). EBIT dropped to EUR 14.2 million (2023: EUR 16.7 million). The EBIT margin was 10.0%, compared with 12.4% in 2023.

Highlights from the operating business

In the Public Safety business domain, Tait Communications and Frequentis have formed a strategic partnership to introduce the innovative LifeX multimedia communication solution to North America. Under this exclusive agreement, Frequentis will provide Tait Communications with access to LifeX software, designed to seamlessly integrate various analogue and digital radio systems, while also accommodating future capabilities such as mission-critical data (MCX), 911, and next-generation 911 (NG911). In this way, Tait Communications is expanding its end-to-end radio communication portfolio in the USA by adding Frequentis software.

Important milestones have been achieved in the major project with the French railways, SNCF Réseau, which will enable the use of 4G infrastructure for rail operations thanks to the patented Bearer Independent Railway Communication Architecture. To expedite and improve coordination within the project, an office has been opened close to SNCF Réseau in Paris.

The Maritime business domain successfully completed projects in Germany, the Netherlands (coastguard), Norway, and Singapore.

Research & development

The greatest challenges for customers operating safety-critical services are currently rising cost pressure and continual changes in the operating environment. Users need more flexible systems and software solutions to ensure they continue to meet the demanding safety requirements and can adapt operating resources and operational locations easily to meet current needs. Therefore, flexible means of communication and integrated control room solutions are required. The migration of data and voice communication to joint IP networks creates the technical preconditions for greater flexibility, which is needed, for example, for remote tasks. At the same time, cybersecurity is becoming more and more important as a result of increased networking.

As a recognised innovation leader in the markets it addresses, Frequentis responds to this by providing IP-based systems. In the next phase, the networks will become the centre of communication solutions. Traditional voice communication systems are being extended by networked voice and data communication systems. Close interaction with customers, with most of whom Frequentis has worked in partnership for many years or even decades, allows early identification and a timely response to technological developments.

Innovations are an important element in Frequentis' corporate strategy. All related activities are managed by New Business Development. The present focus is on the ongoing development of the digital (remote) tower technology, drone management, and the use of 5G/LTE for safety-critical applications. Another focal area is the development and commercialisation of new business models such as software as a service (SaaS) and cloud solutions.

Intense examination of the possibilities for the broad spectrum of artificial intelligence (AI) in safety-critical applications is already influencing the product landscape. The focus is on natural language processing, computer vision, and decision intelligence. The use of AI as a support tool, for example to filter out noise in radio communications, identify different speakers, and transcribe communications, is now reality. To enhance recognition of objects in the Remote Digital Tower, AI is used to exclude potential sources of error such as birds and clouds. For further information on AI, visit www.frequentis.com/en/innovation > Artificial Intelligence.

Through its involvement in national and EU-funded innovation projects, including leadership roles, Frequentis is setting future standards for safety-critical operations. Wherever possible, Frequentis' innovations are patent-protected.

Expenses for in-house research and development work (i.e. work not ordered by customers) amounted to EUR 30.1 million in 2024 (2023: EUR 25.2 million). That was 6.3% of revenues in 2024 (2023: 5.9% of revenues).

Consolidated corporate governance report

The consolidated corporate governance report is available at www.frequentis.com/en/ir > Corporate Governance.

Consolidated non-financial statement 2024

ESRS 2: General disclosures

General basis for preparation of the consolidated non-financial statement
// ESRS 2 BP-1

In keeping with its mission "for a safer world", the Frequentis Group is committed to sustainability in its basic philosophy and business activities. This consolidated non-financial statement provides an overview of the Group-wide sustainability initiatives and activities in 2024.

This consolidated non-financial statement covers Frequentis AG, registered address Innovationstrasse 1, 1100 Vienna, Austria, and its consolidated subsidiaries (subsequently referred to as Frequentis, the Frequentis Group, or the Group).

The consolidated non-financial statement was prepared in accordance with the provisions of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and Sections 243b and 267a of the Austrian Commercial Code (UGB), the European Sustainability Reporting Standards (ESRS), and Article 8 of the EU Taxonomy Regulation (EU) 2020/852).

Consolidated group

For this consolidated non-financial statement, the same consolidated reporting entities are applied as in financial reporting (↗ Consolidated financial statements / *Consolidated group*). Besides Frequentis AG, which is the parent company, the consolidated group comprises 6 (2023: 6) domestic subsidiaries and 31 (2023: 31) foreign subsidiaries controlled by Frequentis AG. The financial and non-financial statements of subsidiaries are included in the consolidated financial and non-financial statement from the date on which control commences until the date when control ends. The reporting date for all consolidated companies is 31 December.

If disclosures only apply for individual or selected Group companies, this is explicitly stated.

For disclosures on the value chain, see ↗ ESRS 2 – General disclosures / *Value chain*.

Use was not made of the option to omit certain information corresponding to intellectual property, know-how or the results of innovation, or of the exemption from disclosure of impending developments or matters in the course of negotiation.

Rounding may result in minor discrepancies in totals in this consolidated non-financial statement as a result of the use of automatic data processing.

Disclosures in relation to specific circumstances
// ESRS 2 BP-2

Time horizons

The time horizons used in the consolidated non-financial statement differ from the definition in ESRS 1 because they are aligned with Frequentis' Group-wide risk management. The time horizons are defined as follows:

- Short-term time horizon: up to 1 year
- Medium-term time horizon: more than 1 and up to 4 years
- Long-term time horizon: more than 4 and up to 10 years

Value chain estimation

Not all value chain information required to calculate certain metrics was available. The following table shows the metrics for the upstream and downstream value chain that have been estimated using indirect sources. Details of the accuracy of the metrics, the calculation methods, assumptions, and approximations can be found under the corresponding ESRS datapoints in the following chapters.

ESRS datapoint	Metric	Value chain estimation
E1-6	Greenhouse gas emissions	• Scope 3 GHG emissions in the category purchased goods and services were calculated on the basis of spend-based emission factors

Sources of estimation and outcome uncertainty

The datapoints and metrics presented in the following table contain estimates and judgements based on assumptions. The reasons for the use of estimates are the availability of reliable data and accuracy of the measuring procedures. Information on the calculation methods, assumptions, and approximations can be found in the metrics tables.

ESRS datapoint	Metric	Estimation and outcome uncertainty
E1-5	Energy consumption and mix	• Calculation of total consumption and share of non-assignable energy
E1-6	Greenhouse gas emissions	• Calculation of market-based Scope 2 GHG emissions • Calculation of Scope 3 emissions in the category business travel: air travel, rental vehicles, rail travel
S1-13	Performance and career development reviews	• Calculation of the percentage of employees that participated in performance and career development reviews
S1-16	Remuneration metrics	• Calculation of the gender pay gap • Calculation of the annual total remuneration ratio
S1 - voluntary	Mandatory training	• Calculation of the percentage of successful completion e-learning "Personal data protection"
G1 - voluntary	Mandatory training	• Calculation of the percentage of successful completion e-learning "Business ethics & CoC" • Calculation of the percentage of successful completion e-learning "Capital market compliance" • Calculation of the percentage of successful completion e-learning "Anti-corruption and anti-bribery"
Safety & security	Mandatory training	• Calculation of the percentage of successful completion e-learning "Safety-critical behaviour" • Calculation of the percentage of successful completion e-learning "Information security awareness"

Changes in preparation or presentation of sustainability information

In the past, Frequentis' sustainability reporting comprised non-financial reports based on the GRI (Global Reporting Initiative) Standards 2021. The topics were selected in conformance with the GRI Standards on the basis of a materiality assessment, taking into account an assessment by stakeholders. The non-financial report for 2023 was published on 9 April 2024.

To comply with the future mandatory requirements of the CSRD (Corporate Sustainability Reporting Directive), this consolidated non-financial statement has been compiled in accordance with the ESRS (European Sustainability Reporting Standards). In parallel with this, reporting of metrics has been extended and rolled out to include the Frequentis Group, where this was not previously the case. Where the metrics were not – or not fully – included in previous reporting periods, this is indicated.

Application of European standards

Frequentis' integrated management system forms the basis for sustainable optimisation of performance and results in compliance with the requirements of internationally recognised standards:

- Quality management (ISO 9001:2015)
- Environmental management (ISO 14001:2015)
- Information security (ISO 27001:2013)
- Occupational health and safety (ISO 45001:2018)

Internal audits are used to check that the processes are applied and complied with. Certified sites are regularly audited by accredited certification organisations. The following table shows the initial certification dates (taking into consideration any predecessor legal entities):

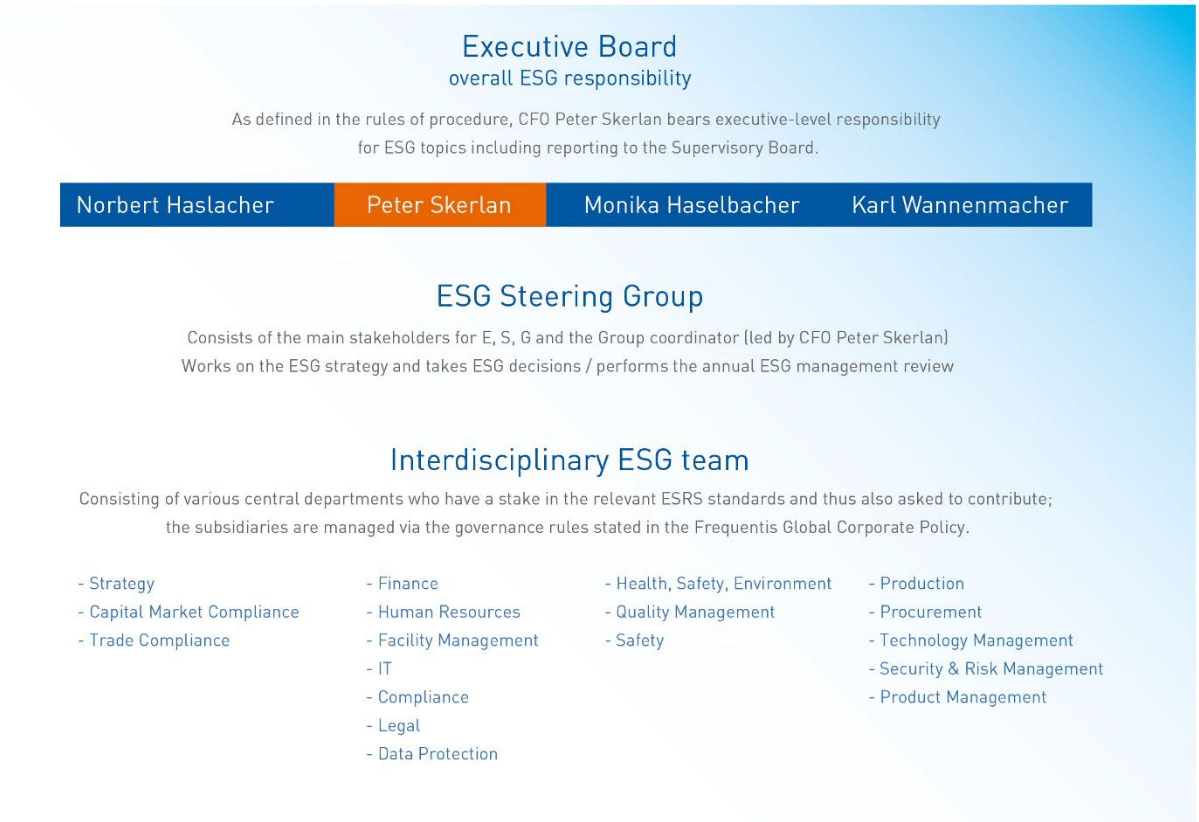
	ISO 9001	ISO 14001	ISO 20000	ISO 27001	ISO 45001	AEO	Cyber Essentials
Frequentis AG, Austria	1993	2005	2024	2011	2005	2008	2016
ATRiCS Advanced Traffic Solutions GmbH, Germany	2010						
C4i Pty Ltd., Australia	1993				2020		
CNS-Solutions & Support GmbH, Austria	2016			2016			
Frequentis (Shanghai) Co. Ltd., China	2014						
Frequentis Australasia Pty Ltd., Australia	2012	2018		2011	2019		
Frequentis California Inc., USA	2000						
Frequentis Canada Limited	2008	2009			2009		
Frequentis Comsoft GmbH, Germany	1993	2024		2018	2024		
Frequentis Czech Republic s.r.o.	2011						
Frequentis Defense Inc., USA	2023						
Frequentis Deutschland GmbH, Germany	1998			2011			
Frequentis do Brasil Ltda.	2019						
Frequentis Orthogon GmbH, Germany	2005						
Frequentis Romania S.R.L.	2010						
Frequentis Solutions & Services s.r.o., Slovakia	1997			2018			
Frequentis UK Ltd.	2015	2023		2011	2023		2016
Frequentis USA Inc.	2003			2011			
PDTS GmbH, Austria	2000						
Regola S.r.l., Italy	2014			2016			
Secure Service Provision GmbH (SSP), Germany	2021						
Systems Interface Ltd., UK	2018						
TEAM Technology Management GmbH, Germany	2020						
team Technology Management GmbH, Austria	2004						

External assurance

The consolidated non-financial statement was subject to an independent audit by BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, based on a limited assurance engagement.

ESG organisation
// ESRS 2 GOV-1, GOV-2

In response to the broadly based environmental, social, and governance aspects and to improve their presentation to stakeholders, at the start of 2022 Frequentis pooled its expertise in these three areas in a Group-wide ESG organisation. As a representative of the Executive Board, CFO Peter Skerlan bears executive-level responsibility for ESG topics. This was defined by the Supervisory Board at its meeting on 30 March 2022 in the rules of procedure for the Executive Board of Frequentis AG.



The interdisciplinary ESG team is coordinated by an ESG Steering Group, which involves and works closely with the Executive Board. Alongside the CFO, the members of the ESG Steering Group are the staff responsible for environmental, social, governance, and compliance aspects and the ESG Group Coordinator. The ESG team maintains regular contact with Frequentis' stakeholders.

Specific projects are analysed, prioritised, and driven forward at a monthly jour fixe. Current sustainability measures are continuously examined and modified, and new sustainability projects are initiated as necessary. At the annual ESG management review led by the CFO, the past year's ESG activities and ESG indicators are discussed and actions to achieve targets and further improvements are defined.

The CFO and the members of the ESG Steering Group regularly attend specialist congresses and events to network with experts and enhance their knowledge. Reading relevant literature is also very important. The knowledge gained in this way is shared widely within Frequentis. This ensures that the company always has up-to-date knowledge of the fast-changing fields of sustainability and transparent ESG reporting.

The Executive Board and Supervisory Board, as the highest governance bodies, support all measures. The Supervisory Board regularly considers ESG topics and ESG is a recurrent item on the agenda for Supervisory Board meetings.

For information on the composition and diversity of administrative, management, and supervisory bodies and their specialist knowledge and roles, including in respect of corporate governance, see ↗ *Consolidated Corporate Governance Report 2024.*

Integration of sustainability-related performance in incentive schemes
// ESRS 2 GOV-3

To strengthen the sustainable development of the company, in addition to financial targets, the variable remuneration of every Executive Board member includes ESG targets for 2024 and 2025. The ESG targets cover energy, the circular economy, compliance, and cybersecurity.

The ESG targets are used as a calculation factor for the variable remuneration of every Executive Board member. At the end of the agreed performance period, the variable remuneration resulting from the financial targets may be increased or decreased depending on the degree of achievement of the ESG targets. The targets are set by the remuneration committee on the basis of the remuneration principles for the members of the Executive Board.

Statement on due diligence
// ESRS 2 GOV-4

The next table shows where key aspects and steps in the due diligence compliance procedure can be found in this consolidated non-financial statement.

Core elements of due diligence	**Paragraphs in the consolidated non-financial statement**
Embedding due diligence in governance, strategy and business model	↗ ESRS 2 – General disclosures / *ESG organisation*
Engaging with affected stakeholders in all key steps of the due diligence	↗ ESRS 2 – General disclosures / *Stakeholder dialogue*
Identifying and assessing adverse impacts	↗ ESRS 2 – General disclosures / *Materiality assessment*
Taking actions to address those adverse impacts	↗ E1, E5, S1, S2, S4, G1, ES / *Actions*
Tracking the effectiveness of these efforts and communicating	↗ E1, E5, S1, S2, S4, G1, ES / *Actions*

Risk management and internal controls over sustainability reporting
// ESRS 2 GOV-5

For information on risk management and internal controls over sustainability reporting, see ↗ *Opportunity and risk management* and ↗ *Internal control system (ICS) for the accounting process*.

Sustainability strategy
// ESRS 2 SBM-1

Business model

Wherever Frequentis' solutions are used, people bear responsibility for the safety of other people and property. Its mission is "For a safer world". The Frequentis Group is an international provider of communication and information systems for safety-critical control centres. Custom-tailored control centre solutions are developed and marketed by the Air Traffic Management segment (for civil and military air traffic control, AIM [aeronautical information management], and air defence) and the Public Safety & Transport segment (police, fire service, emergency rescue services, railways, coastguards, and port authorities).

The primary objective of a control centre is to protect people and property from danger. Optimised solutions for this are especially important to customers operating in safety-critical sectors. More than 90% of the customers are state-run authorities / individual governments or the administrative arms of other public authorities. The products supplied by the Frequentis Group are part of the safety-critical infrastructure of the respective country. This underscores the robustness and long-term nature of Frequentis' business model. It is difficult to reduce or halt investment in safety-critical infrastructure. It has to be available and ready for operation at all times – irrespective of the number of flights / flight movements or how often the police, fire service, and emergency rescue services are deployed.

Customer requirements often include requests for even more efficient and sustainable solutions and the need to adapt quickly to constantly changing conditions. That increases the demand for integrated solutions. A human-centric design process enables the provision of a secure, efficient, and stable working environment for operators, air traffic controllers, and dispatchers. As a recognised specialist for the supply of safety-critical infrastructure, Frequentis develops future-oriented solutions for control centres in collaboration with key account customers and makes new technologies usable for safety-critical applications. Frequentis has an international network of companies and local representatives in more than 50 countries. In addition to its headquarters in Vienna, Austria, Frequentis' locations include Australia, Brazil, Canada, the Czech Republic, France, Germany, Italy, Norway, Romania, Singapore, Slovakia, Switzerland, the UK, and the USA.

The central focus is on long-term customer relationships. Customers – public authorities, organisations, and companies with safety-critical tasks – often use the solutions provided for several decades. That requires a deep understanding of the customer's requirements, maximum reliability, and long-term trust. The extensive installed base also drives the sustained growth of the Frequentis Group.

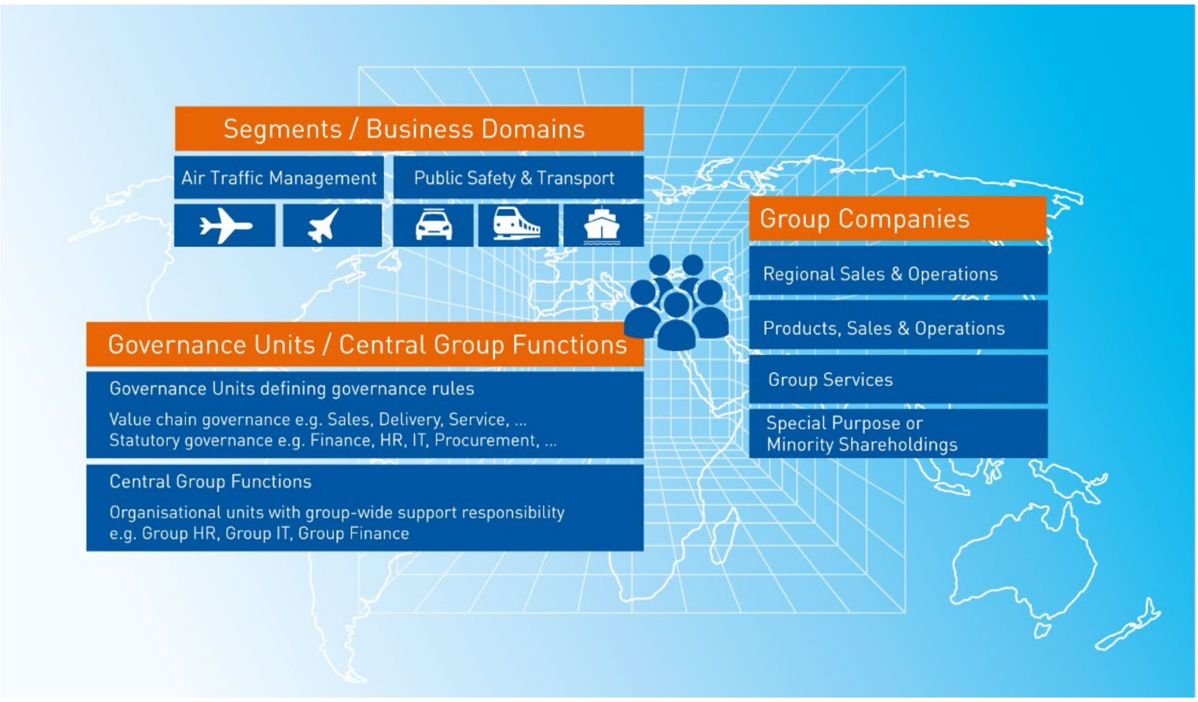
The Frequentis Group is fully committed to sustainability, including supporting the sustainability efforts of its customers through its products and services. However, at present there are no sustainability targets for product groups / services or markets and customer groups that correspond to the ESRS minimum disclosure requirements defined in MDR-T.

For information on the Frequentis Group's employees, including disclosures on the number of employees by geographical location, see ↗ S1 – Own workforce / *Metrics (S1-6).*

Governance organisation

Frequentis' business model is based on a strong governance organisation, which is reflected in a three-dimensional matrix and ensures optimised interaction between the central units, the business domains, and the international subsidiaries.

Frequentis' two segments and the business domains grouped in these segments focus on successful business operations as their contribution to the Group's overall performance. The main responsibility is allocated to local value-generating functions such as Domain Sales, Key Accounts, Product Management, and Project Management. Innovation is very important to Frequentis. At all stages in the Frequentis innovation process, close and interdisciplinary collaboration with the business domains is ensured on topics with high relevance for the business.



As an integral part of the value chain, the subsidiaries and equity investments make a significant contribution to the overall success of the Frequentis Group. They have different areas of responsibility and competencies within the value chain. Governance and process orchestration take place within the framework of the management of the Frequentis Group to ensure harmonised rollout of governance requirements based on accountability.

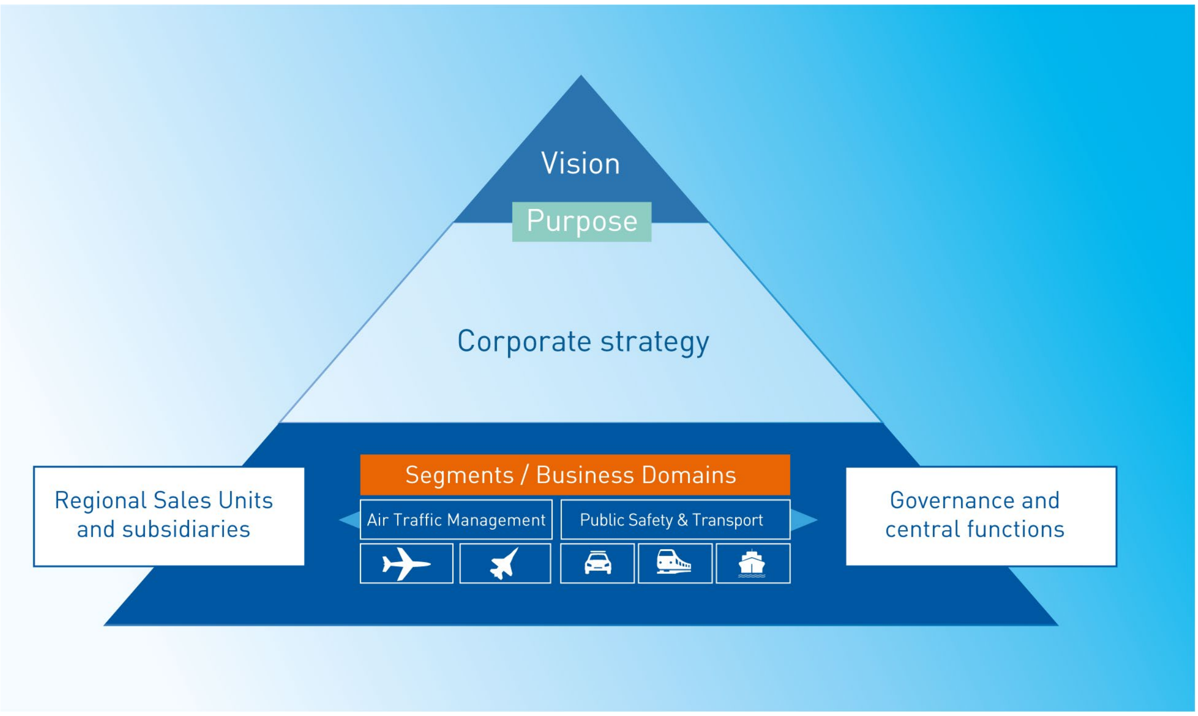
The Central Group Functions, most of which have governance responsibility, are divided into value-generating functions such as Sales, Production, and the provision of services, and central functions with a statutory governance remit, such as Human Resources, IT, Finance & Controlling, and Compliance.

Global Corporate Policy (GCP)

The Global Corporate Policy, which applies to all companies that are majority owned by Frequentis AG, contains all regulations and mechanisms for documenting and communicating necessary changes in individual governance units and how they interact. This policy and the governance rules it contains are part of the rules of procedure agreed with the relevant managing directors and are based, among other things, on the defined ESG objectives and support their realisation. They are evaluated in the annual management review and therefore continuously improved and updated.

Strategy

The Frequentis Group's objective, as set out in its vision, is to be the global number one on the market for safety-critical control centres. Its strategy defines the direction to be pursued. It is influenced by the wide range of industries and solutions covered. Internally, the strategy is divided into a corporate strategy and the strategies of the segments, business domains, and all other areas.



The segment and business domain strategies form the heart of the Group's strategy. They comprise specific strategies for the industries they serve or the products and solutions within these industries. Other areas such as the regions and central functions develop their strategies in conformance with the corporate strategy and the business domain strategies in order to provide the best possible support.

Frequentis' aspiration includes a sustained growth strategy which aims to raise profitability while keeping risk exposure reasonable. To this end, the first step is to fully utilise the potential of existing products and solutions before investing in significant new solutions. The strategy defines guidelines for sustained growth, for example focused growth in the regions, driven by the Regional Sales Units, and scope for interesting equity investments to extend the product portfolio.

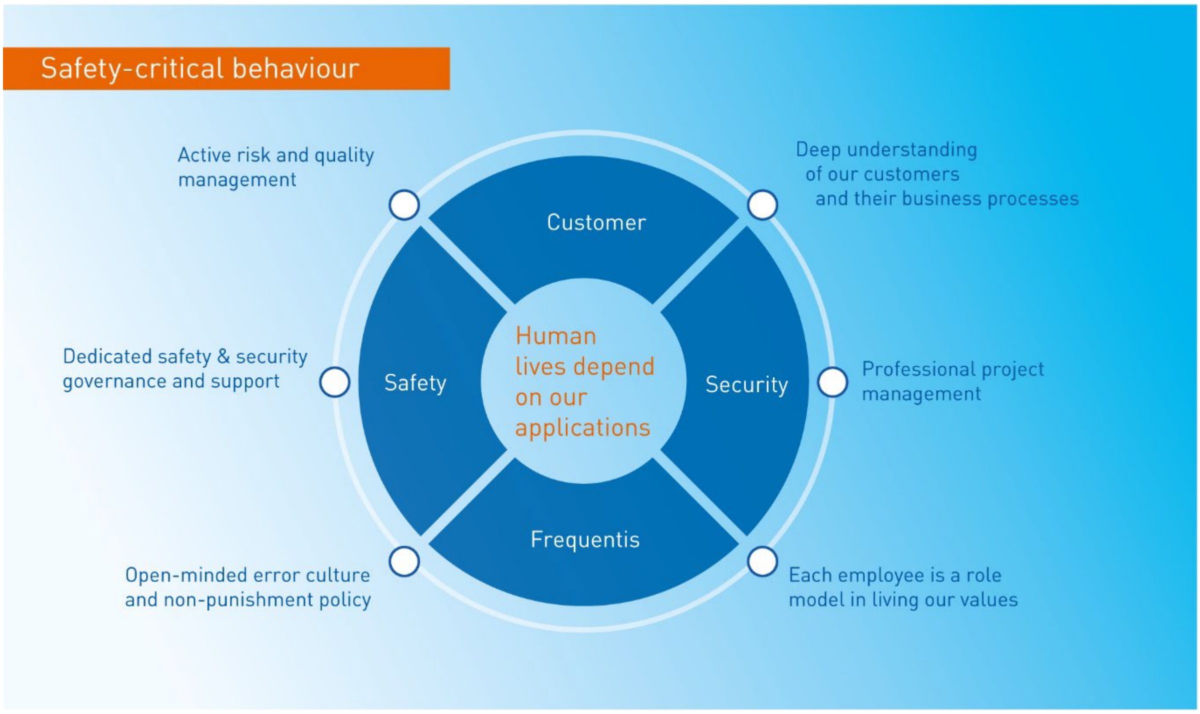
Further, the strategy is aligned with the three relevant megatrends, i.e. mobility, safety & security, and technological change, which have a major influence on the future development of the industries served. These megatrends are still responsible for the steadily rising demand for additional safety-critical infrastructure.

In view of its high level of specialisation, Frequentis is able to operate in a special market position: as a company with global operations covering a broad spectrum of industries and solutions, it clearly stands apart from most local and regional competitors. At the same time, it remains focused on control centres, which differentiates it from most major corporations.

Corporate culture

The Frequentis-specific corporate culture is a key element in the realisation of its vision and strategy. This culture is based on many years of experience with safety-critical systems, a responsibility that is underscored by its mission "for a safer world", because wherever Frequentis' systems are used, people are responsible for the safety of other people and of property.

This proactive culture expresses a deeply rooted technical and emotional understanding of customers' needs, along with a highly developed ability to understand current challenges and working processes, and strong identification with the task in hand. Other key attributes are openness, flexibility, and transparency – both in internal collaboration and in customer relationships. These are evident along the entire value chain, for example through proactive risk management, high safety standards, and professional project management.



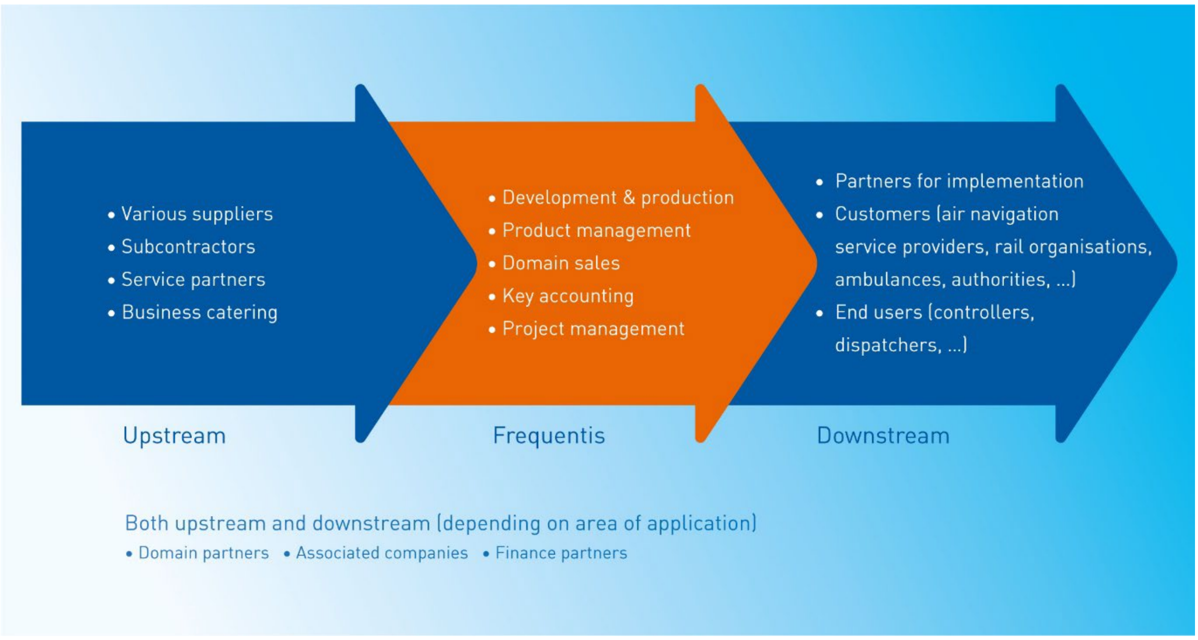
Value chain

The value chain is defined as the entire spectrum of activities, resources, and relationships associated with the company's business model and the external environment in which it operates. In this context, Frequentis concentrates on monitoring its direct upstream and downstream relationships.

In the upstream value chain, these are mainly relationships with suppliers and subcontractors (↗ S2 – *Workers in the value chain*) and various service partners up to and including company catering. The focus of Frequentis' own value chain is on product development and production, domain sales, key accounts, and product and project management.

Downstream activities comprise implementation partners and service providers who support delivery and the wide range of customers. Customers are organisations and authorities to which the Frequentis Group supplies its solutions (air traffic management, emergency services, railways, and the air traffic controllers, operators, and dispatchers they employ); these are the end-users of Frequentis systems.

Further, domain partners, affiliated companies, and financial partners make a contribution to both the upstream and the downstream value chain.



This focus, which was also used in the materiality assessment, is designed to ensure an understanding of the impacts, risks, and opportunities by both stakeholders and readers of the sustainability statement.

Stakeholder dialogue
// ESRS 2 SBM-2

In the materiality assessment conducted in late 2023 / early 2024 (see ↗ ESRS 2 – General disclosures / *Materiality assessment process*), the following stakeholder groups of key significance for Frequentis were asked to assess the relevance of the ESRS topic list (37 ESRS sub-topics) plus four sub-topics relating to the entity-specific issue of safety & security:

- Employees
- Supervisory Board
- Managers
- Executive Board members and Managing Directors of Frequentis companies
- Shareholders / capital market representatives
- Banks
- Suppliers and subcontractors
- Customers
- NGOs and advocacy groups
- Project partners (sales, execution)

Active engagement with these stakeholders and target-group specific reporting remain important to Frequentis. Regular dialogue with stakeholders plays a key role in this. Here is an overview of current communication measures:

Stakeholders	Communication and collaboration formats	Topics addressed
Supervisory Board, Executive Board, and Managing Directors of Frequentis companies	Supervisory Board meetings, Executive Board meetings, Group-wide platforms such as the monthly MD call, annual Group Summit	Sustainability strategy, ESG measures, including planned actions, risk management
(Prospective) employees (including managers)	Intranet, career fairs, communication via social media, CFO Talk, CEO Dialogues, Board Chat, IDEAS, various communities and events, internal training sessions, Q&A formats, team workshops, employee newsletter, meetings of the workers' council	Frequentis as an employer, work-life balance, collaboration, leadership issues, occupational safety, support for women, corporate culture, health-related measures, environmental management, energy-saving measures
Shareholders, capital market representatives	Financial reporting (internet), regular mailshots, Annual General Meeting, roadshows, capital market events, surveys, one-on-one meetings with investors	Sustainability-related measures, ESG strategy and targets, governance, ratings
Banks	Specialist conferences, financial reporting, one-on-one meetings with representatives of banks	Sustainability strategy, governance, ratings, (trade) compliance, responsibility within the supply chain
Subcontractors and suppliers	Supplier visits and audits, various events and trade shows, regular mailshots	ESG strategy, governance, responsibility within the supply chain, social and employee matters, environmental management

Customers	Customer projects and presentations, customer satisfaction survey, company presentation, customer events, trade shows	Responsibility within the supply chain, sustainability of products, sustainability-related measures (energy supply, social and employee matters, governance), safety awareness, security, cybercrime, (trade) compliance
Sales and project partners	Partner portal, regular newsletter, training	Innovation, sustainability of products, governance, (trade) compliance, safety-awareness, cybercrime, ESG strategy
Advocacy groups, associations, NGOs	Frequentis website, social media, conferences, research projects, cooperations, active involvement in associations and committees	ESG strategy, innovation, sustainability of products, safety awareness, security, fail-safety of systems, cybercrime, support for women in the company, energy-saving measures, careful use of resources

For communication with stakeholders, extensive use is made of digital platforms – videoconferencing, virtual training sessions, social media. In addition to this, personal contact is very important, for example, through local meetings and at a wide range of international trade shows.

Furthermore, Frequentis offers all internal and external stakeholders a whistleblower service, which is available via the Frequentis website www.frequentis.com/whistleblowing.This service allows simple and anonymous reporting of concerns about possible non-compliant behaviour.

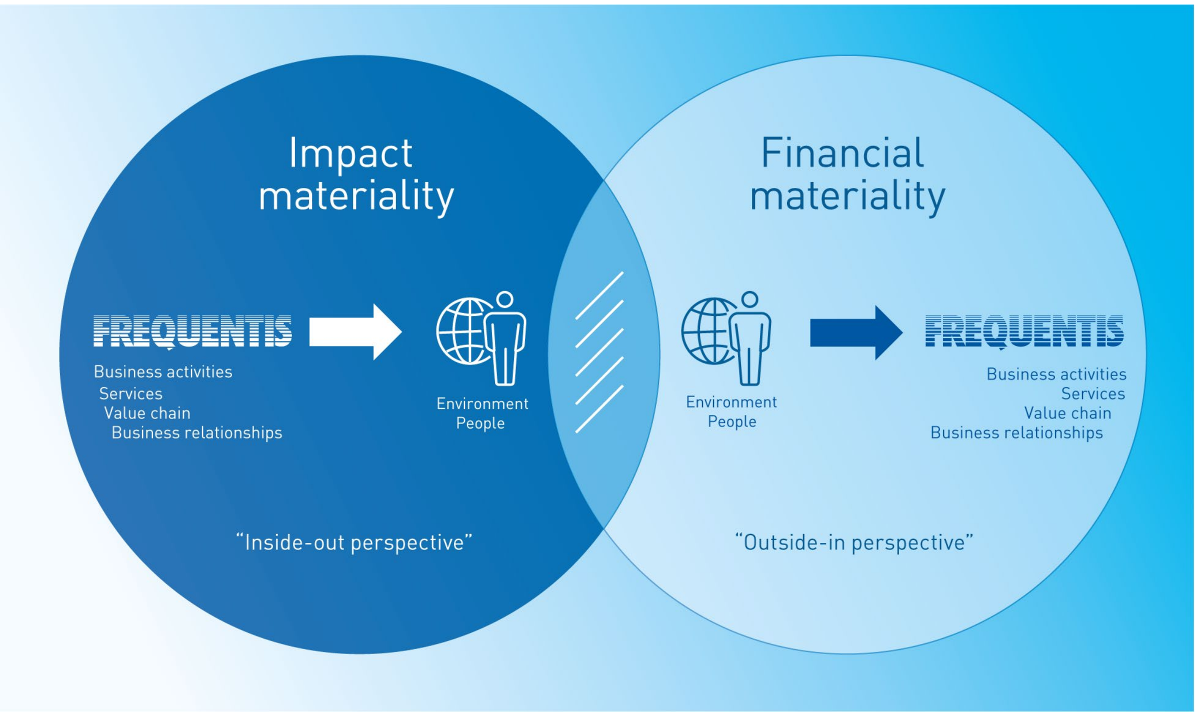
Materiality assessment

The materiality assessment performed in late 2023 / early 2024 is the starting point for systematic and structured integration of sustainability topics at Frequentis. Its purpose is to involve key stakeholder groups, assess risks, and define the future areas of focus with regard to environmental, social, and governance aspects.

A key aspect of this assessment is the “double materiality” principle. A sustainability topic is material and reportable if it meets at least one of two perspectives:

- Inside-out perspective (= impact materiality):
  Through its business activities, Frequentis has material impacts on people and the environment. This perspective identifies aspects that are relevant for the stakeholder groups affected and could have an impact on them and on the environment in general.

- Outside-in perspective (= financial materiality):
  This perspective assesses the impact of sustainability aspects on Frequentis' financial and business performance. In other words, it identifies aspects that are financially material and could have an impact on the company's earnings, costs, assets, or liabilities.

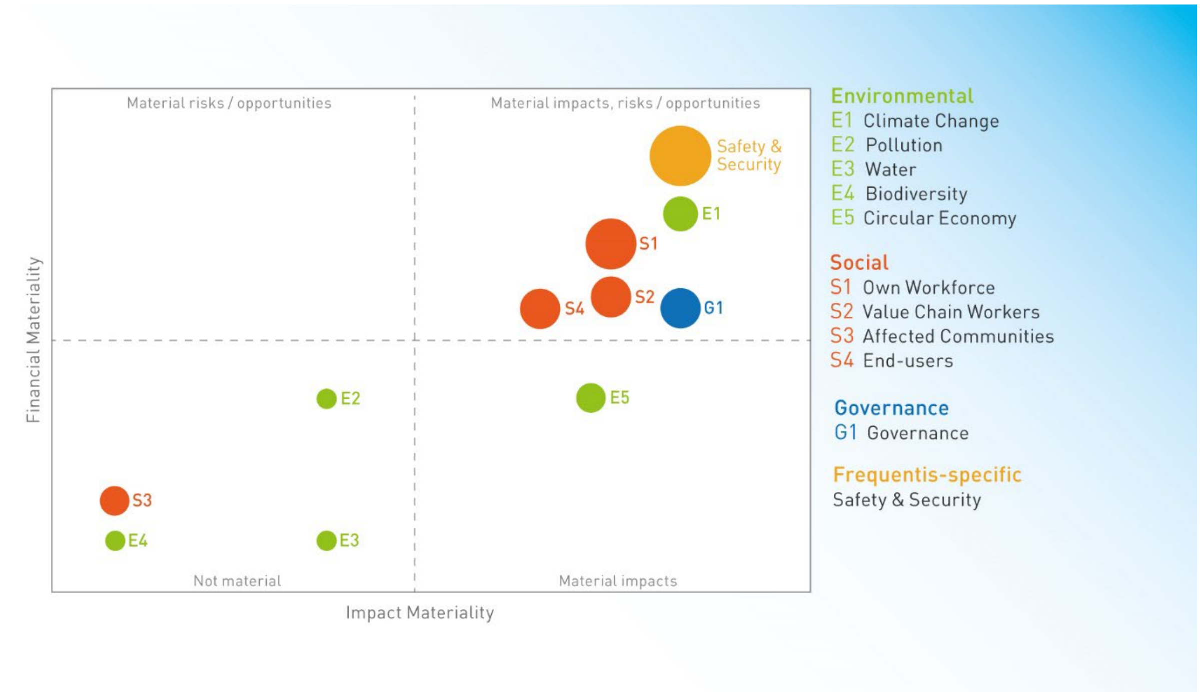


Outcome of the materiality assessment
// ESRS 2 SBM-3

The double materiality assessment identified the six material ESRS sustainability topics E1, E5, S1, S2, S4, and G1 and one entity-specific sustainability topic: safety & security. The outcome is presented in a materiality matrix encompassing three dimensions:

- Impact materiality on the x axis shows the outcome of the expert workshop. This identifies sustainability aspects that are connected with the company's impact on people and the environment.
- The y axis shows financial materiality. This assesses the impact of sustainability aspects on the company's financial and business performance.
- The size of the dots indicates the significance of the topics identified in the stakeholder survey. The larger the dot, the more significant the topic is for the stakeholders.

The highest score within each sustainability topic was used for the sustainability matrix. If several topics scored equally, they were ranked on the y axis (financial materiality) on the basis of their significance for stakeholders.



The following tables list the material impacts, risks, and opportunities identified. Further details can be found in the chapters on the relevant topics.

E1 – Climate change

Positive impacts	Negative impacts
Optimisation of traffic flows and efficiency enhancement with Frequentis systems (e.g. air traffic management, shipping, drone management)	Pollution caused by GHG emissions in the value chain (e.g. business travel, purchase of goods and services)
Securing customers' operations during extreme weather events with Frequentis systems	Energy consumption in production, integration and the use of systems by customers
Opportunities	**Risks**
Sale of products and solutions to optimise traffic flows and enhance efficiency	Transition risk of higher costs for business travel (GHG emission pricing) and energy

E5 – Circular economy

Positive impacts	Negative impacts
Resource efficiency through durability and maintenance of Frequentis' products	Potential purchase of non-recyclable products and components for use in production and integration
Frequentis as a valuable partner in customers' value chains	Waste: hazardous and electronic waste and disposal of products at the end of their life cycle

S1 – Own workforce

Positive impacts	Negative impacts
Advancing working conditions through flexible working time models and in the area of health care Focus on training and skills development in accordance with the lifelong learning philosophy Fostering diversity	Potential short-term peak workloads in individual project phases or long-term overworking Low proportion of women in the industry Potential incidents of discrimination Potential data loss or breaches of data protection in the handling of employees' personal data
Opportunities	**Risks**
	Loss of personnel with specialist knowledge Failure to utilise the potential of diversity and innovation Reputational damage or administrative fines as a result of a potential breach of data protection

S2 – Workers in the value chain

Positive impacts	Negative impacts
Advancing working conditions for workers in the value chain	Potential failure to comply with labour standards and human rights of workers in the value chain
Opportunities	**Risks**
	Failure by suppliers to comply with the Supplier Code of Conduct in the areas of labour standards and human rights

S4 – End-users

Positive impacts	Negative impacts
	Potential data loss or breaches of data protection in the handling of customers' personal data Potential accidents involving the use of Frequentis systems by customers
Opportunities	**Risks**
	Reputational damage or administrative fines as a result of a potential breach of data protection Loss of orders or criminal consequences of an accident involving the use of Frequentis products

G1 – Business conduct

Positive impacts	Negative impacts
Fostering responsible conduct based on integrity and a non-punishment culture Anonymous reporting of irregularities or non-compliance (whistleblowing) Establishment of good relationships with stakeholders	Non-respect of social and ecological criteria in the company's own business activities or in the value chain Potential incident of bribery or corruption
Opportunities	**Risks**
Strengthening stakeholders' trust through continuous dialogue with stakeholders	Loss of orders, loss of employees or criminal consequences of failure to comply with principles

Safety & security

Positive impacts	Negative impacts
Fail-safety and reliability of systems e.g. maintaining cybersecurity Integrated approach to safety and security Internationally recognised system safety expertise	Endangering critical infrastructure with potential consequences for human life Security threat caused by cybercrime
Opportunities	**Risks**
	Reputational damage or loss of orders due to outage of safety-critical systems Cybercrime and increased demands on system development and engineering

A climate risk and vulnerability analysis has been performed on climate-related risks (see ↗ ESRS 2 – General disclosures / *Disclosures on climate-related impacts, risks, and opportunities*). An additional specific resilience analysis was not performed with regard to sustainability risks. The risks are recorded and actively managed as part of the Group-wide risk management (see ↗ *Opportunity and risk management*).

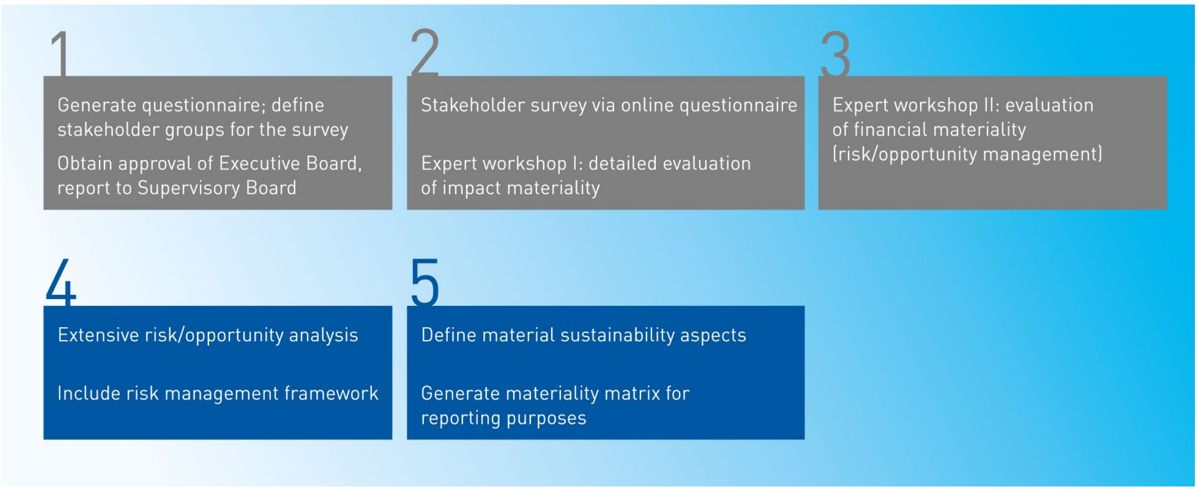
Materiality assessment process

// ESRS 2 IRO-1

The ESG Steering Group started to examine the extended requirements of CSRD reporting at the beginning of 2023. Based on the previous materiality assessments, the standardised ESRS list of environmental, social, and governance topics was supplemented by an entity-specific "Safety & Security" section. A corresponding concept was presented to the Executive Board and Supervisory Board. The Executive Board approved its implementation in summer 2023.

For the inside-out perspective (impact materiality), the relevant stakeholders were included through an anonymous online questionnaire. The stakeholder groups were modified and greatly extended compared with the previous materiality assessments. In all, about 3,250 people were addressed (↗ ESRS 2 – General disclosures / *Stakeholder dialogue*). The questionnaires were distributed by the parent company, Frequentis AG, to the entire Frequentis Group. To obtain a geographical perspective, the regions were included.

This process was accompanied by two workshops that brought together internal experts at Frequentis' headquarters, firstly for a more detailed discussion of impact materiality, and secondly to assess the financial materiality (outside-in perspective).



Phases 1 to 3 were performed in 2023. Phases 4 and 5 were completed in 2024. Based on the evaluations by Frequentis experts and the risk management team, the sustainability topics were compared and all relevant topics were presented in a materiality matrix. The outcome was presented to the Executive Board and the Supervisory Board. Together, they discussed the material topics and defined the principal areas of action. The outcome of the materiality assessment was subsequently used in planning and actions.

The following methods were used to assess the impacts, risks, and opportunities:

Impacts: The first step was determining whether Frequentis' business activities or its value chain had a positive and/or negative impact on people or the environment in connection with the specific sustainability aspect. In addition, the type of impact, time horizon, and location of the impact were established. The second step was assessing whether the impact is material. The assessment was based on a score (1-4) calculated from the average of scale, scope, irremediable character, and likelihood, depending on the type of impact. The results were compared with the stakeholder survey.

Risks and opportunities: In addition to the material impacts already identified, the risk assessment examined the dependence on resources, physical risks, and transition risks. Five risk categories were used. For each risk category, thresholds were defined for the EBIT impact in the event of the risk or opportunity materialising and assigned a score (1-4). Moreover, time horizons and probabilities were defined for the assessment.

Disclosures on climate-related impacts, risks, and opportunities
// E1.IRO-1

The process of identifying and evaluating climate-related impacts, risks, and opportunities used the materiality assessment steps described in ESRS 2 IRO-1.

Impacts: The climate-related impacts were analysed as part of the expert workshop. This included Frequentis' own business activities and the upstream and downstream value chain. In addition, an analysis of the Scope 3 categories was performed. The business activities and value chain were analysed in particular with a view to greenhouse gas emissions. For details, see ↗ E1 – Climate change / *Metrics (E1-6)*.

Climate-related physical risks: A climate risk and vulnerability analysis of Frequentis' own business activities and assets was performed for the Frequentis Group's locations in 2023. As part of the materiality assessment, this was extended to the upstream and downstream value chain. The evaluation was based on three climate scenarios (SSP1-2.6, SSP2-4.5, and SSP5-8.5), reflecting different temperature developments and the related risks. Short, medium, and long-term climate risks were taken into account. Identified vulnerabilities in connection with climate-related physical risks and transition risks to assets were adapted as necessary.

Climate-related transition risks to Frequentis' own business activities, assets, and the value chain were evaluated on the basis of five risk categories. These are based on the TCFD (Task Force on Climate-related Financial Disclosures) classification of climate-related transition events. Short, medium, and long-term time horizons and one climate scenario were used in the assessment. No assets or business activities were identified that are incompatible with the transition to a climate-neutral economy or where considerable efforts would be required to make them compatible.

The climate scenarios used were also included in the critical climate-related assumptions in the consolidated financial statements ↗ Consolidated financial statements / *Significant estimates and use of judgement (letter j).*

Disclosures on pollution-related impacts, risks, and opportunities
// E2.IRO-1

No material pollution-related impacts, risks, and opportunities were identified. As part of the materiality assessment described in ESRS 2 IRO-1, Frequentis' locations, business activities, and upstream and downstream value chain were examined. In particular, an analysis was performed of purchased products, production workflows, and transport. When using hazardous materials, preventive measures are implemented through suitability tests, handbooks, training, and access restrictions. Consultations, in particular with affected communities, were conducted as part of the stakeholder dialogue, see ↗ ESRS 2 – General disclosures / *Stakeholder dialogue*.

Disclosures on water and marine resources-related impacts, risks, and opportunities
// E3.IRO-1

In the context of the materiality assessment described in ESRS 2 IRO-1 and the collection of ESG data, with the involvement of experts, the Frequentis Group's business activities, assets, and value chain were examined in respect of water and marine resources. This included analysing whether sites are affected by water risks or are located in areas of high water stress, the source of water withdrawals and discharges, and whether any dependencies exist. Since no water is used for production processes and withdrawals and discharges always comply with statutory regulations, no material impacts, risks, and opportunities were identified in connection with water and marine resources. The Frequentis Group's water consumption is measured annually in order to derive any necessary action. Consultations, in particular with affected communities, were conducted as part of the stakeholder dialogue, see ↗ ESRS 2 – General disclosures / *Stakeholder dialogue*.

Disclosures on biodiversity and ecosystem-related impacts, risks, and opportunities
// E4.IRO-1

In the context of the materiality assessment described in ESRS 2 IRO-1, Frequentis' locations, business activities, and the upstream and downstream value chain were analysed in respect of biodiversity and ecosystem-related impacts. No business activities were identified that have direct impacts on biodiversity or ecosystems. Where necessary, local measures are put in place, e.g. lighting that reduces pollution of the night sky.

In the climate risk and vulnerability analysis performed in 2023 as described in E1.IRO-1, the Biodiversity and Ecosystems Services Index (BES) was used to identify potential risks and dependencies on the biodiversity of ecosystems and their services for Frequentis' locations. One high-risk location was identified but the services affected are not relevant for Frequentis' business activities and can therefore be disregarded from a physical risk perspective.

No material impacts, risks, and opportunities were identified in connection with biodiversity and ecosystems. Consultations, in particular with affected communities, were conducted as part of the stakeholder dialogue, see ↗ ESRS 2 – General disclosures / *Stakeholder dialogue.*

Disclosures on material resource use and circular economy-related impacts, risks, and opportunities
// E5.IRO-1

In the materiality assessment described in ESRS 2 IRO-1, the material impacts, risks, and opportunities connected with resource use and the circular economy were identified and evaluated with the involvement of internal experts. Further, at an expert workshop and when collecting ESG data, the business activities and assets of Group companies were reviewed, resource inflows, resource outflows, and waste streams were analysed, and risks in connection the introduction of new statutory regulations were examined. No material physical risks, transition risks, or opportunities connected with resource use and the circular economy were identified. Consultations, in particular with affected communities, were conducted as part of the stakeholder dialogue, see ↗ ESRS 2 – General disclosures / *Stakeholder dialogue.*

Disclosures on impacts, risks, and opportunities related to business conduct
// G1.IRO-1

In the materiality assessment described in ESRS 2 IRO-1, the material impacts, risks, and opportunities connected with business conduct were identified and evaluated with the involvement of internal experts. This included Frequentis' business model, its geographical locations, segments, and business domains, and the relevant stakeholders.

Disclosure requirements in ESRS covered by the consolidated non-financial statement
// ESRS 2 IRO-2

The material information relating to the impacts, risks, and opportunities to be disclosed as material were determined on the basis of the list of ESRS datapoints (EFRAG implementation guide 3 "List of ESRS Datapoints"). The ESRS metrics were evaluated for their relevance and their ability to support users of the consolidated non-financial statement in their decisions. Following a thorough analysis, some metrics were classified as not relevant and are therefore not reported. Supplementary entity-specific metrics are included. Policies, actions, and targets – where available – are reported for material sustainability aspects in accordance with the ESRS minimum disclosure requirements.

The following table lists the ESRS disclosure requirements covered in the consolidated non-financial statement, together with information on where they can be found.

Standard	Title	Chapter
ESRS 2	**General information**	
BP-1	General basis for preparation of sustainability statements	↗ ESRS 2 – General disclosures
BP-2	Disclosures in relation to specific circumstances	↗ ESRS 2 – General disclosures / *Changes in preparation or presentation of sustainability information*
GOV-1	The role of the administrative, management and supervisory bodies	↗ Consolidated corporate governance report / *Executive Board*
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	↗ ESRS 2 – General disclosures / *ESG organisation*
GOV-3	Integration of sustainability-related performance in incentive schemes	↗ ESRS 2 – General disclosures / *Integration of sustainability-related performance in incentive schemes*
GOV-4	Statement on due diligence	↗ ESRS 2 - General disclosures / *Statement on due diligence*
GOV-5	Risk management and internal controls over sustainability reporting	↗ *Opportunity and risk management* ↗ *Internal control system (ICS) for the accounting process*
SBM-1	Strategy, business model and value chain	↗ ESRS 2 – General disclosures / *Sustainability strategy*
SBM-2	Interests and views of stakeholders	↗ ESRS 2 – General disclosures / *Stakeholder dialogue*

SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	↗ ESRS 2 – General disclosures / *Materiality assessment*
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	↗ ESRS 2 - General disclosures / *Materiality assessment process* ↗ *Opportunity and risk management* ↗ *Internal control system (ICS) for the accounting process*
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	↗ ESRS 2 – General disclosures / *Disclosure requirements in ESRS covered by the consolidated non-financial statement*

ESRS E1	**Climate change**	
E1-1	Transition plan for climate change mitigation	↗ E1 – Climate change / *Actions*
E1-2	Policies related to climate change mitigation and adaptation	↗ E1 – Climate change / *Policies*
E1-3	Actions and resources in relation to climate change policies	↗ E1 – Climate change / *Actions*
E1-4	Targets related to climate change mitigation and adaptation	↗ E1 – Climate change / *Targets*
E1-5	Energy consumption and mix	↗ E1 – Climate change / *Energy consumption and mix*
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	↗ E1 – Climate change / *Greenhouse gas emissions*
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Disclosure omitted in the first year of preparation as permitted by ESRS 1 Appendix C.

ESRS E5	**Resource use and circular economy**	
E5-1	Policies related to resource use and circular economy	↗ E5 – Circular economy / *Policies*
E5-2	Actions and resources related to resource use and circular economy	↗ E5 – Circular economy / *Actions*
E5-3	Targets related to resource use and circular economy	↗ E5 – Circular economy / *Targets*
E5-4	Resource inflows	↗ E5 – Circular economy / *Resource inflows*
E5-5	Resource outflows	↗ E5 – Circular economy / *Resource outflows*
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	No financial risks and opportunities identified.

ESRS S1	Own workforce	
S1-1	Policies related to own workforce	↗ S1 – Own workforce / *Policies*
S1-2	Processes for engaging with own workers and workers' representatives about impacts	↗ S1 – Own workforce / *Engaging with own workers*
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	↗ S1 - Own workforce / *Processes to remediate negative impacts and channels to raise concerns*
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	↗ S1 – Own workforce / *Actions*
S1-5	Targets related to managing material impacts, advancing positive impacts, and managing material risks and opportunities	↗ S1 – Own workforce / *Targets*
S1-6	Characteristics of the undertaking's employees	↗ S1 – Own workforce / *Metrics*
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	↗ S1 – Own workforce / *Metrics*
S1-8	Collective bargaining coverage and social dialogue	↗ S1 – Own workforce / *Metrics*
S1-9	Diversity metrics	↗ S1 – Own workforce / *Metrics*
S1-10	Adequate wages	↗ S1 – Own workforce / *Metrics*
S1-11	Social protection	↗ S1 – Own workforce / *Metrics*
S1-13	Training and skills development metrics	↗ S1 – Own workforce / *Metrics*
S1-14	Health and safety metrics	↗ S1 – Own workforce / *Metrics*
S1-15	Work-life balance metrics	↗ S1 – Own workforce / *Metrics*
S1-16	Compensation metrics (pay gap and total remuneration)	↗ S1 – Own workforce / *Metrics*
S1-17	Incidents, complaints and severe human rights impacts	↗ S1 – Own workforce / *Metrics* ↗ G1 – Business conduct / *Compliance*

ESRS S2	Workers in the value chain	
S2-1	Policies related to value chain workers	↗ S2 – Workers in the value chain / *Policies*
S2-2	Processes for engaging with value chain workers about impacts	↗ S2 – Workers in the value chain / *Engaging with value chain workers*
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	↗ S2 – Workers in the value chain / *Processes to remediate negative impacts and channels to raise concerns*
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	↗ S2 – Workers in the value chain / *Actions*
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	↗ S2 – Workers in the value chain / *Targets*

ESRS S4	Consumers and end-users	
S4-1	Policies related to consumers and end-users	↗ S4 – End-users / *Policies*
S4-2	Processes for engaging with consumers and end-users about impacts	↗ S4 – End-users / *Actions*
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	↗ S4 – End-users / *Actions*
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	↗ S4 – End-users / *Actions*
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	↗ S4 – End-users / *Targets*

ESRS G1	Business conduct	
G1-1	Corporate culture and business conduct policies	↗ G1 – Business conduct / *Policies*
G1-2	Management of relationships with suppliers	↗ S2 – Workers in the value chain / *Actions*
G1-3	Prevention and detection of corruption and bribery	↗ G1 – Business conduct / *Anti-corruption and anti-bribery*
G1-4	Confirmed incidents of corruption or bribery	↗ G1 – Business conduct / *Anti-corruption and anti-bribery*
G1-5	Political influence and lobbying activities	↗ G1 – Business conduct / *Political influence*
G1-6	Payment practices	↗ G1 – Business conduct / *Payment practices*

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

The following table contains all datapoints arising from other EU legislation listed in ESRS 2 Appendix B, where they can be found in the consolidated non-financial statement, and which datapoints are considered "not relevant / not material".

Disclosure requirement and related datapoint	SFDR	Pillar 3	Bench mark regula-tion	EU Climate Law	Chapter
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	x		x		↗ Corporate governance report / *Measures to foster women*
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			x		↗ Corporate governance report / *Corporate governance declaration*
ESRS 2 GOV-4 Statement on due diligence paragraph 30	x				↗ ESRS 2 - General disclosures / *Statement on due diligence*
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	x	x	x		Not relevant
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	x		x		Not relevant
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	x		x		Not relevant
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			x		Not relevant

Disclosure requirement and related datapoint	SFDR	Pillar 3	Bench mark regula-tion	EU Climate Law	Chapter
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				x	↗ E1 – Climate change / *Transition plan for climate change mitigation*
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks paragraph 16 (g)		x	x		Not relevant
ESRS E1-4 GHG emission reduction targets paragraph 34	x	x	x		↗ E1 – Climate change / *Targets*
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	x				↗ E1 – Climate change / *Energy consumption and mix*
ESRS E1-5 Energy consumption and mix paragraph 37	x				↗ E1 – Climate change / *Energy consumption and mix*
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	x				↗ E1 – Climate change / *Energy consumption and mix*
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	x	x	x		↗ E1 – Climate change / *Greenhouse gas emissions*
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	x	x	x		↗ E1 – Climate change / *Greenhouse gas emissions*
ESRS E1-7 GHG removals and carbon credits paragraph 56				x	Not relevant
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			x		Disclosures omitted in the first year of preparation as permitted by ESRS 1 Appendix C.
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		x			Disclosures omitted in the first year of preparation as permitted by ESRS 1 Appendix C.
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		x			Disclosures omitted in the first year of preparation as permitted by ESRS 1 Appendix C.
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			x		Disclosures omitted in the first year of preparation as permitted by ESRS 1 Appendix C.

Disclosure requirement and related datapoint	SFDR	Pillar 3	Bench mark regula-tion	EU Climate Law	Chapter
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	x				Not material
ESRS E3-1 Water and marine resources paragraph 9	x				Not material
ESRS E3-1 Dedicated policy paragraph 13	x				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	x				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	x				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	x				Not material
ESRS 2- SBM-3 - E4 paragraph 16 (a) i	x				Not material
ESRS 2 – SBM-3 – E4 paragraph 16(b)	x				Not material
ESRS 2- SBM-3 - E4 paragraph 16 (c)	x				Not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	x				Not material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	x				Not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	x				Not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	x				↗ E5 – Circular economy / *Resource outflows*
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	x				↗ E5 – Circular economy / *Resource outflows*
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	x				Not material
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	x				Not material
ESRS S1-1 Human rights policy commitments paragraph 20	x				↗ S1 – Own workforce / *Policies*

Disclosure requirement and related datapoint	SFDR	Pillar 3	Bench mark regula-tion	EU Climate Law	Chapter
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			x		↗ S1 – Own workforce / *Policies*
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	x				↗ S1 – Own workforce / *Policies*
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	x				↗ S1 – Own workforce / *Policies*
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	x				↗ S1 - Own workforce / *Processes to remediate negative impacts and channels to raise concerns*
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	x		x		↗ S1 – Own workforce / *Health and safety metrics*
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	x				↗ S1 – Own workforce / *Health and safety metrics*
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	x		x		↗ S1 – Own workforce / *Remuneration metrics*
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	x				↗ S1 – Own workforce / *Remuneration metrics*
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	x				↗ S1 - Own workforce / *Incidents, complaints and severe human rights impacts*
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 104 (a)	x		x		Not material
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	x				Not relevant
ESRS S2-1 Human rights policy commitments paragraph 17	x				↗ S2 – Workers in the value chain / *Policies*

Disclosure requirement and related datapoint	SFDR	Pillar 3	Bench mark regula-tion	EU Climate Law	Chapter
ESRS S2-1 Policies related to value chain workers paragraph 18	x				↗ S2 – Workers in the value chain / *Policies*
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	x		x		↗ S2 – Workers in the value chain / *Policies* and ↗ *Metrics*
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			x		↗ S2 – Workers in the value chain / *Policies*
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	x				↗ S2 – Workers in the value chain / *Metrics*
ESRS S3-1 Human rights policy commitments paragraph 16	x				Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines paragraph 17	x		x		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	x				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	x				↗ S4 – End-users / *Policies* and ↗ *Metrics*
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines paragraph 17	x		x		↗ S4 – End-users / *Policies* and ↗ *Metrics*
ESRS S4-4 Human rights issues and incidents paragraph 35	x				↗ S4 – End-users / *Policies*
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	x				Not relevant
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	x				Not relevant
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	x		x		↗ G1 - Business conduct / *Incidents of bribery or corruption*
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	x				↗ G1 – Business conduct / *Anti-corruption and anti-bribery*

Environment

EU Taxonomy

Since the 2021 financial year, Frequentis has been required to make disclosures in accordance with Article 8 of the EU Taxonomy Regulation (EU) 2020/852. The EU Taxonomy, which came into force on 12 July 2020, aims to establish a common understanding of the environmental sustainability of economic activities and investments. Further, it sets out detailed technical criteria on which economic activities are deemed to be environmentally sustainable in order to orient capital flows towards a sustainable transformation within the meaning of the European Green Deal.

As a non-financial company that falls within the scope of the EU's NFI Directive, which has been transposed into Austrian law through the Sustainability and Diversity Improvement Act (NaDiVeG) (Sustainability Reporting Act / NaBeG in future), since 2022, Frequentis has been required by Article 8 of the EU Taxonomy Regulation to disclose the proportion of turnover, capital expenditure (CapEx), and operating expenditure (OpEx) derived from products or services associated with economic activities that qualify as environmentally sustainable.

An economic activity is deemed to be environmentally sustainable if it makes a substantial contribution to at least one of the six environmental objectives defined in the EU Taxonomy and, at the same time, does no significant harm to any of the other environmental objectives. At the same time, the economic activity must meet the minimum safeguards set out in Article 18 of the EU Taxonomy Regulation.

Whether an economic activity makes a substantial contribution to one of the environmental objectives is determined by mandatory technical screening criteria defined by the EU Commission. All of the defined criteria have to be met. The technical screening criteria for the first two environmental objectives – "climate change mitigation (CCM)" and "climate change adaptation (CCA)" – were published in 2021. In 2022, these were supplemented by Delegated Regulation (EU) 2022/1214 and in 2023 by Delegated Regulation (EU) 2023/2485. Furthermore, Delegated Regulation (EU) 2023/2486 added the technical screening criteria for the four other environmental objectives. These relate to the objectives "water and marine resources (WTR)", "circular economy (CE)", "pollution prevention and control (PPC)", and "biodiversity and ecosystems (BIO)".

For the additional economic activities published for 2023, only taxonomy eligibility had to be reported in the first year of application. For 2024, taxonomy alignment also had to be reported. Economic activities that are within the scope of the EU Taxonomy are classified as taxonomy-eligible. Economic activities that meet the technical screening criteria and minimum safeguards are classified as taxonomy-aligned and are therefore environmentally sustainable within the meaning of the EU Taxonomy Regulation.

Identification of taxonomy-eligible economic activities

As the first step in fulfilling the requirements of the EU Taxonomy, Frequentis analysed the list of environmentally sustainable economic activities to identify those that are applicable within the Frequentis Group. Frequentis' core business, the production of communication and information systems for control centres, is not yet included in the list of environmentally sustainable economic activities pursuant to the EU Taxonomy because the EU Taxonomy initially focuses on greenhouse gas-intensive sectors and economic activities.

Therefore, the majority of its turnover, CapEx, and OpEx is not presently disclosed as taxonomy-eligible. The results of the analysis of the taxonomy eligibility of the economic activities showed that one economic activity is applicable to Frequentis:

		Code
8.1	Data processing, hosting and related activities	**CCM / CCA 8.1**

The EAD [European AIS (Aeronautical Information Services) Database] business corresponds to economic activity 8.1 Data processing, hosting and related activities (CCM / CCA). Within this business unit, Frequentis is responsible for technical operation of the EAD system, the European database for aeronautical information, which enables users to retrieve data in real time. Frequentis operates this system on behalf of EUROCONTROL. The data centres are operated on a redundant basis by Frequentis and by an external service provider. Both the internal and the external data centres are included in the evaluation of taxonomy alignment. The turnover, CapEx, and OpEx relating to economic activity 8.1 only relate to the environmental objective "climate change mitigation (CCM)" and not to "climate change adaptation (CCA)" because they are not climate change adaptation solutions.

Repairs and spare parts for customer systems as well as the boards and printed circuits contained in these systems are part of the customer projects, so they cannot be reported separately. Therefore, this business area forms part of Frequentis' core business.

Consequently, for 2024, the disclosures pursuant to Article 8 of the EU Taxonomy Regulation can only be made for economic activity 8.1 Data processing, hosting and related activities (CCM).

Examination of taxonomy alignment

In the next step, the economic activity identified as being taxonomy-eligible was screened for taxonomy alignment. For economic activity 8.1 Data processing, hosting and related activities (CCM), business and technical experts conducted a detailed examination of compliance with the technical screening criteria set out in Annex 1 of Delegated Regulation (EU) 2021/2139 in conjunction with (EU) 2023/2485 and documented the findings transparently. To comply with the technical screening criteria, the data centres must be compliant with the European Code of Conduct on Data Centre Efficiency and be audited by an independent third party. In addition, the global warming potential (GWP) of the refrigerants used may not exceed 675. The findings show that, as at the reporting date, not all technical screening criteria were fulfilled. Therefore, as at 31 December 2024, the economic activity was not aligned with the EU Taxonomy Regulation. Measures to satisfy the remaining criteria will be taken into account in future investments and upgrades. However, a CapEx plan within the meaning of Annex I of Delegated Regulation (EU) 2021/2178 had not been drawn up as at 31 December 2024.

Conformance with the minimum safeguards was analysed in detail. This was closely based on the proposals set out in the report of the "EU Platform on Sustainable Finance" (October 2022). The established internal policies, procedures, and processes (especially the Frequentis Code of Conduct, the Corporate Social Responsibility (CSR) Code for Suppliers, supplier audits) were examined for compliance with Article 18 of the EU Taxonomy Regulation. The focal areas were human rights, compliance and anti-corruption, taxes, and fair competition. As well as internal respect for these focal areas, importance is placed on suppliers complying with the CSR Code.

KPIs

The data required for the key performance indicators (turnover, CapEx, OpEx) were compiled in the IT systems in close collaboration with the individual departments. The identified taxonomy-eligible activity 8.1 only contributes to the environmental objective "climate change mitigation (CCM)" so double-counting is precluded.

Turnover (turnover KPI)

The total turnover of the Frequentis Group used as the denominator corresponds to the revenues recognised in accordance with IFRS 15. The figure is presented in the consolidated financial statements as at 31 December 2024 ↗ Annual Report / Consolidated financial statements / *Consolidated income statement* and in the ↗ Notes to the consolidated income statement / *4. Revenues.*

The total turnover presented for Frequentis AG comprises the revenues recognised in accordance with the Austrian Commercial Code (UGB) and presented in the financial statements of Frequentis AG as at 31 December 2024, which are only available in German ↗ Jahresfinanzbericht / Frequentis AG – *Einzelabschluss / Gewinn- und Verlustrechnung* and ↗ *Anhang*.

The taxonomy-eligible proportion of turnover contains all revenues from the technical operation of data centres for the EAD business. The taxonomy-aligned turnover used as the numerator is derived from the proportion of turnover that complies with the technical screening criteria and the minimum social safeguards. No taxonomy-aligned turnover could be disclosed for 2024.

		2024		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities of the Frequentis Group	Code	Turnover	Proportion of turnover, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM / CCA 8.1	12,146	3%	EL	EL	N/EL	N/EL	N/EL	N/EL								3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**12,146**	**3%**	100%	0%	0%	0%	0%	0%								3%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**12,146**	**3%**	100%	0%	0%	0%	0%	0%								3%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		468,162	97%																
Total		**480,308**	**100%**																

[1] N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

Turnover as a proportion of total turnover Frequentis Group 2024	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	3%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Economic activities of Frequentis AG	Code	Turnover	Proportion of turnover, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) proportion of turnover, 2023	Category enabling activity	Category transitional activity
		2024		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0%**		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM / CCA 8.1	12,365	4%	EL	EL	N/EL	N/EL	N/EL	N/EL								5%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**12,365**	**4%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**5%**		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		**12,365**	**4%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		279,173	96%																
Total		**291,538**	**100%**																

[1] N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

Turnover as a proportion of total turnover Frequentis AG 2024	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	4%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Capital expenditure (CapEx KPI)

The total capital expenditure of the Frequentis Group used in the denominator contains additions to property, plant and equipment, and intangible assets before depreciation, amortisation, and remeasurement and additions of right-of-use assets as defined in IFRS 16 Leases in 2024. In addition to additions from normal business operations, in the 2024 financial year, total additions included EUR 671 thousand from business combinations (see ↗ Consolidated financial statements / *Notes to the consolidated statement of financial position 15. Property, plant and equipment* and ↗ *Notes to the consolidated statement of financial position 16 Intangible assets*).

The capital expenditure of Frequentis AG presented comprises additions to property, plant and equipment and intangible assets before depreciation, amortisation, and remeasurements in 2024. In addition, total capital expenditure in 2024 includes additions from business combinations in the amount of EUR 637 thousand. The data are taken from the fixed asset schedule in the attachment to the notes to the annual financial statements of Frequentis AG, which are only available in German ↗ Jahresfinanzbericht / Frequentis AG – *Jahresabschluss*.

As for turnover, the taxonomy-eligible proportion of CapEx comprises all additions to property, plant and equipment, intangible assets, and right-of-use assets pursuant to IFRS 16 Leases relating to the technical operation of data centres (EAD business).

No taxonomy-aligned CapEx could be included in the numerator in 2024 because the technical screening criteria were not met.

Economic activities of the Frequentis Group	Code	CapEx	Proportion of CapEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx, 2023 CapEx,	Category enabling activity	Category transitional activity
		2024		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM / CCA 8.1	140	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL								1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**140**	**0.4%**	100%	0%	0%	0%	0%	0%								1%		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**140**	**0.4%**	100%	0%	0%	0%	0%	0%								1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		31,831	100%																
Total		**31,971**	**100%**																

[1] N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

CapEx Frequentis Group 2024	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0.4%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Economic activities of Frequentis AG	Code	CapEx	Proportion of CapEx, 2024	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	DNSH criteria ("Does Not Significantly Harm"): Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx, 2023 CapEx,	Category enabling activity	Category transitional activity
		2024																	
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0%**		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM / CCA 8.1	5	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								2%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**5**	**0.1%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**2%**		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**5**	**0.1%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		7,166	100%																
Total		**7,170**	**100%**																

[1] N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

CapEx Frequentis AG 2024	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0.1%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Operating expenditure (OpEx KPI)

The total operating expenditure of the Frequentis Group used as the denominator comprises direct, non-capitalised costs that relate to research and development (↗ Annual Report / *Consolidated financial statements / Notes to the consolidated income statement / 16. Intangible assets*), building renovation measures, short-term leasing, maintenance and repair of assets or property, plant and equipment (↗ Annual Report / *Consolidated financial statements / Notes to the consolidated income statement / 9. Other operating expenses),* incurred in the 2024 financial year.

The operating expenditure of Frequentis AG is taken from the income statement and the notes to the financial statements of Frequentis AG, which are only available in German ↗ Jahresfinanzbericht / Frequentis AG – *Einzelabschluss*. It comprises direct, non-capitalised costs relating to research and development, building renovation measures, leases, maintenance and repair of property, plant and equipment of Frequentis AG incurred in the 2024 financial year.

Taxonomy-eligible OpEx mainly comprises research and development costs, leasing costs, and costs for maintenance and repair of property, plant, and equipment incurred in connection with the economic activities of the EAD business.

No taxonomy-aligned OpEx could be included in the numerator in 2024 because the technical screening criteria were not met.

Economic activities of the Frequentis Group	Code	OpEx	Proportion of OpEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) OpEx, 2023	Category enabling activity	Category transitional activity
		2024		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0%**		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM / CCA 8.1	35	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		35	0.1%	100%	0%	0%	0%	0%	0%								0.1%		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**35**	**0.1%**	100%	0%	0%	0%	0%	0%								0.1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		35,192	100%																
Total		35,227	**100%**																

1 N = no; Y = yes; EL = eligible (taxonomy-eligible); N/EL = not eligible (taxonomy-non-eligible)

OpEx Frequentis Group 2024	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0.1%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Economic activities of Frequentis AG	Code	2024 OpEx	Proportion of OpEx, 2024	Substantial contribution criteria Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	DNSH criteria ("Does Not Significantly Harm") Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) OpEx,, 2023 2023	Category enabling activity	Category transitional activity
		EUR thousand	%	Y; N; N/EL [1]						Y/N [1]						Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0%**		
of which Enabling																			
of which Transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
		EUR thousand	%	EL; N/EL [1]													%		
Data processing, hosting and related activities	CCM / CCA 8.1	95	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		95	0.3%	100%	0%	0%	0%	0%	0%								0.1%		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**95**	**0.3%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		33,065	100%																
Total		**33,160**	**100%**																

[1] N = no; Y = yes; EL = eligible (Taxonomy-eligible); N/EL = not eligible (Taxonomy-non-eligible)

OpEx Frequentis AG 2024	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0.3%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

E1 – Climate change

Climate protection, efficient energy management, and the use of renewable energies are important to Frequentis. The company's ESG Strategy (Safe – Secure – Sustainable) specifies that the aim is for future generations to inherit a viable environment. Frequentis welcomes the European Commission's vision of a climate-neutral economy and endeavours to play a part in achieving this vision.

The material impacts, risks, and opportunities relating to climate change identified in the materiality assessment are summarised in the following table:

// E1.SBM-3

Category	Description	Time horizon
Actual positive impact (Downstream value chain)	**Optimisation of traffic flows and efficiency enhancement with Frequentis' systems** Frequentis systems are used to optimise traffic flows and enhance efficiency in air traffic management (AMAN arrivals management system) and shipping traffic (lock management), and for energy-saving innovations in the area of drone management (maintenance monitoring of railways).	Short/medium/ long-term
Potential positive impact (Downstream value chain)	**Securing customers' operations during extreme weather events with Frequentis systems** As a result of climate change, Frequentis' customers may be increasingly exposed to extreme weather events and deployment in catastrophes. Frequentis' systems help safeguard operations in such cases.	Short/medium/ long-term
Actual negative impact (Upstream & downstream value chain)	**Pollution caused by GHG emissions in the value chain** Frequentis' product and project-related procurement of goods and services and business travel by employees cause Scope 3 GHG emissions and therefore contribute to climate change.	Short/medium/ long-term
Actual negative impact (Own business activities & downstream value chain)	**Energy consumption in production and integration and the use of systems by customers** Energy consumption causes GHG emissions and contributes to climate change.	Short/medium/ long-term
Risk (Own business activities)	**Climate-related transition risk of higher costs** There is a risk of potential cost rises for business travel and energy as a result of higher pricing of greenhouse gas emissions.	Medium/ long-term
Opportunity (Own business activities)	**Sale of products and solutions to optimise traffic flows and enhance efficiency** Frequentis sees this as an opportunity to attract new customers and generate additional revenues.	Medium/ long-term

Transition plan for climate change mitigation
// E1-1

Frequentis will define science-based targets and a transition plan for climate change mitigation by the end of 2026.

Policies
// E1-2

Frequentis has set out its strategic focus on the environment and energy in its *Environmental & Energy Policy*. This policy covers both climate change mitigation and energy. The focus is on reducing greenhouse gas emissions, efficient use of energy, improving energy performance in design activities, and including energy-efficient products and services in the procurement process. Although the policy does not directly address the identified material impacts, risks, and opportunities, it sets the direction in the environmental and energy areas.

This policy is binding for all companies included in the management system certified in accordance with ISO 14000. The Global Corporate Policy (GCP) requires all other companies to define their own local policy on the basis of the Environmental & Energy Policy.

In the value chain (Scope 3), the biggest emission drivers are purchased goods and services and business travel. Business trips are very important at Frequentis because of the international nature of its business activities. For Frequentis AG and selected subsidiaries, business travel is organised centrally by Frequentis Travel Management. Group-wide, all business trips are organised in compliance with a defined *travel policy*, which specifies that business trips may only be undertaken for business reasons and if the tasks cannot be done in another form (email, phone, online meetings, or video conferencing). Decisions on business travel are taken on the basis of cost-efficiency and sustainability. For details on purchased goods and services, see ↗ E5 – *Circular economy*.

The above policies are made available to the relevant stakeholders either via the intranet or directly, if the stakeholders do not have access to the intranet. The Executive Board of Frequentis AG and the Managing Directors of each company are responsible for applying the policies.

Actions
// E1-3

Climate change

In 2024, energy data were compiled for all Group companies for the first time for 2023 and 2024. Until then, the focus had been on Frequentis AG. Moreover, for the first time, a Group-wide GHG inventory was compiled on the basis of standardised emission factors from international sources. Significant Scope 3 GHG emissions were identified and included in the GHG inventory. This created the basis for measuring decarbonisation Group-wide in the future and for establishing reduction targets.

To reduce greenhouse gas emissions, when procuring new company cars, priority is given to electric vehicles. This is supported by charging stations at the company car park at Frequentis AG, Frequentis Comsoft and Frequentis Orthogon. In 2024, the proportion of electric and hybrid company cars in the Frequentis Group's fleet increased to 54% (2023: 42%). 34% (2023: 23%) of these vehicles were entirely electric.

Energy

Frequentis is concerned about the efficient use of energy. The focus is on Frequentis AG, which employs about 40% of the workforce and where actions have the greatest leverage. Thanks to a range of measures, Frequentis AG has successfully managed energy consumption despite rising sales:

- Following modernisation of measuring and control technology at Frequentis AG in 2022, heating, cooling, and ventilation systems have been optimised. This includes prioritising the use of heat pumps and making optimum use of exhaust heat. Since 2024, a more detailed breakdown of individual electricity consumers (e.g. electric charging stations) has been possible, allowing more accurate planning of effective measures to reduce consumption.
- Lighting in buildings is currently being converted to LED. When completed, this will reduce the energy required for lighting by about 65%.
- There has been a further significant reduction in the use of gas for heating to 28 MWh in 2024 (2023: 187 MWh). This is mainly attributable to optimisation of the measuring and control system and the resulting improvement in the use of exhaust heat, as well as higher ambient temperatures.

Frequentis systems for optimal traffic management

In addition to other products, Frequentis develops and delivers solutions for the safe management of traffic: railways, air traffic, and shipping. The company aims to structure its solutions to ensure that traffic can be managed both safely and efficiently. These solutions also bring a lasting reduction in the CO_2 emissions of the traffic managed.

For example, Frequentis supplies air traffic management products for safe and efficient traffic management in all flight phases. As a result, airlines save kerosene on the ground, during take-off and landing, and in flight, thus reducing their total carbon emissions.

In addition, Frequentis is involved in research activities to improve the environmental compatibility of air travel. For around 20 years, it has been a key partner in SESAR, a research programme set up by the European Commission and EUROCONTROL to realise a digital European airspace in order to make European airspace the most efficient and environment-friendly in the world.

If not explicitly explained, the actions outlined are continuously applied as part of the Frequentis Group's ordinary business activities. The personnel and monetary resources required to perform these actions are included in the overall budget for the department responsible for implementing them.

Targets
// E1-4

Within the context of its sustainability strategy, Frequentis has decided to sign the SBTi (Science-Based Targets initiative) Commitment Letter in 2025. The SBTi offers companies a science-based method of setting CO_2 targets. Emission reduction pathways are calculated on the basis of the company's total CO_2 emissions (corporate carbon footprint). Frequentis will define science-based targets and a transition plan for climate change mitigation by the end of 2026. This will take into account achieving climate neutrality by 2040 and the new targets defined in this process.

Frequentis does not currently have any measurable outcome-oriented targets that meet the ESRS minimum disclosure requirements as set out in MDR-T, but tracks the effectiveness of policies and actions relating to the material impacts, risks, and opportunities through the following activities:

Initial certification under ISO 50001 is planned for Q1 2025. ISO 50001 aims to reduce energy consumption, increase energy efficiency and reduce greenhouse gas emissions, as set out in the *Environmental & Energy Policy*. The purpose of this international standard is to place organisations in a position where they can build up the systems and processes needed to improve their energy-related performance, including energy efficiency, energy use, and energy consumption. It aims to reduce energy consumption, increase energy efficiency, and reduce greenhouse gas emissions. The certification covers Frequentis AG in Vienna, which employs about 40% of Frequentis' workforce, giving the greatest leverage for energy management. Examples are the operation and optimisation of an energy-monitoring system and switching the fleet of company cars to electric vehicles. Following initial certification, an annual follow-on audit (integrated audit) is performed, with a recertification audit every three years. ISO certification is being driven forward by the HSE (Health&Safety and Environment) team. The expenses are included in the current budgets of the individual departments.

Metrics

Energy consumption and mix
// E1-5

An important element on the path to climate neutrality is the use of renewable energy at business locations. In 2024, renewable energy accounted for 58% of the Frequentis Group's total energy consumption.

This was mainly because the entire energy supply at Frequentis AG, which employs around 40% of the workforce and includes one production facility, comes from renewable sources such as hydroelectric power, wind power, and other ecological energy sources. According to the energy supplier, no CO_2 emissions occur in the generation of electricity from renewable resources. Overall, renewable energy accounted for 94% of total energy consumption at Frequentis AG in 2024.

In addition, at two sites, Frequentis AG in Vienna and Frequentis Australasia in Brisbane, energy is generated by in-house photovoltaic installations on the roofs of company buildings. Approximately 1% of energy used by the Frequentis Group comes from its own photovoltaic installations.

Energy consumption and mix	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Fuel consumption from coal and coal products (MWh)	0	0	0	0
Fuel consumption from crude oil and petroleum products (MWh)	1,687	1,801	399	574
Fuel consumption from natural gas (MWh)	919	973	29	187
Fuel consumption from other fossil sources (MWh)	0	0	0	0
Consumption or purchased or acquired electricity, heat, steam, or cooling and from fossil sources (MWh)	2,694	2,453	21	0
Total fossil energy consumption (MWh)	**5,300**	**5,226**	**449**	**761**
Share of fossil sources in total energy consumption (in %)	**35%**	**36%**	**6%**	**10%**
Total nuclear energy consumption (MWh)	**221**	**390**	**0**	**0**
Share of nuclear sources in total energy consumption (in %)	**1%**	**3%**	**0%**	**0%**
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biogenic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable resources (MWh)	8,572	8,439	7,002	6,600
Consumption of self-generated non-fuel renewable energy (MWh)	173	149	130	126
Total renewable energy consumption (MWh)	**8,745**	**8,588**	**7,132**	**6,726**
Share of renewable sources in total energy consumption (in %)	**58%**	**59%**	**94%**	**90%**
Total non-assignable energy consumption (MWh)	**718**	**466**	**0**	**0**
Share of non-assignable sources in total energy consumption (in %)	**5%**	**3%**	**0%**	**0%**
Total energy consumption related to own operations (MWh)	**14,984**	**14,670**	**7,581**	**7,486**

Energy consumption by type and country	Frequentis Group 2024	2023	Frequentis AG and countries 2024
Fossil: electricity (MWh)	2,510	2,086	US (1,023), AU (806), DE (489), other (192)
Fossil: natural gas (MWh)	919	973	Frequentis AG (29), US (400), DE (326), other (165)
Fossil: heat (MWh)	184	367	DE (135), other (50)
Fossil: fuel (MWh)	1,687	1,801	Frequentis AG (399), DE (955), SK (123), other (209)
Nuclear: electricity (MWh)	220	390	SK (126), FR (66), other (29)
Renewable: electricity (MWh)	8,528	8,353	Frequentis AG (7,002), DE (811), other AT (266), other (449)
Renewable: self-generated electricity (MWh)	173	149	Frequentis AG (130), AU (40), PH (3)
Renewable: heat (MWh)	44	85	IT (31), other (13)
Not assignable: electricity (MWh)	274	94	DE (197), GB (25), UAE (14), other (37)
Not assignable: heat (MWh)	444	372	DE (182), SK (97), AU (86), other (79)
Total energy consumption (MWh)	**14,984**	**14,670**	

Calculation methods:

Data from all Group companies were used to calculate energy consumption. Energy consumption from fossil sources comprises purchased electricity, natural gas, district heating, and fuel consumption by company cars. Nuclear energy consumption comprises purchased electricity. Energy consumption from renewable sources comprises purchased electricity, electricity from in-house photovoltaic installations, and district heating.

Non-assignable energy consumption relates to companies for which no energy consumption data are available as a result of contractual agreements (rented office premises). For these companies, energy consumption is estimated on the basis of the size of the building. The average electricity consumption and heating data for the other Group companies are used as an approximation. In 2024, 5% of energy consumption was calculated on the basis of estimates using this method. A breakdown of energy consumption by type of energy and country is also provided.

As a consequence of its production and systems integration operations, Frequentis falls within the scope of the NACE Code C (as defined in Regulation (EU) 2022/1288). The focus is on the execution of customer projects. For the vast majority of these projects, revenue is recognised over a period of time in accordance with IFRS 15. The revenues to be recognised are determined using the cost-to-cost method. The smallest unit within a customer project constitutes the performance obligation, comprising both produced hardware and software components. Consequently, it is not possible to allocate revenues among high climate impact sectors in order to calculate energy intensity in connection with activities in high climate impact sectors.

Greenhouse gas emissions

// E1-6

	Frequentis Group		Frequentis AG	
Greenhouse gas (GHG) emissions	**2024**	**2023**	**2024**	**2023**
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions (t CO_2e)[1]	593	632	106	180
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions (t CO_2e)[1]	2,330	2,130	712	669
Gross market-based Scope 2 GHG emissions (t CO_2e)[2]	1,515	1,364	18	17
Significant Scope 3 GHG emissions	**98,253**	**89,496**	**53,632**	**59,692**
Category 1: Purchased goods and services (t CO_2e)[3]	94,105	86,482	52,146	58,217
Category 6: Business travel (t CO_2e)[4]	4,148	3,014	1,486	1,475
Total GHG emissions				
Total location-based GHG emissions (t CO_2e)	**101,177**	**92,258**	**54,451**	**60,541**
Total market-based GHG emissions (t CO_2e)	**100,361**	**91,492**	**53,757**	**59,889**

1 Including indirect GHG emissions for upstream leased assets (Scope 3 Category 8)

2 Market-based GHG data are only available for Frequentis AG; for the other Group companies, gross location-based Scope 2 GHG emissions were used. Biogenic CO_2 emissions from the market-based approach at Frequentis AG amounted to 834 t CO_2e in 2024 (2023: 783 t CO_2e).

3 Product and project-based procurement and services

4 Travel by air, rental car, and rail

GHG intensity based on net revenue	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Total location-based GHG emissions per net revenue (t CO_2e / EUR)	0.000211	0.000216	0.000187	0.000223
Total market-based GHG emissions per net revenue (t CO_2e / EUR)	0.000209	0.000214	0.000184	0.000220

Calculation methods:

When calculating and reporting greenhouse gases (GHG), Frequentis uses the concept of scopes as defined in the GHG Protocol Corporate Accounting and Reporting Standard.

Fuel consumption by the heating system and by the fleet of company cars have been identified as direct **Scope 1** GHG emissions sources that are owned or controlled by the company. Refrigerant losses from air-conditioning units are not included in Scope 1.

Scope 2 GHG emissions sources are indirect GHG emissions from purchased energy. This includes, first and foremost, purchased electricity and a small amount of purchased heat. 100% of the energy supply at Frequentis AG comes from renewable energy sources. The IEA (International Energy Agency) emission factors are used to calculate location-based Scope 2 emissions. This method is based on the 2006 IPCC Guidelines, taking into account the most recent IPCC Assessment Reports (AR4, AR5, AR6). The GHG emissions calculations cover the gases carbon dioxide, methane, and nitrous oxide and are converted into CO_2 equivalents (CO_2e) by applying the corresponding global warming potential (GWP-100) as the conversion factor. Upstream emissions and grid transmission and distribution losses are not included in the calculation because they are included in Scope 3 GHG emissions Category 3 “Fuel and energy-related activities”. The IEA (International Energy Agency) emission factors were also used to calculate market-based Scope 2 emissions and biogenic CO_2 emissions.

Scope 3 emissions as defined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard comprise indirect GHG emissions outside the company that are not included in Scope 2 GHG emissions. Taking into account the criteria for setting the Scope 3 threshold of the GHG Protocol, the significant Scope 3 categories were identified Group-wide for the first time for 2023 and included in the GHG inventory. Category 1 – Purchased goods and services and Category 6 – Business travel were identified as significant categories.

For **Category 1**, product and-project-related goods and services such as IT consulting and software development were defined. These were converted into t CO_2e using the spend-based emission factors from Climatiq (https://www.climatiq.io/). The data relate to Frequentis AG, Frequentis Deutschland, Frequentis Comsoft, Frequentis Orthogon, Frequentis USA, Frequentis Canada, Frequentis Australasia, Frequentis UK, CNS, ELARA Leitstellentechnik, Frequentis California, Frequentis DFS Aerosense, Frequentis France, Frequentis Solutions & Services, Secure Service Provision, team Technology Management, and TEAM Technology Management Deutschland. The other companies were not included due to a lack of reliable data; however, they are classified as immaterial.

Category 6 comprises travel by air, rental car, and rail. For air travel and rental cars, the CO_2 emissions reports of the travel agencies were used; for Group companies where data were unavailable (2024: 17%, 2023: 27%), estimates were made on the basis of kilometres. For rail travel, the activity-based emission factors from Climatiq (https://www.climatiq.io/) were used. Business travel in private cars was not included due to a lack of reliable data; however, it is classified as immaterial.

Data are not reported for the following categories:

- **Categories 2, 3, 4, 5, and 15** were classified as insignificant because they account for less than 1% of total emissions.
- **Category 8** is included in the Scope 2 data.
- **Categories 10, 13, and 14** are not relevant for Frequentis.
- **Categories 7, 9, 11, and 12** cannot be determined at present due to a lack of reliable data.

Primary data account for 4% (2023: 3%) of the calculation of Scope 3 emissions for the Frequentis Group. This applies to Category 6 Business travel, which is based almost entirely on emissions reports from travel agencies.

To calculate greenhouse gas intensity, total revenues of the Frequentis Group (↗ Consolidated financial statements / *Consolidated income statement*) and Frequentis AG ↗ (Jahresfinanzbericht / Frequentis AG – Jahresabschluss / *Gewinn- und Verlustrechnung*) are used.

Financial effects of material risks
// E1-9

As permitted by ESRS 1 Appendix C List of phased-in disclosure requirements, the disclosures pursuant to ESRS E1-9 on the expected financial effects of material physical and transition risks and potential climate-related opportunities have been omitted in the first year of preparation.

E5 – Circular economy

Frequentis endeavours to ensure careful use of resources along the value chain, from the selection of materials through processing to recyclability.

Frequentis AG in Vienna operates its own production and integrated systems assembly, for which it only uses purchased products (e.g. server hardware, headsets) and components (e.g. lithium-ion batteries). As a result of the switch to a software-centric approach, hardware and thus the materials required for production have been reduced. Moreover, at other Group companies with production and integration activities, the basic principles of the circular economy – waste reduction, re-use of materials, advancing recycling – are being introduced stepwise.

Sustainability and environmental awareness are taken into consideration in production workflows: careful use of primary energy sources and purchased goods, reducing harmful emissions, and the use of environmentally compatible production processes are documented and checked as part of the management review in the regular HSE (Health&Safety and Environment) report.

Frequentis understands a circular economy, including the supply chain, to include, among other things, environment-friendly extraction of raw materials and resource-saving and low-waste production of goods from these raw materials. Insofar as possible, the goods should be returned to the product cycle at the end of their useful life so that their value can be upheld for as long as possible. In addition, efforts are made throughout the Group to structure business processes in a resource-saving manner and respect the principles of circularity.

The aim is to strengthen Frequentis' competitive position on the market and to establish Frequentis in the value chain as a valuable supplier and partner for its customers.

The identified circular economy-related material impacts, risks, and opportunities are summarised in the following table:

// E5.SBM-3

Category	Description	Time horizon
Actual positive impact (Downstream value chain)	**Resource efficiency through durability and maintenance of Frequentis' products** Frequentis' products and solutions are used by customers for many years, often decades. Frequentis further supports this long life cycle by providing extensive service and maintenance programmes and through life cycle management.	Short/medium/ long-term
Actual positive impact (Own business activities & downstream value chain)	**Frequentis as a valuable partner in customers' value chains** Through its ESG activities, the Frequentis Group supports customers in the fulfilment of their sustainability requirements.	Short/medium/ long-term
Potential negative impact (Own business activities)	**Purchase of non-recyclable products and components for use in production and integration** Frequentis does not currently examine the extent to which products and components purchased for production purposes are designed in accordance with circularity principles; pollution caused by non-recyclable products and components is possible.	Short/medium/ long-term
Actual negative impact (Own business activities & downstream value chain)	**Hazardous and electronic waste and disposal of products at the end of their life cycle** Electronic waste occurs in the production and integration of Frequentis systems and in offices. In addition, customer systems (cabinets, hardware components) have to be disposed of at the end of their life cycle.	Short/medium/ long-term

Policies
// E5-1

In keeping with the principle of circular economy, the *Environmental & Energy Policy* (for details of contents, scope, accountability, and availability, see ↗ *E1 – Climate change*) includes improving the use of materials and resources and reducing waste in the company's own operations and in the value chain. Therefore, it also addresses the material impacts related to the circular economy.

In 2024, various departments at Frequentis were involved in the development of an extensive *Circular Economy Policy*, which is to be embedded in the overall strategy. The resulting actions will be prioritised in 2025 and rolled out to Group companies step by step.

Moreover, Frequentis addresses the requirements of the circular economy in its *Procurement Policy* and its *Corporate Social Responsibility (CSR) Code for Suppliers* (see ↗ *S2 – Workers in the value chain*). While these two policies do not directly address the identified material impacts, risks, and opportunities, they do specify that procurement must take into consideration environmental impacts related to the circular economy.

In addition, for Frequentis AG in Vienna there is an extensive *Waste Management Policy* (based on the Vienna waste management law [AWG]) in place. This outlines the waste occurring at Frequentis AG and the related statutory provisions on correct disposal. It therefore addresses the material impacts related to hazardous and electronic waste. At the other companies, too, waste is managed in compliance with local statutory regulations.

The policies outlined above are available to employees in the relevant departments and companies either via the intranet or directly if they do not have intranet access. The Executive Board of Frequentis AG and, through the Global Corporate Policy, the managing directors of each company are responsible for applying these policies.

Actions
// E5-2

Since Frequentis' products and systems are generally used in sectors with high potential for circularity, essential elements have already been implemented:

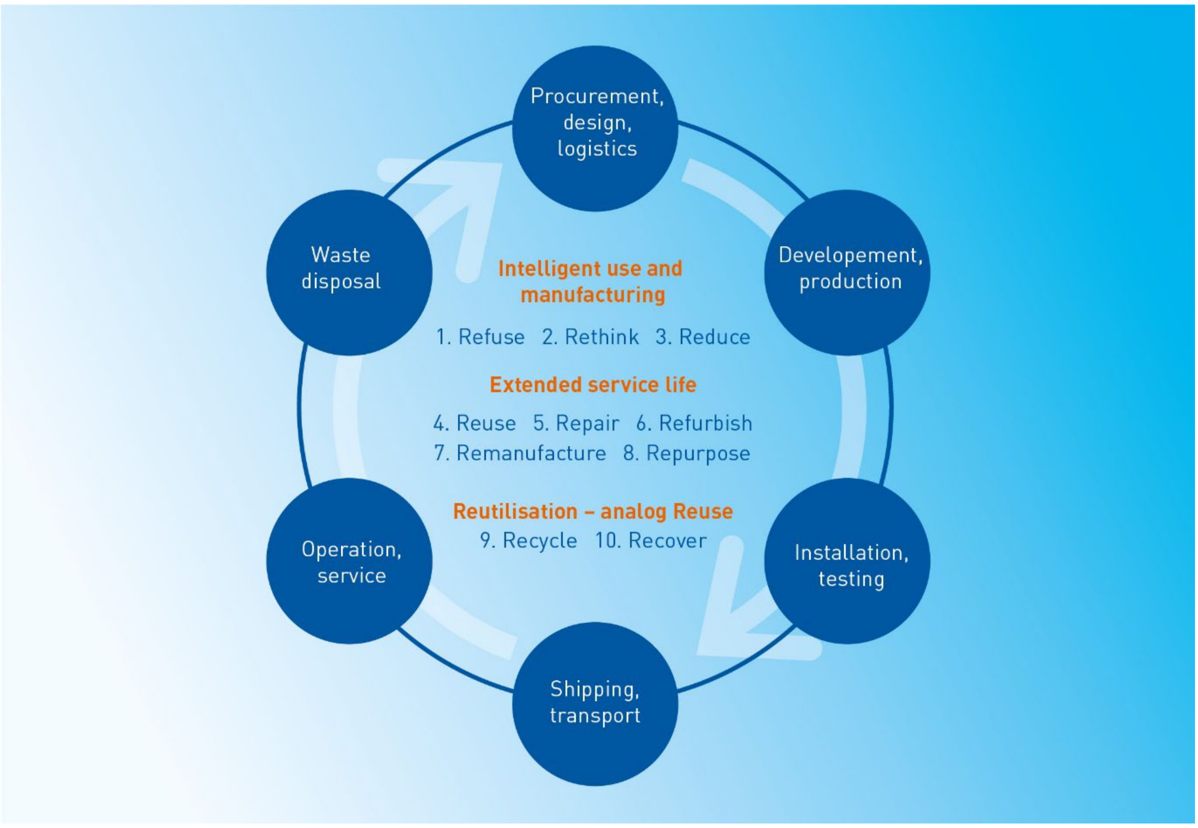
- Long system life cycles
- Largely free of toxic substances
- Repairable and upgradeable
- Service-based business models
- Energy efficiency
- Waste avoidance and reduction

In 2024, six Frequentis-specific topics along the value chain were identified as part of the development of the Circular Economy Policy, initially with a focus on Frequentis AG in Vienna. Points 1-5 contain a description of resource inflows and outflows; point 6 focuses on waste management:

1. Procurement, design, logistics
2. Development, production
3. Installation, testing
4. Shipping, transport
5. Operation, service
6. Waste disposal

In its analysis of circular economy potential, Frequentis takes as its guide the principles of circular economy (R principles) set out by the Austrian Federal Ministry for Climate Action (BMK based on Potting et al. (2017).

For each topic set out in these principles, Frequentis considered where action has already been taken and where action could be taken in the future.



This was examined at the monthly meetings of the core team in 2024. The core team principally comprises experts from the departments affected. The meetings are to be continued in 2025. The related expenses are included in the budgets of the relevant departments.

1. Procurement, design, logistics

As a result of the increasing offering of software-centric solutions, the purchase of hardware is being reduced; compressed system dimensions improve utilisation of customers' space.

The modular structure and high repairability of Frequentis systems make them suitable for long-term operation. The product portfolio also includes new options for the use of systems, e.g. through scalability and divisibility by customers in the form of mobile systems or remote digital towers.

Since attention is paid to short procurement routes and local value-added, most of Frequentis AG's suppliers are in Europe.

2. Development, production

During development, attention is paid to the reusability of software components and the use of open source software.

In production, importance is attached to avoiding manufacturing errors in order to minimise unnecessary disposal. Another focus is on products that are easy to repair. Furthermore, Frequentis pays attention to the selection of environment-friendly supplies, waste recycling (see point 6) and careful examination of the use of chemicals.

In addition, exhaust heat from the integration building is used to heat the company's premises in Vienna, thereby reducing energy consumption and further improving sustainability.

3. Installation, testing

Resources such as cables and tools are used carefully and re-used repeatedly where possible. Some systems are supplied with pre-installed power-saving settings, for example for display brightness.

4. Shipping, transport

When packaging appliances for dispatch, attention is paid to resource-saving processes such as reusable transport containers and reusing packaging and fillers from purchased materials. Moreover, Marketing considers sustainable and shorter transport options and mindful use of resources.

5. Operation, service

Customers use Frequentis products and solutions for many years – often decades. This long life cycle is supported by extensive service and maintenance programmes and life cycle management. Customer Service offers various service levels and service teams are available worldwide around the clock.

For a number of years, Frequentis has repurchased hardware components from its customers. Repurchased parts are subject to a quality control check and then stored. Some of these components are refurbished to good-as-new assemblies and reused for many years in customer projects.

6. Waste disposal

Thanks to a mindful waste avoidance approach and systematic sorting of waste in line with local regulations, Frequentis' waste impact is low. The proportion of hazardous waste generated is less than 5% of total waste at Frequentis AG. An annual HSE (Health&Safety and Environment) audit evaluates the action taken to reduce and dispose of waste and recommends new initiatives to ensure correct sorting of waste and help avoid waste.

Targets
// E5-3

Frequentis does not currently have any measurable, outcome-oriented targets that meet the ESRS minimum disclosure requirements as set out in MDR-T, but tracks the effectiveness of policies and actions relating to material impacts, risks and opportunities through the following activities:

The Executive Board aims to draw up a Circular Economy Policy by 2025. This will include a range of possible actions. In the next step, they will be evaluated, prioritised, and a timeline will be set. Higher priority is given to all actions relating to the Packaging Regulation as this takes effect in January 2025 (packaging must contain a certain proportion of recycled materials and be recyclable). In the first step, the focus is implementing measures at the company's headquarters in Vienna as this is where the highest proportion of production in the Frequentis Group takes place. Progress is measured at regular meetings of the core team and interim steps are presented to the Executive Board. The related expenses are included in the budgets of the relevant departments.

Actions that have already been introduced are to be documented stepwise and further actions are to be defined. Initial certification of conformance with ISO 5001 (energy management), which is planned for Q1 2025, will make an important contribution to the circular economy ↗ *E1 – Climate change*.

Metrics

Resource inflows
// E5-4

The main purchased materials are electronic components and COTS (commercial off-the-shelf) electronics and software products and IT hardware. The purchase and processing of raw materials is not required for Frequentis' business activities; only processed raw materials are used, e.g. solder and lithium-ion batteries. There are no reliable data on the weight of products, the percentage of biological materials, or the percentage of reused or recycled secondary components.

Resource outflows
// E5-5

Most of Frequentis' waste is non-hazardous and occurs in the production and transport of Frequentis' systems (for a description of the products see ↗ ESRS 2 General disclosures / *Business model*). Hazardous waste accounts for less than 5%.

Waste data are only disclosed for Frequentis AG in Vienna as this is the largest production location. No reliable data on waste volumes are available for other manufacturing companies in the Group; however, the amount of waste is not considered to be material.

Waste	Frequentis AG 2024	2023
(1) Non-hazardous waste (t)	**71.7**	**75.5**
thereof residual waste	27.4	26.2
thereof paper and cardboard	19.6	23.1
thereof plastic	0.7	6.1
thereof wood	7.2	6.5
thereof metal, iron and steel	7.1	1.6
thereof electrical and electronic waste	4.8	4.0
thereof glass	0.9	0.4
thereof bulky waste	2.7	6.2
thereof organic waste	0.0	0.1
thereof other	1.3	1.1
(2) Hazardous waste (t)	**3.2**	**1.7**
thereof radioactive waste	0.0	0.0
thereof electrical and electronic waste	1.6	0.4
thereof laboratory and chemical waste	0.2	0.8
thereof batteries	0.0	0.2
thereof lithium-ion batteries	0.0	0.0
thereof fluorescent tubes	0.4	0.1
thereof other	1.0	0.2
Total amount of waste generated (t) (sum of rows 1 and 2)	**75.0**	**77.2**

Waste	Frequentis AG 2024	2023
Non-hazardous waste (t)	**71.7**	**75.5**
Recovery (t)	41.0	
Preparation for reuse (t)	0.0	n.a.[1]
Recycling (t)	40.5	
Other recovery operations (t)	0.5	
Disposal	30.7	
Incineration (t)	30.7	n.a.[1]
Landfill (t)	0.0	
Other disposal operations (t)	0.0	
Hazardous waste (t)	**3.2**	**1.7**
Recovery (t)	2.9	
Preparation for reuse (t)	0.0	n.a.[1]
Recycling (t)	2.1	
Other recovery operations (t)	0.8	
Disposal	0.3	
Incineration (t)	0.3	n.a.[1]
Landfill (t)	0.0	
Other disposal operations (t)	0.0	
Total amount of waste generated (t)	**75.0**	**77.2**
Recovery (preparation for reuse, recycling, other disposal operations) (t and %)	43.9 (59%)	n.a.[1]
Disposal (incineration, landfill, other disposal operations) (t and %)	31.1 (41%)	n.a.[1]

1 Data not available

Social

S1 – Own workforce

Employees are the most important factor for the achievement of Frequentis' corporate objectives and its international growth. Their commitment and dedication, and the innovative capability of multi-cultural teams are the foundations on which Frequentis has built decades of profitable growth and give the company key competitive advantages on the international market.

Frequentis' headcount is over 2,500 employees, most of whom are highly qualified personnel, e.g. systems engineers, software developers, project managers, and experts. Their broad and deep specialist knowledge and their extensive practical focus on customer and market needs are widely appreciated. As a high-tech company, Frequentis employs both young, highly trained university graduates and staff with practical experience. It offers them all an attractive working environment characterised by continuity and sustainability. The long-term stability of the teams is vital for customer confidence. Stable and sustainable long-term job security are therefore important cultural values at Frequentis.

The material impacts, risks, and opportunities identified in connection with the company's own workforce are summarised in the following table. The material impacts relate to both the company's own workforce and non-employee workers:

// S1.SBM-3

Category	Description	Time horizon
Actual positive impact (Own business activities)	**Advancing working conditions through flexible working time models and in the area of health care** Frequentis applies measures that go beyond the statutory requirements, which has a positive effect on its workforce.	Short/medium/ long-term
Actual positive impact (Own business activities)	**Focus on training and skills development in accordance with the lifelong learning philosophy** Since employees' qualifications are important for Frequentis' business performance, training and skills development are given very high priority.	Short/medium/ long-term
Actual positive impact (Own business activities)	**Fostering diversity** Diverse teams improve the response to complex requirements, for example in project management, by introducing different approaches and perspectives.	Medium/ long-term
Potential negative impact (Own business activities)	**Short-term peak workloads or long-term overworking** Since Frequentis operates in the project business, a high workload in individual project phases or long-term strain on its employees are possible.	Short/medium/ long-term
Actual negative impact (Own business activities)	**Low proportion of women in the industry** Frequentis operates in a sector that traditionally has a relatively low proportion of women.	Medium/ long-term

Potential negative impact (Own business activities)	**Incidents of discrimination** Discrimination can occur in the workplace for various reasons and cannot be ruled out in the Frequentis Group.	Short/medium/ long-term
Potential negative impact (Own business activities)	**Data losses or breaches of data protection in the handling of employees' personal data** Frequentis handles a wide range of sensitive data; despite various measures, such incidents cannot be entirely ruled out.	Short/medium/ long-term
Risk (Own business activities)	**Loss of personnel with specialist knowledge** High-qualified employees are Frequentis' most important success factor, so losing them is a risk.	Medium/ long-term
Risk (Own business activities)	**Failure to utilise the potential of diversity and innovation** The rising complexity of safety-critical operations places high demands on innovation, requiring both personnel and financial resources as well as skills.	Medium/ long-term
Risk (Own business activities)	**Reputational damage or administrative fines as a result of a potential breach of data protection** Despite security measures, a data protection incident is possible, with the related risk of administrative fines and reputational risk.	Medium/ long-term

Policies
// S1-1

The basic human resources policy for the Frequentis Group is the *General Policy on Recruiting, Promotion and Retention*. This covers employment conditions for the workforce, fair and market-oriented remuneration, work-life balance, diversity and equality of treatment, and the corporate and working culture. The policy therefore addresses the material impacts and risks identified in connection with working conditions and equal treatment and opportunities for all.

The principles for working together are also set out in the *Code of Conduct of the Frequentis Group* and in the *Anti-Corruption Policy* (for details of contents, scope, accountability, availability, and tracking processes and mechanisms, see ↗ *G1 - Governance*). The policies comply with the United Nations Guiding Principles on Business and Human Rights, the declaration of the ILO (International Labour Organisation) and the OECD Guidelines for Multinational Enterprises. Frequentis explicitly rejects human trafficking, forced labour, and child labour.

Occupational health and safety: The *Occupational Health and Safety Policy* addresses the positive impacts identified in connection with preventive health and safety. The focus is on creating and maintaining a healthy and safe working environment to avoid work-related injuries, accidents, and ill health. The policy is binding for all companies covered by ISO 45001 management certification and for all other companies through the Global Corporate Policy (GCP).

Diversity and equal treatment: The Frequentis Group does not tolerate any form of discrimination, especially not on the grounds of gender, age, sexual orientation, race, ethnic background, or religion. Compliance with the legal framework is a matter of course. Frequentis is an equal opportunity employer. All personnel decisions are based on suitability, performance, qualifications, integrity, and similar criteria. The *Policy on Handling Reports of Discrimination or Sexual Harassment* defines the process to be followed if an employee reports an (alleged) case of discrimination or sexual harassment.

Training and skills development: Frequentis focuses on the principle of lifelong learning. This is embedded in its corporate culture and starts when an employee joins the company. A key element is the ability to offer employees an individually tailored training plan.

The above policies are made available to the relevant stakeholders either via the intranet or directly, if the stakeholders do not have access to the intranet. The Executive Board of Frequentis AG and the Managing Directors of each company are responsible for applying the policies.

Data protection: In accordance with the European General Data Protection Regulation (EU GDPR), companies are required to observe the principles of data protection and require their employees to protect data privacy and business and operational secrets. Frequentis always treats data confidentially and processes them exclusively in conformance with the applicable legal requirements – both as a data controller and as a data processor, for example when processing customers' personal data. Wherever possible, the company uses the structures set out in established management systems for information security (ISO 27001) and quality management (ISO 9001).

The data protection policy is set out in the *Data Protection Manual* produced in 2024. It is supplemented by a range of documents detailing the processes and policies to be applied and compliance with information obligations. This has harmonised the data organisation and improved its maturity, as highlighted by the voluntary audit of data protection documentation in 2024.

The Data Protection Manual focuses principally on the following areas:

- **Employee** data protection (processing employee data)
- Protecting **customer** data in Marketing
- **Video surveillance** at headquarters (works agreement)
- Protecting **customer** data when implementing projects (↗ *S4 - End-users*)
- **Data protection in products** (↗ *S4 - End-users*)
- **Data protection in the "Cloud"**
- **Artificial intelligence (AI) and data protection**

Frequentis as a company is responsible for compliance with the requirements resulting from data protection laws. It is represented externally by the Executive Board. The Data Protection Officer, who was appointed in 2018, advises and instructs the company with regard to personal data protection obligations. In addition, the Data Protection Officer is responsible, among other things, for the ongoing development of company-specific data protection measures, awareness-raising and sensitization measures, and monitoring and documentation.

Engaging with own workers
// S1-2

A central element of Frequentis' corporate culture is an open approach to mistakes in order to learn from them. In accordance with this, employees can report issues via various informal and formal channels.

Formally, employees can express their views in regular employee surveys or raise them with the HR Business Partners and HR managers, compliance managers, the workers' council (where there is one at the company), in their annual performance and career development review and directly with their line manager.

Frequentis assesses the effectiveness of engagement with its workers through employee surveys, from which appropriate action is derived.

Processes to remediate negative impacts and channels for own workers to raise concerns
// S1-3

Employees can also use the informal and formal channels already mentioned to raise concerns. These are dealt with using a precisely defined process. The guiding principles applied at every step in the process are sensitivity, confidentiality, presumption of innocence, and sustainability. Investigation, evaluation, and recommendations on action are undertaken by a core team.

Another option is the whistleblower system for anonymous reporting of irregularities and risks. This system is available worldwide to all employees in the Frequentis Group via an intranet link and via the internet. For details, see ↗ *G1 - Governance*.

Actions
// S1-4

If not explicitly explained, the actions outlined are continuously applied as part of the Frequentis Group's ordinary business activities. The personnel and monetary resources required to perform these measures are included in the overall budget for the department responsible for applying them.

Working conditions

Work-life balance

Enabling staff to combine work and family life is important to Frequentis. Frequentis successfully established flexible working time models many years ago to accommodate personal needs and enable employees to achieve a work-life balance. After adaptation to comply with regional legislation, these are applied throughout the Group. The Frequentis working time model is part of the corporate culture and is based on the principles of performance, respect for individual personality, and mutual trust. A modern IT landscape (Microsoft Teams and other web-based platforms) provides extensive support for mobile working and working from home.

To make it easier for staff to pursue their personal interests, in addition to statutory dispensations, Frequentis offers staff throughout the Group temporary part-time working conditions, sabbaticals, and educational leave.

Occupational health and safety

To create an attractive working environment for present and future employees, work at Frequentis is designed to avoid excessive physical and mental strain. To ensure a safe working environment, risks and problems are viewed from a range of perspectives, preventive measures are introduced, and support is provided if anything nevertheless happens. In this context, Frequentis is guided by ISO 45001 management certification, which covers Frequentis AG and five subsidiaries (approximately 60% of Group employees). Frequentis UK Limited was newly certified as compliant with ISO 45001 in 2024. The Global Corporate Policy (GCP) requires the other companies to define their own policies and measures.

The present training and continuing professional development programme contains a wide range of occupational health and safety offerings. It also includes compulsory safety training for specific groups of workers and regular refresher courses in accordance with the mandatory country-specific legislation on occupational safety training (in Austria, Section 14 of the Austrian Occupational Safety Act [ASchG]).

At Frequentis AG, which employs about 40% of the Group's workforce, the occupational health and safety team comprises a medical officer, a psychologist, two safety specialists, and an eight-member team of safety officers. There is also an extensive first aid organisation. New machinery is inspected by safety specialists and preventive measures are defined where necessary. Special attention is paid to the correct use of personal protective equipment. There are standard operating procedures on handling dangerous chemicals and machinery as well as specific safety training. Chemicals are examined to see if they can be substituted before defining measures for safe use and storage. Regular inspections are carried out by the safety specialists and occupational medical officers to continuously enhance the effectiveness of the safety standards.

As a responsible employer, Frequentis gives high priority to actively fostering the health of its employees. For a number of years, Frequentis AG has offered a range of preventive healthcare measures such as vaccination programmes, health checks (e.g. heart checks, lung function tests), psychological support, and the Frequentis Vital programme (healthy eating, exercise, running training, massages). Where possible, other companies in the Frequentis Group also offer preventive healthcare programmes, check-ups, and activities to support physical and mental health.

Equal treatment and opportunities for all

Gender equality and equal pay for equal work

To ensure uniform, transparent, and fair remuneration, the salaries of all employees in the Frequentis Group are reviewed annually by the responsible managers and, where applicable, the workers' council or a similar body by comparing them with the statutory requirements and external benchmarks. This includes evaluating whether they meet the minimum requirements and market conditions. Salaries are reassessed in the regular pay rise process. The review mode is up to the individual company.

In addition, at Frequentis AG, a mandatory income report with disclosures on the remuneration of men and women is prepared every two years in accordance with Section 11a of the Austrian Equal Treatment Act (GIBG). This anonymised report is submitted to the workers' council of Frequentis AG, which communicates the findings to the company's employees at the annual works meeting. For employees of Frequentis AG, remuneration information sessions were organised to provide a transparent presentation of Frequentis' pay policy and answer employees' questions.

Training and skills development

The training and continuing professional development of employees in the Frequentis Group are central factors for Frequentis' sustained success. At Frequentis, the concept of lifelong learning starts with a structured onboarding programme. This enables new employees to settle in quickly, provides them with the necessary knowledge for their area of work, for example project management, systems engineering, or software development, and encourages the establishment of a personal network. In their first months at Frequentis, new staff are supported by tutors to ensure successful onboarding. The onboarding process includes mandatory training sessions, which have to be refreshed every two years.

To ensure the transfer of knowledge given the rising average age of the workforce, Frequentis attaches great importance to professional succession planning and training future managers. This is supported by an adaptable international leadership development programme focusing on training, knowledge transfer, coaching, and informal exchange on specific issues.

In addition, a "Leadership Behaviours" training module was introduced for managers in 2024. This is based on Frequentis' cultural values and was developed in conjunction with Frequentis managers from various hierarchical levels, departments, and regions. It reflects a broad spectrum of present and future management challenges and tasks and therefore acts as a compass for management work.

There is rising demand for informal learning. The Working Out Loud (WOL) initiative was introduced in 2023. WOL is a method of collaboration and self-learning based on sharing knowledge and experience. The basic idea is that employees make their work visible to others, so they can benefit from their knowledge and, at the same time, offer support.

The culture of collaboration and sharing specialist knowledge is also supported by communities of practice. These communities play a central role in collecting, creating, and transferring knowledge. There are currently about 30 Group-wide communities, mainly dedicated to technical topics such as data science, security, and artificial intelligence.

Educational sponsorship: Frequentis provides selective educational sponsorship for technical schools and universities in Austria and in some companies in Germany, Romania, Slovakia, and Australia. For instance, Frequentis AG offers internships for students and co-supervises bachelor's and master's theses. In 2024, the Frequentis Group supervised 82 holiday interns and professional interns, 34 of them at Frequentis AG. Frequentis' specialists pass on their knowledge through cooperations such as the "Next Generation Air Traffic Management Systems" course at Vienna University of Technology and the "Informatics Adventure" initiative, while universities benefit from practice-oriented training.

Human Resources International cultivates an effective Group-wide HR organisation and a common HR mentality by supporting Frequentis Group companies worldwide and sharing knowledge, for example through international assignments. Common targets for implementing the HR strategy are agreed at regular meetings with local HR managers. The first World HR Team Summit was held in Vienna in September 2023.

Talent acquisition & employer branding: A careful and extensive recruiting process is very important to Frequentis. Alongside professional qualifications, Frequentis looks for an understanding of its business and its specific safety-critical culture.

Diversity

The percentage of women at Frequentis is comparatively low, as it generally is in technical fields. A higher percentage of female employees would be desirable from Frequentis' perspective, especially in technical jobs. Diverse teams are generally more effective and enrich the company. The objective of the "Women & Careers" initiative is to support and encourage women to play an active part in shaping their career. In particular, the aim is to increase the proportion of female managers, for example through transparent internal vacancy notices.

The Frequentis "Women's Community" is a platform for networking and interaction. Examples are the initiatives presented below, which are currently mainly focused on the Vienna location:

- Mentoring programme at the Vienna location and establishment of a professional mentoring network with more than 30 committed mentors
- Salary information for employees: transparent presentation of remuneration components, criteria for salary progression
- Active publication of management vacancies: a qualified assessment process for filling management posts from within the company; identifying female employees with potential

Frequentis is also involved in a range of cooperation projects to interest women in technical professions. These include initiatives such as "Girls! TECH UP" organised by the Austrian electrical engineering association ÖVE, "sheconomy", a platform that showcases impressive women, and "FIT (women in technology)" in Vienna. As a member of the "Agenda Bahnindustrie Frauen" initiative, Frequentis provides a platform to identify and support mobility experts working in the railway industry.

Data protection

Every employee in the Frequentis Group is required to observe data protection laws and regulations. Every two years, employees must complete mandatory e-learning modules on personal data protection. The content focuses on protecting the personal data of employees, customers, and suppliers. In addition to general awareness-raising of data protection, there is a special training programme designed primarily for departments that have a lot to do with personal data.

Targets
// S1-5

Frequentis does not currently have any measurable, outcome-oriented targets that meet the ESRS minimum disclosure requirements as defined in MDR-T, but tracks the effectiveness of policies and actions relating to material impacts, risks and opportunities through the following activities:

The long-term goal of HR management is to ensure the performance, commitment, and innovative power of employees. Based on the HR strategy and clearly defined focus topics, attention is paid to attracting and developing talented employees and retaining them in the long term. Flexible organisational structures allow a rapid response to market and environmental changes, and the company is open to networking and cooperation.

It aspires to continuous professional and personal development of its employees, measured by their professionalism, competence, and excellent results both within the company and beyond.

Metrics

Characteristics of the undertaking's employees
// S1-6

The total workforce of the Frequentis Group comprises employees with permanent and temporary contracts and non-guaranteed hours employees. The average headcount increased from 2,377 in 2023 to 2,584 in 2024. About 40% work for Frequentis AG in Vienna. The internationality of the workforce is reflected in the fact that Frequentis Group employees come from 65 nations and are employed at companies and locations in 17 countries.

No assumptions were used in the compilation of the data; the data are taken from the HR master data system. The total number of permanent employees, expressed as full-time employees (FTEs) is also disclosed in the Frequentis Group's consolidated financial statements (↗ Consolidated financial statements / *8. Personnel expenses*) and in the annual financial statements of Frequentis AG, which are only available in German (↗ Jahresfinanzbericht / Frequentis AG – *Jahresabschluss* / *Durchschnitttliche Zahl der Arbeitnehmer:innen*).

Total number of employees by gender[1] (average headcount)	**Frequentis Group 2024**	**Frequentis Group 2023**	**Frequentis AG 2024**	**Frequentis AG 2023**
Female	591	551	263	257
Male	1,993	1,826	813	773
Total	**2,584**	**2,377**	**1,076**	**1,030**

[1] Includes permanent, temporary, and non-guaranteed hours employees

Total number of employees by country[1] (average headcount)	**Frequentis Group 2024**	**Frequentis Group 2023**	**Frequentis AG 2024**	**Frequentis AG 2023**
Austria	1,223	1,170	1,072	1,026
Germany	462	446	-	-
Romania	176	152	-	-
Australia	135	117	-	-
Slovakia	137	123	-	-
USA	130	104	-	-
UK	75	60	-	-
Canada	63	54	-	-
Philippines	51	37	-	-
Italy	46	40	-	-
Czech Republic	27	24	-	-
Norway	13	9	-	-
China	12	11	-	-
France	12	10	-	-
United Arab Emirates	8	7	-	-
Singapore	6	6	-	-
Brazil	5	5	-	-
Switzerland	5	4	5	4
Total	**2,584**	**2,377**	**1,076**	**1,030**

[1] Includes permanent, temporary, and non-guaranteed hours employees

The majority of employees (99% in 2024) have an employment contract for an indefinite term (permanent employees). These are full-time and part-time employees, employees on parental leave, and apprentices. Temporary contracts relate to holiday and professional internships; non-guaranteed hours contracts relate to freelancers and student employees.

Employees by contract type (average headcount)	Frequentis Group 2024	Frequentis Group 2023	Frequentis AG 2024	Frequentis AG 2023
Total number of employees[1]	**2,584**	**2,377**	**1,076**	**1,030**
Female	591	551	263	257
Male	1,993	1,826	813	773
Number of permanent employees[2]	**2,547**	**2,341**	**1,066**	**1,017**
Female	583	544	262	255
Male	1,963	1,797	803	761
Number of temporary employees[3]	**27**	**24**	**5**	**5**
Female	7	7	1	1
Male	20	17	4	3
Number of non-guaranteed hours employees	**10**	**12**	**6**	**9**
Female	1	0	0	0
Male	9	12	6	9
Number of full-time employees[4]	**2,192**	**2,023**	**887**	**855**
Female	406	378	169	168
Male	1,786	1,645	718	687
Number of part-time employees[4]	**355**	**318**	**179**	**162**
Female	177	166	93	87
Male	178	152	86	75

1 Includes permanent, temporary, and non-guaranteed hours employees
2 Employees with employment contracts for an indefinite term
3 Employees with employment contracts for a limited period
4 Employees with employment contracts for an indefinite term

In 2024, recruitment of new employees again concentrated on technical staff. In addition to system engineers, there was particularly high demand for software engineers, project managers, and IT and sales staff. Important indicators of employee satisfaction are employee turnover and average length of employment. Employee turnover has been constant in the Frequentis Group for years (2024: 9.4%), the average length of employment is eight years.

Employee turnover[1] (headcount in reporting period)	Frequentis Group 2024	Frequentis Group 2023	Frequentis AG 2024	Frequentis AG 2023
Exits	238	215	84	60
Turnover (%)	9.4%	9.2%	7.9%	5.9%
thereof voluntary (%)	5.3%	6.6%	5.4%	4.5%
thereof involuntary (%)	1.8%	1.5%	0.8%	0.5%
thereof natural turnover (%)	2.2%	1.1%	1.6%	0.9%
Entries	395	457	122	105
Average length of employment (years)	7.8	7.9	11.0	10.6

1 Includes permanent employees

Characteristics of non-employee workers in the undertaking's own workforce

// S1-7

Number of non-employees (average headcount)	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Leased workers	12	14	12	14
External partners	84	47	26	18

In addition to its own employees, in 2024 the Frequentis Group had 96 non-employee workers, leased workers, and external workers.

Collective bargaining coverage and social dialogue

// S1-8

57% (2023: 58%) of employees in the Frequentis Group are covered by collective bargaining agreements. At companies where there is no collective bargaining agreement, salaries are adjusted on the basis of external benchmarks and statutory requirements. However, the mode is up to the individual company. All employees in Austria (100%) are covered by collective bargaining agreements; the majority of them are at Frequentis AG and are covered by the Austrian collective bargaining agreement for the metalworking sector. No collective bargaining agreements are applicable in Germany. Collective bargaining agreements are applicable in Brazil, France, Romania, and Italy.

65% (2023: 67%) of employees in the Frequentis Group are represented by workers' councils. In Austria, 95% are represented and in Germany representation is 61%. There are also workers' councils in Romania and Italy. The workers' council at Frequentis AG is in constant communication with the Executive Board and is involved in key corporate decisions. Social dialogue takes place through a range of formats, including a digital community, works meetings, involvement in internal committees, and networking with interest groups.

	Collective bargaining coverage		Social dialogue
Coverage 2024	Employees by EEA country[1]	Employees by non-EEA region[1]	Workplace representation EEA countries[1]
0 – 19%	Germany	Americas, Asia, Australia/Pacific, Europe (non-EEA)	
20 – 39%			
40 – 59%			
60 – 79%			Germany
80 – 100%	Austria[2]		Austria[2]

1 Countries/regions with > 50 employees representing > 10% of total employees in the Frequentis Group

2 Including Frequentis AG (100%)

Diversity metrics

// S1-9

Customers greatly appreciate the internationality of Frequentis' teams. The culture on which this is based is a key competitive factor on the international market. Frequentis has established conditions in which it can offer every employee equal opportunities, irrespective of their age, gender, culture, religion, or background. This is reflected in the international composition of its teams – the Frequentis Group employs staff from 65 nations – and in long-term employment relationships, which support the aim of retaining knowledge in the Frequentis Group.

In 2024, female employees accounted for 23% of the total workforce (2023: 23%). The percentage of female employees was also stable in the Executive Board (highest management level) and among vice presidents, managing directors, and other managers. In both the Frequentis Group and at Frequentis AG, the proportion of new hires who were female was 19% in 2024.

Gender distribution[1] (headcount as at 31 December)	Frequentis Group 2024		2023		Frequentis AG 2024		2023	
Number of permanent employees	**2,611**		**2,434**		**1,078**		**1,038**	
Female	592	(23%)	567	(23%)	262	(24%)	264	(25%)
Male	2,019	(77%)	1,867	(77%)	816	(76%)	774	(75%)
Executive Board	**4**		**4**		**4**		**4**	
Female	1	(25%)	1	(25%)	1	(25%)	1	(25%)
Male	3	(75%)	3	(75%)	3	(75%)	3	(75%)
Management (Vice Presidents and Managing Directors)	**44**		**44**		**15**		**14**	
Female	3	(7%)	3	(7%)	3	(20%)	3	(21%)
Male	41	(93%)	41	(93%)	12	(80%)	11	(79%)
Other managers	**252**		**248**		**135**		**127**	
Female	38	(15%)	38	(15%)	21	(16%)	19	(15%)
Male	214	(85%)	210	(85%)	114	(84%)	108	(85%)
New hires	**395**		**457**		**122**		**105**	
Female	76	(19%)	118	(26%)	23	(19%)	40	(38%)
Male	319	(81%)	339	(74%)	99	(81%)	65	(62%)

1 The data relate to permanent employees

Since the Frequentis Group encourages long-term employment, the average age of the workforce is naturally increasing. This is also reflected in the number of people on phased retirement programmes and employees retiring. In the past five years, there has been a considerable rise in the number of employees retiring and this will continue in the coming years.

Frequentis aims for a mixture of experienced specialists and graduates to maintain a good balance in the age pyramid and safeguard the transfer of know-how. Professional succession planning also allows timely planning and development of replacements for staff who are retiring.

Distribution of employees by age group[1] (headcount as at 31 December)	Frequentis Group 2024		2023		Frequentis AG 2024		2023	
<30 years	387	(15%)	358	(15%)	149	(14%)	148	(14%)
30 - 50 years	1,457	(56%)	1,380	(57%)	583	(54%)	576	(55%)
>50 years	767	(29%)	696	(29%)	346	(32%)	314	(30%)

1 The data relate to permanent employees

Social protection

// S1-11

The Frequentis Group endeavours to protect all employees against a loss of income due to the following major life events:

- Sickness (100% of employees covered)
- Unemployment starting from the start of employment with the company (97% of employees)
- Employment injury and acquired disability (100% of employees covered)
- Parental leave (100% of employees covered)
- Retirement (99.5% of employees covered)

Since the statutory framework differs in different countries, employees are either covered by public programmes or by benefits offered by Frequentis. Due to the statutory framework, social protection is not provided for all the listed life events in the Philippines, Brazil, the United Arab Emirates, and Singapore.

Training and skills development metrics

// S1-13

Frequentis has an extensive internal training offering comprising virtual and face-to-face training in the areas of marketing, sales, technology, project management, management and leadership skills, personal development, business economics, and languages. In addition, employees have access to the O'Reilly online learning platform with more than 60,000 modules, especially in the areas of technology and software development, including advanced content on programming languages, frameworks, cloud computing, and machine learning.
20 companies in the Frequentis Group currently use this offer.

	Frequentis Group		Frequentis AG	
Training time	**2024**	**2023**	**2024**	**2023**
Number of permanent employees (FTE average)	**2,422**	**2,234**	**1,008**	**966**
Female	522	488	233	228
Male	1,900	1,746	776	739
Total number of training hours	**34,188**	**23,902**	**19,852**	**15,698**
Female	7,843	5,280	4,723	4,112
Male	26,345	18,622	15,129	11,586
Average number of training hours per FTE[1]	**14**	**11**	**20**	**16**
Female[1]	15	11	20	18
Male[1]	14	11	20	16

1 Calculated on the basis of full-time equivalents (FTEs) to show training time per full-time employee

The central tool for fostering and developing employees is the annual performance and career development review. This is a snapshot that gives employees guidance for their personal development. Digital documentation facilitates tracking of the agreed targets and development measures. 83% of employees in the Frequentis Group had a documented performance and career development review (appraisal interview) in 2024 (2023: 78%).

Performance and career development reviews[1]	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Number of permanent employees IT Inner Circle (headcount as at 31 December)	**2,102**	**1,949**	**1,078**	**1,038**
Female	488	465	262	264
Male	1,614	1,484	816	774
Total number of performance and career development reviews	**1,748**	**1,517**	**924**	**896**
Female	390	345	222	214
Male	1,358	1,172	702	682
Percentage of employees that participated in performance and career development reviews	**83%**	**78%**	**86%**	**86%**
Female	80%	74%	85%	81%
Male	84%	79%	86%	88%

1 Calculated on the basis of employees at companies connected to the Frequentis Group's IT landscape as data on performance and career development reviews are available electronically. When calculating the percentage of employees that participated in performance and career development reviews, it is assumed that the percentage is similar at other Group companies.

Health and safety metrics

// S1-14

Despite extensive precautions, accidents cannot be prevented entirely. Special attention is paid to carefully analysing every accident and deriving action for improvement to prevent similar accidents occurring in the future. In 2024, all work-related accidents were non-serious accidents with minimal consequences. The incidents were investigated, and corresponding action taken to prevent a recurrence.

Health and safety metrics	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Number of fatalities as a result of work-related accidents and ill health	0	0	0	0
Number of recordable work-related accidents[1]	2	4	0	0
Rate of recordable work-related accidents[2]	0.5	1	0.0	0.0
Number of cases of recordable work-related ill health[1]	0	2	0	0
Rate of recordable work-related ill health[2]	0.0	0.5	0.0	0.0
Number of days lost to work-related accidents and ill health[3]	8	18	0	0

1 Work-related accidents and ill health with more than three days lost, excluding accidents on the way to work

2 Number of cases per 1 million hours worked, based on an average of 1,700 working hours per employee per year and the total number of employees

3 Calendar days, including weekends and public holidays

Work-life balance metrics

// S1-15

All employees (100%) have a statutory entitlement to leave for family reasons after the birth of a child. The number of days granted varies by country due to differences in the statutory framework. In some countries Frequentis offers leave beyond the statutory requirements. 97% of employees can take leave to care for relatives. Due to the statutory framework, this option is not available in the Philippines, Brazil, the United Arab Emirates, and Singapore.

Remuneration metrics

// S1-16

Group-wide calculation of the remuneration metrics gender pay gap and annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees was calculated for the first time for 2024 (reference year: 2023).

	Frequentis Group		Frequentis AG	
Remuneration metrics	**2024**	**2023**	**2024**	**2023**
Gender pay gap[1]	17%	19%	15%	18%
Annual total remuneration ratio[2]	13.8	n.a.	13.6	n.a.

1 Difference in average pay levels between male and female employees, expressed as a percentage of the average pay level of male employees, without taking into account employee category

2 Ratio of the annual total remuneration of the highest paid individual to the median annual remuneration for all employees

Calculation methods:

The gender pay gap is calculated from the average gross annual income of female and male employees based on full-time equivalents (FTE). Differences in purchasing power between countries are taken into account using the World Bank's purchasing power parity conversion rates. The gender pay gap is the difference between the average income of male and female employees, divided by the average income of male employees. The gender pay gap at Frequentis is attributable to the low proportion of female employees, especially in management positions. Frequentis has a range of measures to increase the proportion of female employees (see ↗ S1 – Own workforce / *Policies*).

The ratio of the annual total remuneration of the highest paid individual to the median annual total remuneration for all employees is calculated using the average gross annual remuneration in the Group, based on FTEs, after adjustment for differences in purchasing power. The median was estimated using the distribution of remuneration at Frequentis AG because both the mean and the median are known for Frequentis AG. It is assumed that the distribution is similar for the Frequentis Group.

Incidents, complaints and severe human rights impacts
// S1-17

No allegations of discrimination were reported via formal processes in 2024.

For details of the whistleblower and compliance management system, see ↗ *G1 - Governance*.

Data protection
// S1 voluntary metric

	Frequentis Group		Frequentis AG	
Mandatory training	**2024**	**2023**	**2024**	**2023**
Percentage of successful completion e-learning “Personal data protection”	92%	86%	90%	91%

All permanent employees are required to complete the mandatory training on data protection every 2 years. The successful completion percentage is calculated by dividing the number of training sessions completed by the required number of training sessions in the reporting period. The calculation is based on employees at companies connected to the Frequentis Group's IT landscape as data on mandatory training are available electronically. It is assumed that the proportion is similar at the other companies.

S2 – Workers in the value chain

Since it operates in the safety-critical area, Frequentis places its trust in reliable suppliers and ongoing, long-term business relationships. A stable basis, regular interaction, and transparency are vital for project execution. This includes an obligation to respect human rights and labour standards in the value chain.

The types of value chain workers who could be materially impacted have been identified as those working in the upstream value chain. They include suppliers of, e.g. components and COTS IT hardware (commercial off-the-shelf products comprising electronics and software) and various subcontractors and service providers in the field of telecommunications. No further processing of Frequentis' products and solutions takes place in the downstream value chain, so the downstream value chain is comprised exclusively of end-users (e.g. air traffic controllers and control room operators). They are discussed in section S4 End-users.

Most workers in the upstream value chain are highly-qualified personnel who provide specific IT services or produce technical parts, e.g. software architects, system engineers, and developers. No raw materials are purchased. Consequently, the risk of exploitation is low. Negative impacts in the contexts in which Frequentis operates are not systemic; they can only relate to individual incidents. No geographical areas or raw materials were identified where there is a considerable risk of child labour or forced labour relating to value chain workers.

The identified material impacts, risks, and opportunities in connection with workers in the value chain are summarised in the following table:

// S2.SBM-3

Category	Description	Time horizon
Actual positive impact (Upstream & downstream value chain)	**Advancing working conditions for workers in the value chain** The annual supplier assessments include sustainability-related aspects and social conditions; action to improve performance is agreed if necessary.	Short/medium/ long-term
Potential negative impact (Upstream & downstream value chain)	**Non-compliance with labour standards and human rights of workers in the value chain** Given the large number of international business relationships, it is possible that suppliers could fail to respect human rights, labour standards, and regulations on social conditions.	Short/medium/ long-term
Risk (Own business activities & upstream & downstream value chain)	**Failure by suppliers to comply with the Supplier Code of Conduct in the areas of labour standards and human rights** Despite mandatory signature of the Supplier Code of Conduct, non-compliance could result in inhumane living and working conditions and non-compliant business relationships with third parties. This could result in a supply or reputational risk; there is a risk of losing customers.	Short/medium/ long-term

Policies

// S2-1

The criteria used by Frequentis to select suppliers include ethics, compliance with labour standards, and environmental protection.

In its *Procurement Policy*, Frequentis defines procurement guidelines and processes, taking into account environmental and social aspects. It therefore also addresses the material impacts relating to workers in the value chain. This policy is binding for Frequentis AG. Under the Global Corporate Policy (GCP), all companies are required to draw up a local policy based on the defined guidelines.

The policy is made available to the relevant stakeholders via the intranet or directly, if they do not have intranet access. The Director of Procurement bears operational responsibility for implementation of the policy.

The *Corporate Social Responsibility (CSR) Code for Suppliers* highlights Frequentis' commitment to protecting the environment, respecting human rights and labour standards, and fighting corruption. Frequentis' suppliers are obliged to act in accordance with these principles.

The focus is first and foremost on respecting labour standards. Frequentis explicitly rejects forced and compulsory labour, child labour, moonlighting, and discrimination of employees. Observing working hours, ensuring a safe working environment, paying the collectively agreed and statutory minimum wage, and compliance with the declaration of the International Labour Organisation (ILO) on fundamental principles and rights of workers are other key elements of the *CSR Code for Suppliers*. In this way, Frequentis addresses the material impacts and risk of non-compliance with labour standards and human rights for workers in the value chain.

"Modern slavery" is included in the *Code of Conduct of the Frequentis Group* and the *CSR Code for Suppliers* and in the contractual documents for subcontractors, suppliers, coaches, and employment agencies.

The *Code of Conduct of the Frequentis Group* and the *CSR Code for Suppliers* are applicable for all Group companies and are available to stakeholders in the intranet and on the Frequentis website at www.frequentis.com > About us > Sustainability & CSR > Customers & Markets. The Executive Board is responsible for applying these policies.

There are no known incidents of failure by suppliers and subcontractors to respect these standards in recent years.

Engaging with value chain workers

// S2-2

Since business relationships are long-term and continuous (84% frame agreements at Frequentis AG), collaboration with suppliers' and subcontractors' employees takes place regularly at all levels (e.g. discussions between procurement and sales personnel), at management level in supplier workshops, and formally through annual supplier assessments and regular support. The procurement team comprises specialists for various areas of procurement at Frequentis (e.g. hardware components, IT software and hardware, external resources). This allows professional interaction with suppliers and subcontractors.

Processes to remediate negative impacts and channels to raise concerns
// S2-3

Observance of the *CSR Code for Suppliers* is strictly monitored. Compliance is checked as part of the annual supplier assessment. Each Strategic Procurement Manager sends the supplier assessment to the suppliers with an individual package of recommended actions. Implementation of these measures is driven forward through ongoing business exchanges.

Formally, value chain workers can report concerns, e.g. suspected criminal offences, unfair treatment, discrimination, and non-compliance with Group guidelines or EU law, via the whistleblower platform ↗ G1 – Business conduct / *Whistleblowing*.

Actions
// S2-4

Supplier screening is a key aspect: the focus is on the quality of the selected suppliers and subcontractors as well as on long-term collaboration as partners.

The obligation to accept the *CSR Code for Suppliers* as part of the General Terms and Conditions of Purchase has been integrated into the supplier self-assessment. By signing this document at the start of the business relationship, suppliers give an undertaking that they and their subcontractors will apply the CSR code.

If not explicitly explained, the following actions are continuously applied as part of the Frequentis Group's ordinary business activities. The personnel and monetary resources required to perform these actions are included in the overall budget for the department responsible for applying them.

Selection of suppliers

When selecting suppliers, priority is generally given to existing, well-established business relationships. The process for approving new suppliers includes obtaining extensive information to check their performance, including their sustainability performance. Where necessary, the supplier self-assessment is supplemented by screening the company or obtaining creditworthiness information.

An important aspect in this is the sustainability screening, especially in the case of planned long-term partnerships or if the supplier has its head office or operations in countries that constitute a risk in respect of sustainability or social criteria.

Purchasers and Strategic Procurement Managers in the department are involved in the supplier assessment by obtaining information and evaluating and checking the documents.

Annual supplier assessments

In addition to the supplier audits, Frequentis AG assesses its established suppliers once a year. They are assessed in the first quarter of the year using the following criteria, which have recently been revised:

- Quality: e.g. product quality, product complexity, quality assurance system;
- Price: e.g. development of prices and comparison with the previous year and market prices;
- Support quality: e.g. commercial, personal, and technical support;
- Delivery performance: adherence to delivery dates and volumes; environment-friendly and sustainable packaging;
- Sustainability of suppliers: assessment of the business environment (stability, performance, flexibility, environmental management, etc.) and social aspects (social competence).

These assessment criteria have different weightings and are included in the overall assessment, which is generated with the aid of the ERP system (SAP).

Assessments are performed for the suppliers that account for the highest order volume (top 10%) and those that play a key role in the supply of specific groups of products. The assessment for 2024 will be performed in Q1 2025 as planned. The 2023 assessment, which was performed in 2024, covered 101 suppliers accounting for procurement volume of EUR 48.1 million at Frequentis AG. The top three suppliers received performance awards and certificates. There is a separate evaluation for the suppliers with the highest scores in the sustainability category.

The suppliers are informed of the results. A range of measures is agreed with suppliers whose performance needs to be improved and implementation is monitored.

Supplier audits

Frequentis AG regularly conducts supplier audits; these are conducted at the end of a year for the following year. There are various reasons for a supplier audit:

- To get to know a potential new supplier,
- The supplier accounts for significant order volume or has increased risk potential,
- Difficulties in the relationship with the supplier over the past year (e.g. delivery, quality, communication – based on the supplier assessment).

Audits are always performed on-site because this is essential to secure the quality of the audit.

The audit plan can be modified in the light of events during the year, planned audits may be dropped or postponed, and new audits may be added to the plan. This flexibility is necessary to respond to current requirements. Procurement governance principles are in place at subsidiaries with sales responsibility based on the GCP set out in the procurement guidelines and supplier audits are conducted on an ad-hoc basis.

Global procurement team

Most recently, extensive internal work has been carried out on a common understanding of supply chain management and current requirements in all departments of relevance for procurement. The aim is to establish a strong global procurement team with effect from 1 January 2025. This team will be responsible for the Group-wide rollout of supply chain management. This initiative, which is transforming the Central Procurement function into Group Procurement, started in 2023. Based on intensive research and analyses, the first steps were identifying Group-wide needs, selecting suitable procurement tools, and developing an appropriate Group-wide organisational structure. The policy is being implemented stepwise. The related expenses are included in the budgets of the relevant departments.

Group Procurement will play a key role in meeting the relevant standards and certificates, e.g. ISO 27001 (Information Security), which are a key aspect of supplier management.

Training for supply chain management staff

Supply chain management staff and managers receive regular training in the principles of transparency along the supply chain, including strict avoidance of slavery, human trafficking, any form of forced or compulsory labour, child labour, and all types of discrimination. Training is generally incorporated into the monthly meetings of the Procurement department.

Modern slavery

In its Modern Slavery Statement, which is updated annually, Frequentis reports on current actions and projects relating to modern slavery.

Targets
// S2-5

Frequentis does not currently have any measurable, outcome-oriented targets that meet the ESRS minimum disclosure requirements as defined in MDR-T, but tracks the effectiveness of policies and actions relating to material impacts, risks and opportunities through the following activities:

The dialogue with suppliers and subcontractors is to be extended, especially in the area of sustainability, allowing evaluation of the scope for improvement.

Metrics
S1 - voluntary

Supplier metrics	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Supplier audits performed	8	n.a. [1]	5	7
New suppliers screened using environmental criteria	n.a. [1]	n.a. [1]	98%	96%
New suppliers screened using social criteria	n.a. [1]	n.a. [1]	97%	96%
Purchase volume covered by frame agreements	n.a. [1]	n.a. [1]	84%	79%
Termination of contracts with suppliers due to violation of human rights (or similar incidents)	0	0	0	0

1 Data not available

Frequentis is not aware of any violations of human rights by suppliers in 2024.

Geographical structure of suppliers and service providers by order volume	Frequentis Group[1] 2024	2023	Frequentis AG 2024	2023
Europe	92.1%	92.1%	95.3%	94.5%
North America	4.9%	3.0%	2.2%	2.0%
Asia	1.4%	1.1%	2.1%	2.6%
Australia	1.4%	2.7%	0.0%	0.0%
South America	0.1%	0.1%	0.1%	0.3%
Middle East	0.1%	0.3%	0.2%	0.6%
Africa	0.1%	0.0%	0.1%	0.0%

1 Product and project-related procurement by Frequentis AG, Frequentis Deutschland, Frequentis Comsoft, Frequentis Orthogon, Frequentis USA, Frequentis Canada, Frequentis Australasia, Frequentis UK, and further small companies

S4 – End-users

Frequentis' customers are an important stakeholder group. As an extension of the stakeholder dialogue, customers play an important role in the development of Frequentis' systems. The deep knowledge of their tasks and responsibilities helps Frequentis support them in the safety-critical processes and workflows in their day-to-day work.

Since Frequentis' solutions are part of the safety-critical infrastructure, only end-users and not consumers are relevant for Frequentis' systems. The end-users are highly qualified specialists operating in the safety-critical area such as air traffic controllers, dispatchers, and control centre operators. No differentiation is made between different groups of end-users with respect to impacts, risks, and opportunities. Their qualifications and employability are continuously monitored because they are responsible for the safety and security of people. Therefore, end-users cannot be minors or impaired in any way. Furthermore, training and skills development and regular exchange between Frequentis and end-users is very important to minimise risks in the use of systems.

Since the negative impacts relating to the sale and provision of Frequentis' systems are not systemic, they can only relate to individual incidents.

The impacts and risks connected with end-users of Frequentis systems were identified in the materiality assessment and are summarised in the following table:

// S4.SBM-3

Category	Description	Time horizon
Potential negative impact (Downstream value chain)	**Data losses or breaches of data protection in the handling of customers' personal data** Frequentis handles a wide range of sensitive data; despite various measures, incidents cannot be completely excluded.	Short/medium/long-term
Potential negative impact (Downstream value chain)	**Accidents involving the use of Frequentis' systems by customers** Frequentis' systems are powered by electricity; installation, assembly, operation, and maintenance are only permitted by qualified and trained personnel. Potential accidents could endanger human life.	Short/medium/long-term
Risk (Own business activities & downstream value chain)	**Reputational damage or administrative fines as a result of a potential breach of data protection** Despite security measures, a data protection incident is possible, with the related risk of administrative fines and reputational risk.	Short/medium/long-term
Risk (Own business activities & downstream value chain)	**Loss of orders or criminal consequences of an accident involving the use of Frequentis products** Despite security measures, accidents could occur, with the related risk of criminal consequences and loss of orders.	Short/medium/long-term

Policies
// S4-1

To ensure the safety of end-users and minimise risk, *Safety Guidelines* are attached to the delivery of every customer project and have to be observed during use. End-users receive training in the rules of conduct contained in these guidelines. Furthermore, there are extensive training documents on using and caring for personal protective equipment and specific operating procedures. Project managers at the highest level in the organisation are responsible for compiling, distributing, and implementing the *Safety Guidelines* and for organising training. The safety guidelines address the material impacts and risk of accidents in the use of Frequentis' products.

Respecting human rights and protecting whistleblowers are an integral part of the *Code of Conduct of the Frequentis Group* (see ↗ *G1 – Governance / Policies*). The human rights and whistleblowing policies described there also apply for S4 – End-users. They comply with the United Nations Guiding Principles on Business and Human Rights, the declaration of the ILO (International Labour Organisation) and the OECD Guidelines for Multinational Enterprises.

For detailed information, including addressing the material impacts and risks relating to data protection, see ↗ S1 – Own workforce / *Data protection*. The company's data protection policies described in S1 – Own workforce also apply for S4 – End-users.

All the policies specified and referenced cover end-users of Frequentis' systems.

Actions
// S4-2, S4-3, S4-4

Extensive processes at all stages in the life cycle of Frequentis' systems ensure that end-users can operate them safely and without problem. In the case of major customer projects, workshops are held in the offer phase to respond as well as possible to the customer's requirements. Further workshops and training in operation of the systems are organised in the delivery and acceptance phase. All information and training documents are made available to end-users in written form.

Regular User Group Conferences are organised for established customers of individual business areas at Frequentis. At these conferences, sector trends and challenges in the individual industries are discussed at management level. Current requirements articulated by customers provide important impetus for the ongoing development of the portfolio of solutions.

Direct feedback from end-users in a regular dialogue process fosters long-term, trusting collaboration. In addition to this, feedback is obtained at regular customer workshops, user groups, trade shows, conferences, and as part of the customer satisfaction process. The customer satisfaction process, which has to be performed regularly by account managers, uses a standardised customer satisfaction questionnaire. The responses and feedback are analysed and, where necessary, action is planned to implement improvements and remediate shortcomings. All steps and data are documented in a management report and tracked as necessary.

End-users can also report concerns and requirements via the Frequentis homepage and report irregularities and risks anonymously via the whistleblower website. For further information on whistleblowing, see ↗ G1 - Governance / *Whistleblowing*.

Customer satisfaction, which is surveyed via the various channels, is an indicator of the quality and effectiveness of customer retention measures and quality management. Negative feedback is taken seriously at Frequentis and forwarded to the relevant department for action.

Furthermore, the Frequentis Group offers advisory services to its customers as part of its projects through the Control Room Consulting team. Through end-to-end analyses, the consulting team helps end-users optimise operating processes, decision making, and strategic planning of workflows. This involves close exchange of information, giving Frequentis important insights into end-users' perspectives and operations. Target group-specific interaction with end-users is essential and generates positive results for both sides.

UX@Frequentis, a new Control Room Consulting project, was launched in 2024. Its aim is to deepen long-term exchange between end-users and developers at Frequentis. The objectives are, on the one hand, to enhance user satisfaction and, on the other, to speed up the development process and reduce redesign iterations. The first UX@Frequentis meetings for end-users and developers are planned for 2025. The use of prototypes, support for implementation teams, and clear design specifications for user interfaces are expected to have a positive impact on Frequentis projects. This is to be trialled in two major programmes in 2025.

The personnel and monetary resources required to perform these actions are included in the overall budget for the department responsible for implementing them.

Frequentis is not aware of any violations of human rights in connection with end-users in 2024.

Targets
// S4-5

Frequentis does not currently have any measurable, outcome-oriented targets in the area of S4 – End-users, that are compliant with the ESRS minimum disclosure requirements as set out in MDR-T. The effectiveness of the policies and actions relating to material impacts, risks, and opportunities is measured using the feedback channels outlined above.

Governance

G1 – Business conduct

Frequentis' success is based, above all, on the commitment, responsibility, and lawful and ethical conduct of all employees at Frequentis Group companies. To live up to this reputation, it is a matter of course for Frequentis that its business activities are conducted with integrity on the basis of high ethical standards. This is of particular significance in the safety-critical sector.

The impacts, risks, and opportunities related to governance and corporate culture were identified in the materiality assessment and are summarised in the following table:

// G1.SBM-3

Category	Description	Time horizon
Actual positive impact (Own business activities)	**Fostering responsible conduct based on integrity and a non-punishment culture** The Code of Conduct of the Frequentis Group sets out principles and guidelines for responsible conduct based on integrity.	Medium/long-term
Actual positive impact (Own business activities & upstream & downstream value chain)	**Anonymous reporting of irregularities and non-compliance** The whistleblower system allows anonymous reporting of alleged irregularities without fear of reprisals.	Short/medium/long-term
Actual positive impact (Own business activities & upstream & downstream value chain)	**Establishment of good relationships with stakeholders** Frequentis attaches great importance to long-term partnership with all stakeholders.	Medium/long-term
Potential negative impact (Own business activities & upstream & downstream value chain)	**Non-respect of social and ecological criteria in the company's own business activities or in the value chain** Due to the large number of international business relationships, it is possible that social and ecological criteria might not be respected.	Short/medium/long-term
Potential negative impact (Own business activities & upstream & downstream value chain)	**Potential incidents of bribery or corruption** Despite an extensive compliance management system, incidents of bribery or corruption cannot be ruled out.	Short/medium/long-term
Opportunities (Own business activities)	**Strengthening stakeholder trust through continuous dialogue with stakeholders** Responsible conduct, integrity, and an open corporate culture should allow early detection of shortcomings both within the company and externally so they can be addressed.	Short/medium/long-term
Risks (Own business activities & upstream & downstream value chain)	**Loss of orders, loss of employees or criminal consequences of failure to comply with principles** Breaches of compliance could have serious implications for the company's reputation and business performance.	Short/medium/long-term

Policies
// G1-1

The principles of integrity and business ethics are set out in the *Code of Conduct of the Frequentis Group*, the *Whistleblowing Policy*, the *Global Corporate Policy (GCP)*, the internal *Anti-Corruption Policy*, and the *Corporate Social Responsibility (CSR) Code for Suppliers* and form the basis for internal and external collaboration.

The *Code of Conduct of the Frequentis Group* is a key element in Frequentis' corporate culture and shapes the Frequentis Group. The *GCP* defines the basic rules of conduct for Group-wide collaboration based on responsibility and integrity.

The *Whistleblowing Policy* supplements the *Code of Conduct of the Frequentis Group* in an important area. It implements the EU directive (Directive (EU) 2019/1937) and provides a platform to report irregularities and risks or put forward suggestions for improvement, without any fear of reprisals.

The *Anti-Corruption Policy* is an operational instruction designed to avoid all forms of corruption and provides guidance on ensuring legally compliant conduct when dealing with the Frequentis Group's business partners.

To implement capital market-relevant laws and regulations, the Frequentis Group has a *Capital Market Compliance Policy*. This covers, in particular, the handling and publication of capital market-relevant information, the prohibition of trading in shares and other financial instruments of Frequentis AG, and the obligation to report transactions by members of the management ("Directors' Dealings").

These policies have been approved by the Executive Board of Frequentis AG and apply to all employees of the Frequentis Group. They address the identified material governance-related impacts, risks, and opportunities. There are also mandatory training modules on these policies.

It is in the interests of the Frequentis Group that the principles set out in these policies are also observed by all major business partners such as suppliers, consultants, and contractors. For further information on suppliers, see ↗ S2 – Workers in the value chain / *Policies*.

All the policies outlined above are available to stakeholders via the intranet or directly, if they do not have intranet access. Further, the *Code of Conduct of the Frequentis Group* is available on the company's publicly accessible website at www.frequentis.com > Sustainability & CSR > Customers & markets.

Management of relationships with suppliers

// G1-2

The procurement process, selection of suppliers, and relationship with suppliers are described in detail in ↗ *S2 – Workers in the value chain*.

Actions

// G1-3

In addition to the policies outlined above, Frequentis' corporate culture has a key influence on day-to-day work. It is shaped by consistent and conscientious behaviour. The activities and measures put in place in response to the corporate culture and policies are aligned with and support Frequentis' mission, vision, and strategy.

Compliance

Making staff aware of the key principles is a declared aim of the Frequentis Group. Compliance is obligatory, not optional.

The Executive Board has appointed a Compliance Officer to support it in ensuring Group-wide observance of compliance requirements. The Compliance Officer's main role is to raise awareness and to take steps to ensure exemplary conduct in compliance with the law and guidelines. Employees of Frequentis AG and its subsidiaries, agents, and sub-suppliers are required to respect country-specific laws and regulations.

As a provider of communications and information systems for safety-critical applications, Frequentis has an enormous responsibility to its customers, society, and its shareholders. Their trust is indispensable for Frequentis' business activities. Its reputation and business success can be put at considerable risk by breaches of compliance.

The compliance management system is based on the following principles:

- **Prevention**: defining corporate policies, training, creating compliance awareness, providing advice on complex compliance issues;
- **Early detection**: possibility of reporting compliance incidents; performing compliance audits and special audits in response to specific circumstances;
- **Response**: taking any necessary measures and imposing sanctions.

Other focal areas of compliance activities are preventing and identifying compliance violations that harm the company's interests, avoiding liability risks and reputational damage, training, and advising and protecting the senior management, managers, and staff.

The Compliance Officer is also the first line of contact for staff on compliance issues, which can be submitted by email, phone, or personally.

Compliance metrics	Frequentis Group 2024	Frequentis Group 2023	Frequentis AG 2024	Frequentis AG 2023
Number of compliance enquiries from employees	12	12	10	9
Number of complaints reported via the whistleblower platform	1	2	1	2
Total amount of fines, penalties and compensation for damages as a result of the incidents and complaints disclosed above (EUR)	0	0	0	0
Number of severe human rights incidents relating to the company's own workforce in the reporting period	0	0	0	0
Total amount of fines, penalties and compensation for damages as a result of the incidents disclosed above (EUR)	0	0	0	0

The were no incidents of discrimination (including harassment), nor any incidents of violation of human rights in 2024.

Whistleblowing

An open and honest corporate culture, and transparent and respectful communication have always been important to Frequentis. To supplement existing ways of reporting risks and irregularities and submitting ideas for improvement, a whistleblower system was introduced in December 2021 to comply with the relevant EU directive.

The whistleblower system was initially introduced at Frequentis AG and subsequently rolled out to those subsidiaries that are required by the EU directive to implement a whistleblower system. In addition to the requirements of the EU directive, introduction took into account national factors and aspects raised in the dialogue with stakeholders.

This system is available to all Frequentis Group employees worldwide via a link in the intranet and to customers and other external partners via a link on Frequentis' website. It can also be reached directly by entering https://frequentis.integrityline.com in the selected browser.

All stakeholders worldwide are therefore offered the possibility of anonymously reporting any suspicions of criminal offences or attempted offences, indications of unequal treatment or other forms of illegal discrimination, breaches of the Group's *Anti-Corruption Policy*, and breaches of EU law. All reports received are treated as strictly confidential and anyone who submits a report in good faith will be protected from any sort of reprisals. The whistleblower officer analyses the reports received using a clearly defined process based on the dual control principle and initiates the subsequent steps. Should further clarification be necessary, the whistleblower can be contacted via the system's anonymous mailbox.

Anti-corruption and anti-bribery

Frequentis does not tolerate bribery and corruption in any form. In addition to the *Anti-Corruption Policy*, which provides guidance on conduct, there are processes to avoid and, where appropriate, detect bribery and corruption. These include mandatory training for all permanent employees and a more detailed follow-on training for staff with contact to customers.

Another ongoing measure is checking incoming invoices and expense claims for compliance with the defined thresholds. The focus is on receipts relating to gifts, invitations, and hospitality. Based on an internal process, the accounting department submits all receipts relating to gifts and invitations that exceed the limit defined in the policy to the Compliance Officer for further checking and clarification.

In the event of non-compliance, action is taken, and the Compliance Officer forwards the information to the Executive Board.

Trade compliance

In view of the global political situation, there is a continued focus on international trade restrictions and economic sanctions on people, organisations, and economic sectors in third countries. These can be expected to increase further in the future.

The rollout of automated sanction screening continued in 2024, and the risk analysis was updated. Automated sanction screening was introduced several years ago to replace the old manual screening process. This has reduced the work involved, eliminated sources of error, and allows up-to-date screening of the data. The data are compared with the sanction lists on a daily basis. If the system reports a “hit”, it triggers a precisely defined process of further analysis and, where necessary, action.

Capital market compliance

The measures set out in the *Capital Market Compliance Policy* are designed to ensure compliance with the laws and regulations relating to the capital market. The Capital Market Compliance Officer is responsible for implementing the policy in the Frequentis Group and monitoring the measures it describes and reports directly to the Executive Board. This is designed to ensure that the integrity of the Frequentis Group on the capital market is maintained. To enhance understanding of the Capital Market Compliance Policy, permanent employees also receive mandatory training on the content.

Training

Training is a key element in ensuring that the relevant stakeholders are aware of and apply the corporate culture and policies.

Once again, substantial use was made of virtual classroom training sessions in 2024. This also gives international employees easier access to the mandatory compliance training, which should continuously increase the training rate. All permanent employees are required to repeat mandatory training sessions every two years. Some training modules include the completion of a test.

The mandatory training modules available are "Business ethics & Code of Conduct", "Anti-corruption and anti-bribery", "Capital market compliance", "Personal data protection" and "Occupational safety". The training metrics can be found in the relevant chapters.

The "Business ethics & Code of Conduct" module includes key elements of the *Whistleblowing Policy*. Further, it includes information on how and where whistleblowers can report concerns.

There are two anti-corruption and anti-bribery training modules: a mandatory module for all permanent employees and a module for functions with the greatest risk of exposure to bribery and corruption. These include employees with customer contact, for example, staff in sales and procurement and the management. This group of high-exposure employees was extended in 2024: since May 2024, it has been mandatory for all employees Group-wide with customer contact to take this additional training module. The Executive Board has also given an undertaking that members will complete the "Anti-corruption and anti-bribery" training.

	Frequentis Group		Frequentis AG	
Mandatory training	**2024**	**2023**	**2024**	**2023**
Successful completion e-learning "Business ethics & CoC"	92%	91%	91%	94%
Successful completion e-learning "Capital market compliance"	93%	87%	90%	92%
Successful completion e-learning "Anti-corruption and anti-bribery"[1]	94%	n.a.	97%	n.a.

1 Mandatory for risk-related functions since 2024

All permanent employees are required to complete the mandatory training on data protection every 2 years. The successful completion percentage is calculated by dividing the number of training sessions completed by the required number of training sessions in the reporting period. The calculation is based on employees at companies connected to the Frequentis Group's IT landscape as data on mandatory training are available electronically. It is assumed that the proportion is similar at the other Group companies.

Incidents of corruption or bribery
// G1-4

	Frequentis Group		Frequentis AG	
Bribery and corruption metrics	**2024**	**2023**	**2024**	**2023**
Total confirmed incidents of bribery or corruption	0	0	0	0
Number of convictions for breaches of anti-corruption and anti-bribery regulations	0	0	0	0
Fines for breaches of anti-corruption and anti-bribery regulations (EUR)	0	0	0	0

Political influence

// G1-5

The Frequentis Group strives to obtain the trust of its stakeholders by implementing high standards of corporate governance, transparency, and reliability. As a company whose business activities primarily include public sector contracts, support for political parties, including donations to such parties, is strictly prohibited. Therefore, Frequentis did not make any donations to political parties in either 2024 or 2023.

Further, no member appointed to its administrative, management or supervisory bodies in the reporting period held a comparable position in public administration in the two years preceding their appointment.

Since 2014, Frequentis AG has been registered with the European Transparency Register under the number 878884412932-63 to disclose its activities in the area of research funding in Europe.

Payment practices

// G1-6

The standard payment terms of the Frequentis Group vary from one country to another and from contract to contract. Nevertheless, the aim is to settle invoices as quickly as possible after receipt. On average, 63% of invoices were paid within 21 days in 2024, and 94% were settled within 45 days of receipt.

The standard payment terms of Frequentis AG specify that invoices are paid with a 3% discount within 21 days and net within 45 days. In 2024, 58% of invoices were paid within 21 days, and 94% were settled within 45 days of receipt.

The relationship with suppliers is described in detail in ↗ *S2 – Workers in the value chain*.

Payment practices	Frequentis Group 2024	Frequentis AG 2024
Average time to pay an invoice (days)	**18**	21
Invoices paid < 21 days	63%	58%
Invoices paid 21 - 45 days	31%	36%
Payments within 45 days (standard payment terms)	**94%**	**94%**
Invoices paid 45 - 60 days	3%	3%
Invoices paid 60 - 90 days	2%	2%
Invoices paid > 90 days	1%	1%

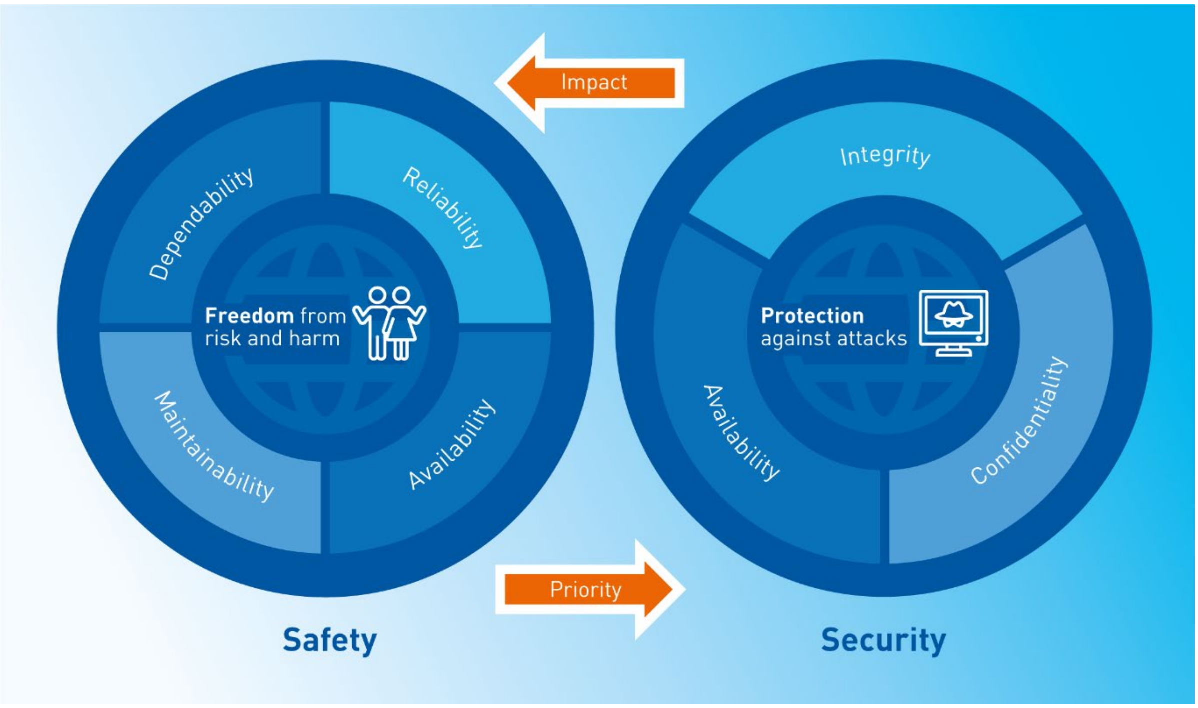
There were no court cases as a result of overdue payments in 2024.

Frequentis-specific topic – Safety & Security

Handling safety-critical systems is a central feature of Frequentis' corporate culture. Wherever Frequentis' systems are used, people are responsible for the safety of other people and of property. Outage or incorrect operation of a Frequentis system or an external attack could therefore have a negative impact on people and the environment. Therefore, safety and security are an indispensable part of Frequentis' culture and its mission "for a safer world".

Frequentis covers the following two aspects:

- Safety means avoiding unacceptable risks in the operation of systems.
- Security refers to the ability to defend against external attacks.



In terms of the sustainability of the Frequentis Group's activities, **safety and security** are therefore closely interlinked: there is no safety without security. These basic principles of Frequentis' business in the safety-critical sector are supplemented by special requirements for digital security and data protection (see ↗ S1 – Own workforce / *Data protection*).

The safety & security-related risks are summarised in the following table:

// Safety&Security.SBM-3

Category	Description	Time horizon
Actual positive impact (Own business activities & downstream value chain)	**Fail-safety and reliability of systems, e.g. upholding cybersecurity** Handling of safety-critical systems is embedded in Frequentis' corporate culture; fail-safety and reliability of systems are a basic precondition of Frequentis' business.	Short/medium/ long-term
Actual positive impact (Own business activities & downstream value chain)	**Integrated approach to safety & security** In view of the increasing complexity of systems, an integrated approach to the various aspects of safety and security is becoming increasingly important.	Short/medium/ long-term
Actual positive impact (Own business activities)	**Internationally recognised system safety expertise** Awards from the International System Safety Society are evidence of high expertise.	Short/medium/ long-term
Potential negative impacts (Own business activities & downstream value chain)	**Endangering critical infrastructure with potential consequences for human life** Outage or incorrect operation of a Frequentis system or an external attack could therefore have a negative impact on people and the environment.	Short/medium/ long-term
Potential negative impact (Own business activities & upstream & downstream value chain)	**Security threat caused by cybercrime** The progressive digital transformation is leading to constantly new cybersecurity threats that could result in incidents of cybercrime despite extensive counter-measures.	Short/medium/ long-term
Risk (Own business activities)	**Reputational damage or loss of orders due to outage of safety-critical systems** Failures and shortcomings in Frequentis' systems would result in an immediate loss of confidence by customers and business partners and have a lasting impact on business.	Short/medium/ long-term
Risk (Own business activities)	**Cybercrime and increased demands on system development and engineering** Additional resources and know-how are required to ensure rapid and efficient coordination in the event of IT incidents and be able to recommend suitable counter-measures.	Short/medium/ long-term

Policies

The Frequentis *Group Security Policy* sets out security guidance for the entire Frequentis Group, in compliance with all relevant national and international regulations. It is based on the Frequentis security strategy, which was developed on the basis of the corresponding market requirements and takes into account changing risks and threats as well as rising security needs. In the areas of risk management, business continuity management, and cybersecurity, in particular, there is a constant stream of new requirements. For the software development teams, the *Cybersecurity Guidelines* were revised in 2024 and integrated into the *Secure Development Lifecycle Policy*.

The *Safety Policy* contains safety information and principles, which form the basis for the extensive safety management system. The related methods and processes are continuously extended on the basis of new regulatory requirements and safety-related operational findings.

In its *Occupational Health & Safety Policy* Frequentis gives an undertaking to establish and maintain safe and healthy working conditions to avoid work-related injuries, accidents and illnesses and to define corresponding preventive measures (see ↗ *S1 – Own workforce*).

Additional Safety Guidelines regulate the safe handling of Frequentis' systems by both customers and employees (see ↗ *S4 – End-users*).

The key aspects of safety and security are contained in the above policies: they address the identified material impacts and risks. To supplement them, Frequentis Group employees have access to further documents on the applicable processes and guidelines and compliance with Group-wide information obligations. The policies are approved by the Executive Board of Frequentis AG. The relevant units are responsible for applying them.

Actions

If not explicitly stated, the following actions in the area of safety & security are continuously applied as part of the Frequentis Group's ordinary business activities. The personnel and monetary resources required to perform these actions are included in the overall budget for the department responsible for applying them.

Security

The Frequentis Security Organisation was strengthened and extended in 2024 as part of the extensive security improvement programme. Led by the Chief Security Officer, this impacts all business processes. The objective is, on the one hand, to protect the company, and on the other, to help customers ensure system security in their operations and provide the necessary evidence for regulatory authorities.

The following units work together in the Frequentis Security Organisation:

Security for products and solutions

The System Security team bears Group-wide governance responsibility for the security of Frequentis products and solutions delivered to customers. In 2024, investment focused in particular on the availability of security specialists in the area of project execution. The new "Project Security Manager" role will bring security competence and responsibility directly into project teams. This is accompanied by an extensive Group-wide training programme based on CompTIA Sec+ and will be continued in 2025. In addition, a Project Security Manager Community was set up to foster networking and exchange.

Security in software development

Secure Development Lifecycle training has become established as a compulsory training programme for software developers, testers, and software development engineers. To support this the role of "security champion" has been created in development teams. Employees in this role help their team colleagues apply cybersecurity principles in development.

Secure configuration and hardening of systems

As a member of CIS (Centre for Internet Security), Frequentis has access to all CIS resources and tools. CIS is a globally recognised non-profit organisation dedicated to improving cybersecurity. It provides best practices and benchmarks to support companies in effectively securing their IT systems against cyberattacks.

Service security

The software-based solutions supplied by Frequentis require broadly based support knowledge, ranging from extensive operational support to support for specific tasks and responsibilities. Within the Customer Service function, the role of Service Security is to provide support on security-related issues. This includes managed services (technical operation) and technical assistance as a service.

IT security

As a company operating in the safety-critical area, Frequentis takes special precautions to avoid cybercrime in the form of attacks on its in-house IT infrastructure. In light of the current global troublespots, Frequentis constantly monitors the situation from an IT security perspective and implements additional precautions as required.

Employees are an important factor in this. To maximise awareness, employees are required to take a compulsory Information Security Awareness training module, which they have to repeat every two years.

To further sharpen employees' awareness, there are also regular Group-wide phishing campaigns. All users connected to the Frequentis Group's IT landscape receive simulated phishing emails. The response is automatically evaluated, and feedback is published in the intranet and the staff newsletter and reinforced by personal discussions. Companies that are not connected to the Frequentis Group's IT landscape conduct their own phishing campaigns and other measures to raise employee awareness.

In this way, employees are trained to report phishing mails via functions that are integrated into the mail system. These reports are analysed by the IT Information Security team so that further preventive measures can be implemented if necessary. This is supplemented by lectures by experts spread across the year and by other opportunities for sharing information within the community. These activities are constantly supported by a range of communication measures under the motto "You are the key to security".

In addition, in 2024 an external professional was commissioned for internal "red teaming" to compromise internal IT systems from the perspective of a hacker in order to derive further action.

Personnel-related security

Personnel-related security measures include protecting staff from possible threats. Examples are the buddy principle offered at Frequentis AG for business travel to crisis-hit regions and preventive measures, including insurance, to cover employees who become ill or are required to quarantine while on business trips.

Moreover, new employees are subject to an extensive background check (where this is legally permissible). Together with the corresponding training, this is designed to raise the awareness of Frequentis employees of the special nature of the safety-critical sector in which the company works. These measures are supplemented by defined security measures that are applied if an employee changes department or leaves the Group.

Physical security

To meet the required physical security standards, physical security measures at all Frequentis Group locations are regularly reviewed, evaluated, and refined using defined procedures. This ongoing process ensures that every location complies with the required security standards and ensures a high level of protection.

Managed supplier security

Through managed supplier security, Frequentis makes sure that suppliers observe the required security standards and practices. The purpose is to protect data and workflows from potential threats from suppliers. The requirements are applied by the procurement departments.

Business continuity, crisis, and emergency management

Despite the precautions taken, cybersecurity incidents are common in IT operations. The motto is "be prepared to react". To be prepared for more serious incidents, business continuity, crisis, and emergency management was extended in 2024. Standard procedures were defined and practised in exercises. Technically, the complete relaunch of Frequentis IT after a fictitious total outage caused by a cyberattack was practised. Organisationally, the crisis team also took part in a wide-ranging exercise on a cyberattack.

Security Incident Response Team (SIRT)

One way of ensuring early identification of security incidents is close collaboration between the safety and security units. This is implemented through the Frequentis Security Incident Response Team (SIRT). SIRT is composed of security experts from within the Frequentis Group and ensures that preventive measures are put in place, especially through internal information from stakeholders in the Group on critical vulnerabilities and current threats. Where necessary, it coordinates the response to IT security incidents and recommends suitable counter-measures. This allows rapid and efficient processing of IT security incidents. SIRT also monitors security reports on critical vulnerabilities in software components and forwards information on the necessary action to internal stakeholders.

A key aspect is networking and maintaining a trusting relationship with customers' security teams through national and international security communities. This gives the team an edge in obtaining important information in the area of cybersecurity. In 2024, SIRT was allocated additional resources, staff attended applicable training and skills enhancement courses, and regular exercises were held.

Safety

System safety is achieved by analysing the undesirable effect of operating a system on the system itself, the environment, the user, or a third party and defining risk-limitation measures.

An extensive safety management system is a key element of the management's commitment to safety in the performance of the tasks required to ensure system safety in the regulated domain.

The basic elements of the safety management system as an integral part of Frequentis' business processes are consistent application of international safety standards for the relevant business unit, an obligatory safety assessment for all product developments, a Group-wide hazard management system for preventive risk minimisation, and the in-house Safety Academy for staff training. All this takes place in the context of the different regulatory requirements in target countries and the specifications of customers operating in different business areas.

Furthermore, all employees are made aware of safety and the collaboration with Security in a compulsory training module. In this mandatory module, the Executive Board explains the specific features and importance of safety-critical behaviour and how this can be implemented optimally in day-to-day working practices, for example, through proactive risk management, high safety and security standards, and professional project management.

Safety certificate

Since 2005 the Safety Academy has offered special safety training leading to the award of a certificate. So far, 141 employees have gained this safety certificate, including 24 staff from Frequentis subsidiaries. A new continuity level for the certificate provides deeper safety knowledge and builds up Group-wide safety competence.

The training programme leading to the safety certificate is used to train safety peers in a wide range of organisational units. Safety competence is a key corporate characteristic in safety-critical activities; it further strengthens Group-wide safety competence. In addition, the results of analyses are used for continuous improvement of products and internal workflows. The continuity level ensures that current topics, requirements, methods, findings are continuously included in this ongoing training.

To ensure role-specific safety training and be able to offer specific training for relevant functions at subsidiaries more quickly, the Safety Academy offers a wide range of other safety training modules (hazard management, system safety, reliability engineering, compliance engineering, human factors, software safety).

System security increasingly has to take account of cybersecurity by determining common interests and interfaces. Research in this area has already started, as demonstrated by IET International System Safety incorporating the Cyber Security Conference. In keeping with this international trend, the Safety department works with several other Frequentis departments such as the Network & IT Solutions team, which concentrates on the design, deployment, and support for IT infrastructure within the context of Frequentis' delivery and service projects, and the Corporate Research team, to find solutions for this challenge.

Networking with international safety and security communities

Active participation in national and international safety and security communities, platforms, and bodies has high priority. These assess future risks, develop strategies, and share experience. In critical circumstances, it is therefore possible to rely on exchange with trusted experts, for example, in the event of a major infrastructure attack.

In 2024, Frequentis actively contributed to the following communities:

- Austrian CERT (Computer Emergency Response Team) network
- FIRST (global Forum of Incident Response and Security Teams)
- EUROCAE (European Organisation for Civil Aviation Equipment) Working Group 72
- EUROCAE Working Group WG 130: ATM/ANS Supporting Standards
- Cyber Security Platform Austria
- CANSO (Civil Air Navigation Services Organisation): Cyber Safety Working Group
- CANSO: Next Generation Safety Management System Workgroup
- CANSO: Human Performance Working Group
- ETSI (European Telecommunications Standards Institute)
- EASA (European Union Aviation Safety Agency): Rule Making Task RMT.0161: Conformity Assessment
- ISSS (International System Safety Society)
- ISC(2) International Information System Security Certification Consortium
- ICAO (International Civil Aviation Organization)
- 3GPP (3rd Generation Partnership Project)

Targets

Frequentis does not currently have any measurable, outcome-oriented targets that meet the ESRS minimum disclosure requirements as defined in MDR-T, but tracks the effectiveness of policies and actions relating to material impacts, risks and opportunities through the following activities:

Based on a broad safety & security strategy, the aim is to continuously extend the safety and security organisation and competence. Skills are regularly upgraded, taking into account current requirements, so that Frequentis customers can rely on the security of the solutions and services provided by Frequentis.

Departments and companies in the Frequentis Group along the value chain also play a part in achieving and upholding the aspired level as set out in the Global Corporate Policy. Investments in security functions and expertise continue to be extended in projects, products, solutions, service, and distribution. In addition, Frequentis is involved in expert communities and standardisation organisation. It also builds partnerships and research cooperations.

Metrics

Security metrics	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Number of IT outages due to cyberattacks in the reporting period	0	0	0	0
Number of phishing campaigns conducted in the reporting period[1]	9	12	9	12
Number of Group-wide SIRT (Security Incident Response Team) events	12	12	12	12

1 At companies linked to the IT landscape

IT security incidents within the scope of SIRT were coordinated successfully in 2024, so no serious damage occurred.

Safety metrics	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Total number of safety certificates issued in the reporting period[1]	141	135	117	116

1 Calculation method revised compared with the previous year's report

Mandatory training	Frequentis Group 2024	2023	Frequentis AG 2024	2023
Successful completion e-learning "Safety-critical behavoiur"	92%	87%	90%	91%
Successful completion e-learning "Information security awareness"	93%	86%	91%	88%

The mandatory safety & security training modules have to be completed by permanent employees every 2 years. The successful completion percentage is calculated by dividing the number of training sessions completed by the required number of training sessions in the reporting period. The calculation is based on permanent employees at companies connected to the Frequentis Group's IT landscape as data on mandatory training are available electronically. It is assumed that the proportion is similar at the other Group companies.

Opportunity and risk management

// ESRS 2 IRO-1, ESRS 2 GOV-5

Frequentis has implemented an active risk management system throughout the Group. The fundamental aim is to identify opportunities and risks as soon as possible and take suitable measures to maintain profitability and secure the continued existence of the Group. Variable capacity utilisation scenarios are a central risk factor, which the company addresses through extensive scenario management. Together with the risk awareness of our staff, this allows timely recognition and Group-wide counteraction, even in business situations that develop in an unforeseen manner.

The Frequentis Group therefore regularly undertakes an extensive internal evaluation of all relevant risks and opportunities. These are compiled in a Group-wide risk report, which is discussed by an extended management circle. As well as exploiting opportunities, Frequentis enters into risks with a view to enhancing the value of the company. To ensure early identification and proactive management of risks, the Frequentis Group has a soundly based Risk Management Policy, a Group-wide risk management system, an extensive internal control system (ICS), and an Internal Audit department. Breaches of compliance can constitute a considerable risk for any company.

The Risk Management Policy is based on the internationally recognised ISO 31000 standard and forms the backbone of efforts to systematically identify, evaluate, and manage risks. Through this established process, Frequentis ensures a holistic view of the opportunities and risks. The measures taken to exploit opportunities and mitigate risks are discussed in detail by an extended management circle at regular intervals. Specific action points are identified and corresponding decisions are taken to ensure that Frequentis can respond agilely to challenges and, at the same time, make full use of the opportunities that arise. As well as safeguarding the Frequentis Group's earnings capability, this proactive approach strengthens its position in a changing business world. The Director of Group Security & Risk Management is responsible for this process.

To simplify the internal and external communication channels for reporting any issues, Frequentis introduced a whistleblower system at Group level at the end of 2021. This is available both via the company's website at www.frequentis.com/en/whistleblowing and via the intranet. This meets the requirements of EU Directive 2019/1937 on the protection of persons who report breaches of Union law.

Project management as an operational mainstay

Risk management is essential in projects, which form Frequentis' core business and are the mainstay of its operations. As part of effective and professional project management, an in-depth risk analysis examines the entire project life cycle. Risks are identified, tracked, mitigated, and eliminated to ensure clear management of risks and results.

The entire project portfolio is managed by a project management board that meets periodically. This board reviews projects and allocates them to the relevant business types. It also drives forward the continuous improvement of project methods and project management processes.

In addition, projects are evaluated several times a year by an extended management circle. All key projects are presented, risk assessments and deviations are discussed, and the action to be taken is agreed. Performance of the projects, invoicing, and receipt of payments are monitored continuously. These project evaluations are supplemented by periodic status meetings in the individual units, which monitor operating performance and marginal income with a view to the Group's profit.

Evaluation of risk management

As part of the audit of the financial statements, in March 2025, BDO Assurance GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft confirmed the functioning and appropriateness of Frequentis' risk management system in accordance with C rule no. 83 of the Austrian Code of Corporate Governance.

Overview of risks

If any of the risks outlined in this section materialise, this could have an adverse effect on the business, financial condition, and result of operations of the Frequentis Group.

To obtain a full overview of the risks within the Frequentis Group, they are classified by impact. The division into project, finance, legal & compliance, operational & HR (human resources), security, strategy, and ESG (environmental, social, governance) risks creates a precise structure that allows a full overview of the wide-ranging opportunities and risks of Frequentis' business activities. The categories are outlined below to provide an extensive insight into Frequentis' risk management strategies and activities.

Project-related risks

Unpredictabilities, which are characteristic of the tender project business, and seasonal and annual fluctuations in the order situation.
An important part of the Frequentis Group's business is acquiring orders (often through lengthy tender processes) to provide products and services. Competition is intense, and the tender procedure is typically protracted and extensive and necessitates considerable personnel and financial resources. Projects by public and semi-public organisations depend on regulatory decisions, budget considerations, and internal approval and release procedures. If Frequentis does not succeed in winning the tender process, all funds and resources allocated to such projects are frustrated. Delays in the tender process and during project execution may have detrimental impacts on the Group's order intake and operating performance. The larger a project is, the more significant the impact. The order intake, operational performance, and earnings of the Frequentis Group are typically subject to considerable seasonal fluctuations. Usually, the Group generates most of its order intake, earnings, and operating performance in the fourth quarter of any given financial year and its financial results in the first half of the financial year are usually negative. Moreover, in most cases, payment depends on the achievement of milestones and the successful finalisation of such projects.

Fluctuations in earnings due to the impact of major projects.
Frequentis' revenues in any period may fluctuate significantly due to the specific payment dates for major projects. Such contracts cause a significant revenue contribution in one year, compared to other years, in which no such major contracts were obtained.

Cost overruns
Changes in costs and production in projects based on fixed-price contracts might influence the financial result of the relevant project. Expenses necessary to complete projects (in particular, if a project involves significant R&D or engineering work) could be underestimated. This may render certain projects unprofitable or even loss-making.

Further risks in this area:
Uncertain, delayed, or deferred orders.

Finance-related risks

Legitimate/illegitimate utilisation or unavailability of bank guarantees.
Frequentis regularly provides bank guarantees (bid bonds, down payment bonds, performance bonds, warranty bonds) to customers as surety for their contractual claims. Legitimate or illegitimate utilisation of these bank guarantees could result in liquidity problems. Likewise, it has been and may still be difficult to find appropriate banks to provide (timely) guarantees for tenders for contracts for goods and services in countries where Frequentis' domestic relationship banks do not have regular business connections. The inability to find a corresponding bank would mean that Frequentis could not take part in the tender process. Frequentis AG has provided numerous comfort letters on behalf of its subsidiaries. This means that Frequentis AG assumes the risk of contract performance by these subsidiaries.

Non-performance of payment obligations by customers.
Non-performance of payment obligations by a customer, particularly in major projects, may be caused by a customer getting into financial difficulty or becoming insolvent, delays in the performance of a project, tension in the collaboration with the customer, or other reasons. Payment delays by public or semi-public entities could also be caused by a delay in budget negotiations or by political uncertainties.

Further risks in this area:
- Inadequate cash flows from operating activities to finance liquidity and net working capital requirements.
- Rising cost pressure triggered, in particular, by competitors in low-wage countries.
- Fluctuation of raw material and energy prices and labour costs.
- Fluctuations in exchange rates and rising interest rates.
- High inflation rates or inflation rates above the long-term average.

Legal & compliance risks

Legal risks relating to public tender contracts.
An important aspect of Frequentis' business is the delivery of products and rendering of services that are subject to public tender procedures and therefore exposed to several specific risks. It should be borne in mind that:
- Competition in tender processes is normally very intensive;
- Such processes require considerable human and financial resources over a long period;
- Public tenders may have very disadvantageous contractual terms, which often cannot be negotiated individually;
- Public and semi-public organisations (which dominate Frequentis' customer base) may give preferential treatment to suppliers from certain other countries rather than Frequentis due to protectionism or political influence;
- An order awarded to Frequentis could be challenged by unsuccessful competitors.

Statutory provisions that define a proportion of domestic content.
Some countries, e.g. the USA (Buy American Act) and Australia (Australian Industry Capability Program), prescribe minimum domestic content directly or indirectly by statute. In such situations, Frequentis must purchase local content from local suppliers, or must make acquisitions or direct investments in the relevant market, regardless of the price level and the capacity situation within the Frequentis Group and any resulting underemployed capacity.

Faulty performance under Frequentis' contracts (including when it is acting as a sub-contractor).
This could include complete non-fulfilment, incomplete fulfilment or bad fulfilment, in terms of quality, time or budget.

Faulty performance by subcontractors.
When Frequentis acts as the main contractor and/or system integrator, which occurs more and more often, it also assumes responsibility for third-party suppliers, which entails additional risks. If a subcontractor provides certain components, which the main contractor has to integrate into an overall solution, the main contractor faces both technological and financial integration risks. In certain circumstances, it may not be possible to complete the subcontract on terms that are essentially equal to those set out in the main contract with the customer. If a subcontractor does not meet its contractual performance obligations, the Frequentis Group might face claims for damages or penalties or be compelled to re-assign the outstanding performance to a third party or to provide the remaining performance itself.

Further risks in this area:
- Damage to customers' assets during on-site work.
- Business activities could be adversely affected by changes in the legal and political framework or the application or interpretation of laws, especially as regards regulatory, commercial, financial, and tax law.
- Failure to successfully protect technology and proprietary know-how or to defend intellectual property.
- Access to bank deposits or other financial assets as a result of legal regulations or the illiquidity of banks.
- Non-negotiable contract terms in public tender processes and, in particular, unlimited liability clauses in public-sector contracts.
- Embargoes and other trade restrictions.
- Compliance-related risks.

Operational & human resources risks

Loss of established customers.
Installed base business is the provision of services, updates, upgrades, or enhancements related to products and systems delivered to, and operated by, existing customers of the Frequentis Group. The Frequentis Group believes that it has a competitive advantage in such follow-up projects in relation to competitors who are not familiar with the Frequentis products already operated by such customers. Since customers often rely on the Group's products and services for a long period of time, installed base business sales offer a relatively stable source of income for the Group. A loss of existing customers therefore has a far-reaching effect.

Long-term delivery commitments.
For certain of its projects, Frequentis is obliged to replace system parts or to deliver spare parts for up to 15 years or longer and needs to keep the corresponding products and know-how available. Such commitments could lead to unforeseen increases in storage costs, which tie up the Frequentis Group's funds or could cause complications if suppliers fail to deliver such components in the required quantity and quality or discontinue the supply of such components. In this situation it could be expensive or even impossible for Frequentis to obtain such components from other suppliers or to produce them itself.

Outbreak of a global pandemic.
The outbreak of pandemics like COVID-19 could have a negative impact on economic development in the markets in which Frequentis operates and adversely affect the company's business performance. Among other things, restrictions on freedom to travel, immigration bans, quarantine requirements, reductions in flight schedules and the associated reduction in the number of flights, and restrictions on the production of goods and services could have a detrimental effect on the development of the markets served by Frequentis.

The points listed could result, for example, in delays in the acceptance of projects on site or in local acceptance by customers or make such acceptance impossible for an indefinite period. There could also be logistics and supply problems, resulting in supply chain bottlenecks. Customers' investment budgets could be cut back, and customers could be less willing to take decisions as a result of the uncertainty.

If Frequentis fails to meet quantitative requirements, its know-how might not be sufficient to win new customers or retain existing customers.
Customers' tenders often have quantitative requirements for their projects, e.g. references from previous customers and projects, a minimum annual turnover and/or revenue, or quantitative requirements relating to the Group's employees, e.g. a minimum number of system experts located in the customer's country.

Further risks in this area:
- Malfunctioning of products and product shortcomings.
- Loss of key personnel and failure to attract qualified employees.
- Loss of suppliers or interruptions or bottlenecks in the supply of the Group's services, software, component parts, or raw materials.
- Failure to deal successfully with the challenges of (organic) growth, and excess capacities or capacity shortages in Frequentis' organisational units.

Security-related risks

Cyberattacks
Given that Frequentis' business is heavily dependent on IT security, cyberattacks could pose a substantial risk to its business, in particular because the technical solutions offered by Frequentis perform safety-critical tasks. If a customer's infrastructure is affected by a cyberattack, and if the vulnerability of the infrastructure is caused by or attributed to a product of the Frequentis Group, this could cause claims for damages, loss of customers, and negatively affect the perception of the reliability of the products of the Frequentis Group.

Changes in technological standards.
The development of products could fail or take more time than permitted by technological progress; development costs for products with insufficient demand could lead to stranded investments; the implementation of change programmes could fail or increase the time and cost involved.

Strategy-related risks

Dependence on political and economic conditions.
Frequentis' ability to secure contracts and their content, amount, and size depends, among other things, on the volume of air, ship, and rail traffic, the relative importance attributed to safety awareness by the public, and the funds available for the procurement of control centre solutions, systems, and products as well as for maintenance, enhancements, and upgrading of existing solutions, systems, and products.

Exercise of political influence and protectionism.
Public and semi-public organisations dominate Frequentis' customer structure. Such customers may, for various reasons, prefer suppliers from certain countries over Frequentis.

Progressive customer concentration.
A trend towards amalgamations within the public sector and privatisations of public organisations in some of the Frequentis Group's business areas can lead to delays in investment and procurement decisions or a smaller number of customers, each of which has greater market and bargaining power. If there are few or only one potential customer per country, the Frequentis Group's dependency on such customers increases.

Defending market positions against competition.
Frequentis is active in highly competitive markets where a few large international companies compete against a number of smaller businesses. Some of Frequentis' competitors have higher market capitalisation and greater financial power, so they are in a better position to adapt to changes in the market, finance new technologies, and bypass financial bottlenecks.

Growth through acquisitions.
Acquisitions are associated with a general entrepreneurial risk. Frequentis might not be able to identify and purchase suitable acquisition targets and it might not have sufficient funds for a potential acquisition. Successful integration of the acquired business might be difficult or impossible, the anticipated goals and synergies might be unachievable, and the Frequentis Group could face new risks not evaluated in advance.

ESG-related risks
// ESRS 2 IRO-1, ESRS 2 GOV-5

Risk assessments are performed within the framework of the materiality assessment (part of the consolidated non-financial statement) and their financial impact has been assessment. The results of the quantitative analysis of the risks and opportunities are integrated into Group-wide risk management and updated as necessary. See ↗ Consolidated non-financial statement / ESRS 2 / *Materiality assessment*.

The Executive Board and Supervisory Board are informed of the results of the materiality assessment and the main impacts, risks, and opportunities derived from it at risk management meetings.

Internal control system (ICS) for the accounting process

The accounting process covers both financial reporting and the consolidated non-financial statement, in other words, those activities that are necessary to prepare annual and consolidated financial statements in compliance with the statutory provisions and the IFRS and a consolidated non-financial statement in accordance with the provisions of the ESRS.

Financial reporting

Structure of accounting

The accounting function in the Frequentis Group comprises the accounting departments at local companies and the Corporate Accounting department in Vienna. Book-keeping for some subsidiaries is carried out directly at the Group's headquarters in Vienna. The local companies draw up financial statements in accordance with local law and then prepare financial statements in accordance with the IFRS. Both sets of financial statements are submitted to Corporate Accounting in Vienna.

Book-keeping for most companies, especially the large companies, is performed using a uniform SAP system. For some local companies, which use other ERP systems, Corporate Accounting in Vienna uploads the accounts to the SAP system. Consolidation is performed by Corporate Accounting.

Consolidation

The IFRS financial statements are drawn up in accordance with the IFRS accounting and valuation policies. The staff responsible for local accounting apply the IFRS. The IFRS of relevance for the consolidated financial statements are outlined in the corporate accounting manual, which is made available to the subsidiaries. If necessary, supplementary information on Group-wide reporting requirements is distributed to the subsidiaries before each annual closing process. Local financial reporting data are checked manually by Corporate Accounting (mainly plausibility checks) and also undergo automatic, tool-based checking routines. During this process, Accounting works closely with other departments, especially Controlling (e.g. in respect of target/actual comparisons and segment reporting).

The overall consolidation process includes checking the consistency of the data transmitted and plausibilisation of the financial statements as a whole.

To ensure correct and timely completion by the publication date, deadlines are set for both the half-year and the annual financial statements. The entire accounting function is notified of these in good time. In addition to the annual financial report, a half-year financial report is prepared in accordance with IAS 34.

Controls

The accounting function reports to the CFO. Quarterly reports to the Executive Board and the Supervisory Board contain information on order intake, the development of revenue, the income statement, and opportunities and risks. This ensures ongoing oversight of the internal control system. Existing and potential risks are constantly monitored by several bodies. This is based on uniform risk guidelines. The management of the local companies is responsible for implementing these guidelines and ensuring they are observed.

In the Frequentis Group, the Internal Audit department is a staff department reporting to the CFO. The annual audit schedule is determined by the Supervisory Board's Audit Committee on the basis of a proposal by the Internal Audit department. Focal areas are examining the effectiveness of the internal control system, compliance with the applicable Group-wide guidelines at individual companies, and special audits triggered by specific events. Depending on the circumstances, audits are conducted locally or at headquarters. The results of audits are presented once a year to the Audit Committee and twice a year to the Executive Board.

Consolidated non-financial statement

// ESRS 2 IRO-1, ESRS 2 GOV-5

The consolidated non-financial statement of the Frequentis Group is prepared in accordance with the ESRS. The Group companies report their sustainability data using a uniform ESRS form. The data are then consolidated and prepared for reporting.

To ensure the completeness and integrity of the data and the exactness of estimates, internal controls have been implemented for the process to prepare the consolidated non-financial statement. The content and plausibility of the data from the individual Group companies are checked. An automatic check for completeness is also performed. In this way, the principle of double-checking is ensured when compiling the sustainability data.

During the consolidation process, the data transmitted are checked for completeness, estimates are performed, and the plausibility of the statement as a whole is checked.

Controls

The CFO bears responsibility for the preparation of the consolidated non-financial statement. The Executive Board and Supervisory Board are informed of the risks and opportunities and sustainability progress.

Information pursuant to Section 243a (1) UGB

1. The share capital of Frequentis AG was EUR 13,280,000.00 as at 31 December 2024 and was divided into 13,279,999 no-par-value bearer shares, all of which are equal in all respects, and one registered share with restricted transferability ("share no. 1"). The holder of share no. 1, Johannes Bardach, is authorised by article 5.1.2 of the articles of association to appoint one third of the members of the Supervisory Board (i.e. one third of the maximum number of shareholder representatives set out in article 5.1.1 of the articles of association).

As at 31 December 2024, the company held 10,577 treasury shares, which was 0.0796% of the share capital (31 December 2023: 18,485 treasury shares, which was 0.1392%). Under Section 65 (5) of the Austrian Companies Act (AktG), treasury shares do not confer any rights, especially voting rights, on the company.

2. Apart from the following exceptions, there are no restrictions on voting rights or the transfer of shares other than the general provisions of company law: Under article 3.3 of the articles of association, registered share no. 1 can only be transferred with the company's consent (restricted transferability). In terms of voting rights, share no. 1 has the same rights as the bearer shares. An agreement on the election of a person nominated by B&C Holding Österreich GmbH as a member of the Supervisory Board of Frequentis AG has been concluded between Frequentis Group Holding GmbH and B&C Holding Österreich GmbH.

3. As at 31 December 2024, Frequentis Group Holding GmbH had a direct stake of over 50.0% in Frequentis AG and was thus the direct majority shareholder of Frequentis AG. B&C Holding Österreich GmbH held a stake of over 10.0% in Frequentis AG as at 31 December 2024.

4. As at 31 December 2024, share no. 1 was held by Johannes Bardach. This share has the rights set out in subsection 1 above.

5. Employees who hold shares may exercise their voting rights at the General Meeting.

6. The Executive Board comprises 1, 2, 3, or 4 people. The members of the Executive Board are appointed by the Supervisory Board for a maximum of 5 years. Reappointment is permitted.

The articles of association contain the following ruling on the appointment and dismissal of members of the Supervisory Board: The Supervisory Board comprises at least 3 and at most 6 members elected by the General Meeting or delegated by the shareholders (shareholder representatives) and a corresponding number of employee representatives delegated in accordance with Section 110 of the Austrian Labour Constitution Act (Arbeitsverfassungsgesetz).

The holder of registered share no. 1 is authorised to appoint one third of the members of the Supervisory Board (i.e. one third of the maximum number of shareholder representatives set out in article 5.1.1 of the articles of association).

The Supervisory Board members elected by the General Meeting shall, unless they are elected for a shorter term of office, be elected for the period until the end of the General Meeting that resolves on ratification of their actions for the fourth financial year after their election. The financial year in which they are elected is not included in this calculation. Re-election of a Supervisory Board member is permitted.

The appointment of an elected Supervisory Board member can be revoked by the General Meeting before the end of the term of office. The resolution requires a simple majority of the valid votes cast. Abstentions do not count as votes cast.

The members of the Supervisory Board delegated by shareholders are members of the Supervisory Board for an unlimited period. The parties who delegated them may revoke their appointment at any time and replace them by others. Otherwise, the appointment of delegated members of the Supervisory Board may only be terminated in accordance with Section 88 (4), last sentence, of the Austrian Companies Act (AktG). A member whose appointment is terminated in this way may be replaced by the parties who delegated them.

Any member of the Supervisory Board can resign their seat subject to four weeks notice, even without good cause, by submitting a written letter of resignation to the chairperson of the Supervisory Board. The chairperson's resignation shall be submitted to their deputy. Re-election of members who leave the Supervisory Board is permitted.

If elected members resign from the Supervisory Board before the end of their term of office, replacements need not be elected until the next Annual General Meeting. However, a replacement must be elected without delay by an Extraordinary General Meeting if the number of shareholder representatives drops below 3. Replacements are elected for the remaining term of office of the member who resigned.

The articles of association contain the following ruling on amendments to the articles of association: The Supervisory Board is authorised to make amendments to the articles of association that only affect the wording. Furthermore, the Supervisory Board is authorised to make amendments to the articles of association that result exclusively from the issuance of new shares out of the authorised and/or conditional capital set out in article 3 of the articles of association or from other capital measures.

7. By resolution of the General Meeting of 1 June 2023, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital up to 31 May 2028 by up to EUR 6,640,000 (six million six hundred and forty thousand) by issuing up to 6,640,000 (six million six hundred and forty thousand) new no-par-value bearer shares in return for cash or contributions in kind, in one or more tranches, or through a direct subscription offer following acceptance by one or more banks in accordance with Section 153 (6) of the Austrian Companies Act (AktG). The Executive Board is authorised, subject to the approval of the Supervisory Board, to fully or partially exclude shareholders' subscription rights and, subject to the approval of the Supervisory Board, to define further details of the issue conditions (especially the issue price, type of contribution in kind, rights of the shares, exclusion of subscription rights, etc.) (authorised capital). The Supervisory Board is authorised to adopt amendments to the articles of association resulting from the issuance of shares out of the authorised capital.

The Executive Board is authorised by the resolution adopted by the Annual General Meeting of 6 June 2024, pursuant to Section 65 (1) No. 4 and No. 8, to purchase, via the stock exchange or off-market, bearer shares in the company in an amount of up to 10% of the company's share capital during a period of 30 months from the date of the resolution by the General Meeting, whereby the minimum consideration per share many not be more than 20% below and the maximum consideration per share may not be more than 10% above the average closing price on the stock exchange over the preceding 10 trading days. Trading in treasury shares is excluded from the purpose of purchase. The authorisation may be exercised in full or in part or in several tranches and for one or more purposes by the company, by a subsidiary (Section 189a No. 7 of the Austrian Commercial Code, UGB) or by a third party for the account of the company or of a subsidiary (Section 189a No. 7 UGB). If the shares are purchased off-market, the purchase may also be effected under exclusion of the shareholders' general right of sale, even for certain shareholders or one individual shareholder.

Furthermore, the Executive Board is authorised to reduce the share capital by cancelling shares in the company without a further resolution of the General Meeting. The Supervisory Board is authorised to adopt amendments to the articles of association resulting from the cancellation of shares.

The resolution adopted at the General Meeting on 6 June 2024 authorises the Executive Board, pursuant to Section 65 (1b) AktG, for a period five years from the date of the resolution, therefore up to and including 5 June 2029, with the consent of the Supervisory Board but without a further resolution by the General Meeting, to sell or use the treasury shares, including in a manner other than by sale on the stock exchange or by means of a public offer, in particular to sell or use treasury shares
a) to grant shares to employees, senior managers, and/or members of the Executive Board or the managing boards of its affiliates, including for purposes of share transfer programmes, in particular stock options, long-term incentive plans, and other stock ownership plans,
b) to deliver shares under convertible bonds issued by Frequentis AG,
c) as consideration for the acquisition of entities, business operations, parts of business operations or shares in one or several domestic or foreign companies, and
d) for any other legally permissible purpose,
and to exclude the subscription rights of shareholders. This authorisation may be exercised in full or in part or in several tranches and for several purposes.

8. Some financing agreements and customer contracts contain customary agreements on a change of control in the event of a takeover within the meaning of Section 243a (1) No. 8 UGB.

9. There are no compensation agreements within the meaning of Section 243a (1) No. 9 UGB.

Outlook

In 2024, Frequentis once again achieved all the targets set:

- Increase revenues ▶ +12.4% to EUR 480.3 million
- Increase order intake ▶ +15.7% to EUR 583.8 million
- EBIT margin of around 6% ▶EBIT margin of 6.7%

This highlights the robustness of Frequentis' business model. The products supplied by Frequentis are part of the safety-critical infrastructure, in other words, the essential infrastructure of the relevant countries. This infrastructure always has to be available and ready for operation – irrespective of the number of flights/flight movements or how many times the police, fire service, and emergency rescue services are deployed.

Acquisitions

On 1 July 2024, Frequentis acquired Groiss Informatics GmbH, Klagenfurt, Austria. Its eight employees now offer customers more extensive workflow management solutions for various control centre applications. The company was merged into Frequentis AG on 6 November 2024.

Proactively searching for attractive M&A opportunities is part of Frequentis' strategy. When making acquisitions, the focus is on the following parameters:

- Expansion of the product portfolio
- Profitable business model
- Access to new markets
- Cultural fit
- A good management team that will remain with the company
- Appropriate acquisition price

Long-term vision

Frequentis' long-term vision is to be the global number one in solutions for control centres in the safety-critical sector. As a systems integrator that integrates its own software and in some cases its own hardware into customers' existing software and hardware landscapes, Frequentis sees its long-term profitability in project business at the level of established IT systems integrators.

The transformation to a software-centric business is under way but, given our customer structure, transitioning software solutions to virtual landscapes will take several years or even longer in some markets. Research and development is aligned to this transformation. For example, a very high proportion of customers in the Public Safety & Transport segment have very low demand for hardware; Frequentis' offering for this customer group therefore comprises project management, training, software, project services, and maintenance contracts.

Sustainability activities

Sustainability is a fundamental element in a holistic corporate culture and covers the entire value chain. Currently, the focus of ESG reporting is on switching to the extended requirements of sustainability reporting in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD). Based on the mandatory European Sustainability Reporting Standards (ESRS), environmental, social, and governance (ESG) aspects are being standardised and presented in a more extensive format.

In 2025, the concepts and policies that have already been implemented will be continued, established measures will be driven forward in greater depth, and new measures will be introduced. ESG-awareness is to be heightened throughout the Group. The Group-wide rollout will be advanced in those areas where it has not yet been completed. For 2024, multi-year ESG targets were agreed with the Executive Board, for example in the areas of circularity, energy savings, employee satisfaction and the company-specific area of cybersecurity. These are reflected in the Executive Board's variable remuneration. In this way, they underscore Frequentis' commitment to sustainability, in conformance with the corporate governance policy.

Forecast for 2025

The uncertainties and unpredictabilities remain unchanged and have increased in some respects. Here is an overview of the most relevant points:

- The war in Ukraine is entering its fourth year
- The war between Israel and Hamas is continuing to cause tension
- The announcement and introduction of customs tariffs and protectionist measures
- Distortion on the IT hardware market
- Disruption of the current disinflation process.

Here is some more detailed information on the above points. In the first quarter of 2025, some countries announced new customs tariffs and protectionist measures, some of which have already been implemented. The resulting distortion of both imports and exports has a significant effect on international trade and could have major economic consequences. Frequentis considers that it is well-positioned in this respect, as it has many years of experience with the impact of national and other official regulations, customs tariffs, and other measures. In addition, in countries such as the USA and Australia local value-added accounts for a high proportion of local revenues, so customs tariffs, for example, should only have a limited effect on Frequentis.

The outbreak of even limited conflicts can rapidly cause distortion of the global IT hardware market. In the project business, Frequentis has always had to address extensive challenges and dynamic changes in external influences and adapts constantly to the relevant conditions.

The disinflation process, i.e., the politically driven reduction in inflation, could be negatively affected by a range of internal and external factors.

It is not possible to make a reliable estimate of exactly how the issues outlined above will affect revenues and costs, e.g. travel expenses, higher salaries, delays in passing on inflation-driven price rises to customers, and potential supply chain bottlenecks and delivery delays.

Expenses for company-funded research & development amounted to EUR 30.1 million in 2024 and will be around the same level in 2025. Capital expenditure (capex) will be around EUR 12 million.

Depending on the aspects outlined above, Frequentis has the following targets for 2025 compared with 2024:

- Increase revenues by around 10%
- Increase order intake
- EBIT margin of around 6.5% to 7.0%.

Vienna, 10 March 2025

Consolidated financial statements as at 31 December 2024

Consolidated income statement

	Note	2024 EUR thousand	2023 EUR thousand
Revenues	(3) (4)	**480,308**	**427,487**
Change in inventories of finished goods and work in progress	(3)	2,786	-454
Own work capitalised	(3) (5)	1,642	4,082
Other operating income	(3) (6)	11,540	8,055
Profit from business combinations		0	3
Total income (operating performance)		**496,276**	**439,173**
Cost of materials and purchased services	(7)	-113,116	-104,714
Personnel expenses	(8)	-260,310	-227,854
Other operating expenses	(9)	-68,720	-62,431
Earnings before interest, taxes, depreciation, amortisation, and impairment losses (EBITDA)		**54,130**	**44,174**
Depreciation of property, plant and equipment and amortisation of intangible assets	(10)	-19,432	-17,527
Impairment losses	(3) (18)	-2,598	0
Earnings before interest and taxes (EBIT)	(3)	**32,100**	**26,647**
Financial income	(11)	947	946
Financial expenses	(12)	-1,572	-1,442
Reversal of impairment loss on financial assets	(13)	1,000	0
Earnings from investments accounted for at equity	(19)	355	268
Profit/loss before tax		**32,830**	**26,419**
Income taxes	(14)	-9,286	-6,439
Profit/loss for the period		**23,544**	**19,980**
Profit/loss attributable to:			
Equity holders of the company		21,997	18,416
Non-controlling interests	(29)	1,547	1,564
		23,544	**19,980**
Basic earnings per share	(15)	**1.66**	**1.39**
Diluted earnings per share	(15)	**1.65**	**1.38**

Consolidated statement of comprehensive income

	Note	2024 EUR thousand	2023 EUR thousand
Profit/loss for the period		**23,544**	**19,980**
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation	(27)	-277	-484
Measurement of cash flow hedges	(27) (34)	0	164
Income taxes	(27)	0	-39
Items that may not be reclassified to the income statement			
Remeasurement of post-employment benefits	(27) (30)	401	-1,359
Income taxes	(27)	-94	322
Other comprehensive income, net of tax		**30**	**-1,396**
Total comprehensive income		**23,574**	**18,584**
Total comprehensive income attributable to:			
Equity holders of the company		**22,013**	**17,057**
Non-controlling interests		**1,561**	**1,527**
		23,574	**18,584**

Consolidated statement of financial position

ASSETS	Note	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Non-current assets			
Property, plant and equipment	(16)	70,295	55,888
Intangible assets	(17)	15,427	17,514
Goodwill	(18)	8,596	11,351
Investments accounted for at equity	(19)	3,259	2,903
Other non-current financial assets	(24)	1,846	696
Deferred tax assets	(14)	4,061	5,617
		103,484	**93,969**
Current assets			
Inventories	(20)	32,926	26,628
Trade accounts receivable	(21)	80,107	81,029
Contract assets	(22)	70,922	61,272
Contract costs	(23)	2,541	2,394
Other current financial assets	(24)	1,469	3,257
Other current non-financial assets	(24)	18,765	15,202
Income tax receivables		2,598	2,641
Time deposits		14,992	10,500
Cash and cash equivalents	(25)	66,994	74,180
		291,314	**277,103**
Total assets		**394,798**	**371,072**

LIABILITIES AND EQUITY	Note	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Shareholders' equity			
Share capital	(26)	13,280	13,280
Capital reserves	(27)	21,138	21,138
Retained earnings	(27) (28)	138,163	119,702
Treasury shares		-314	-544
Adjustments for foreign currency translation		-387	-109
Equity attributable to equity holders of the parent company		**171,880**	**153,467**
Non-controlling interests	(29)	2,880	2,157
Total shareholders' equity		**174,760**	**155,624**
Non-current liabilities			
Liabilities to banks and other financial liabilities		23	148
Provisions	(30)	21,584	19,665
Lease liabilities	(36)	41,257	29,187
Other non-current financial liabilities	(32)	14,531	13,972
Deferred tax liabilities	(14)	10,044	10,078
		87,439	**73,050**
Current liabilities			
Liabilities to banks and other financial liabilities		126	215
Contract liabilities	(31)	57,645	72,124
Trade accounts payable		23,443	18,937
Provisions	(33)	19,017	15,823
Lease liabilities	(36)	8,119	8,068
Other current financial liabilities	(32)	6,207	6,591
Other current non-financial liabilities	(32)	15,673	15,444
Current tax liabilities		2,369	5,196
		132,599	**142,398**
Total shareholders' equity and liabilities		**394,798**	**371,072**

Consolidated cash flow statement

	Note	2024 EUR thousand	2023 EUR thousand
Profit/loss before tax		32,830	26,419
Net interest income/expense		626	496
Foreign currency translation		-480	211
Profit/loss from the disposal of non-current assets		-529	-3
Depreciation of property, plant and equipment and amortisation of intangible assets	(16) (17)	22,030	17,527
Earnings from investments accounted for at equity	(19)	-355	-268
Change in provisions	(30) (33)	5,482	1,878
Profit from business combinations		0	-3
Income/expense relating to changes in variable purchase price payments	(32)	482	203
Other non-cash income/expenses		502	359
Net cash flow from operations		**60,588**	**46,819**
Change in inventories	(20)	-6,298	-4,870
Change in trade accounts receivable	(21)	978	-3,282
Change in contract assets	(22)	-9,629	-10,797
Change in contract costs	(23)	-148	1,630
Change in other receivables	(24)	-1,848	-3,242
Change in trade accounts payable		3,961	2,516
Change in contract liabilities	(31)	-14,691	2,370
Change in other liabilities	(32)	401	6,757
Change in net working capital		**-27,274**	**-8,918**
Interest paid		-1,588	-1,452
Interest received		1,104	779
Dividends received		0	212
Income taxes paid	(14)	-10,779	-11,785
Net cash flow from operating activities		**22,051**	**25,655**

	Note	2024 EUR thousand	2023 EUR thousand
Cash inflows from the sale of intangible assets		0	0
Cash inflows from the sale of property, plant and equipment		976	65
Cash inflows from time deposits		47,510	31,500
Cash outflows for the purchase of intangible assets		-980	-1,241
Cash outflows for the purchase of property, plant and equipment		-9,118	-10,504
Cash outflows for time deposits		-52,002	-32,000
Cash outflows for non-current financial assets		-1,015	0
Cash outflows for investments accounted for at equity		0	-835
Cash outflows for the acquisition of subsidiaries, less acquired cash and cash equivalents	(34)	-925	-5,823
Net cash flow from investing activities		**-15,554**	**-18,838**
Dividends paid to owners	(26)	-3,185	-2,921
Dividends paid to non-controlling interests	(29)	-609	-1,204
Cash outflows for the acquisition of non-controlling interests		-1,428	-787
Purchase of treasury shares	(26)	0	-520
Cash inflows from loans and other financing		648	30,568
Cash outflows for repayment of loans and other financing		-685	-30,124
Cash outflows for payments of principal on lease liabilities	(36)	-8,683	-8,417
Net cash flow from financing activities		**-13,942**	**-13,405**
Change in cash and cash equivalents:			
Net cash flow from operating activities		22,051	25,655
Net cash flow from investing activities		-15,554	-18,838
Net cash flow from financing activities		-13,942	-13,405
Net change in cash and cash equivalents		**-7,446**	**-6,588**
Cash and cash equivalents at start of period		**74,180**	**81,380**
Cash-flow related change in cash and cash equivalents		-7,446	-6,588
Foreign currency translation		260	-612
Cash and cash equivalents at end of period		**66,994**	**74,180**

For further information on the consolidated cash flow statement, see ↗ *Note 34*.

Consolidated statement of changes in shareholders' equity

in EUR thousand	Share capital	Capital reserves	IAS 19 reserve	Option reserve	Retained earnings	Treasury shares	Foreign currency translation	Equity attributable to equity holders of the parent company	Non-controlling interests	Total shareholders' equity
Note	(26)	(27)	(30)	(28)	(27)	(26)			(29)	
As at 1 January 2024	13,280	21,138	-4,536	798	123,440	-544	-109	153,467	2,157	155,624
Profit/loss for the period					21,997			21,997	1,547	23,544
Other comprehensive income			295				-279	16	14	30
Total comprehensive income			295		21,997		-279	22,013	1,561	23,574
Dividends					-3,185			-3,185	-609	-3,794
Change in treasury shares					-42	230		188		188
Acquisition of non-controlling interests					-676			-676	491	-185
Changes in connection with put options									-720	-720
Other changes				72				72		72
As at 31 December 2024	**13,280**	**21,138**	**-4,241**	**870**	**141,534**	**-314**	**-387**	**171,880**	**2,880**	**174,760**

in EUR thousand	Share capital	Capital reserves	IAS 19 reserve	Option reserve	Cash flow hedge reserve	Retained earnings	Treasury shares	Foreign currency translation	Equity attributable to equity holders of the parent company	Non-controlling interests	Total shareholders' equity
Note	(26)	(27)	(30)	(28)	(35)	(27)	(26)			(29)	
As at 1 January 2023	13,280	21,138	-3,523	739	-125	113,403	-221	364	145,055	2,224	147,279
Profit/loss for the period						18,416			18,416	1,564	19,980
Other comprehensive income			-1,012		125			-472	-1,359	-37	-1,396
Total comprehensive income			-1,012		125	18,416		-472	17,057	1,527	18,584
Dividends						-2,921			-2,921	-1,204	-4,125
Change in treasury shares						-166	-323		-489		-489
Acquisition of non-controlling interests						-296			-296	632	336
Changes in connection with put options						-4,992			-4,992	-1,022	-6,014
Other changes				59		-5			54		54
As at 31 December 2023	**13,280**	**21,138**	**-4,536**	**798**	**0**	**123,440**	**- 544**	**-109**	**153,467**	**2,157**	**155,624**

Notes to the consolidated financial statements

1. General information

Reporting

The consolidated financial statements of Frequentis AG for the 2024 financial year have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union. Similarly, all interpretations of the IFRS Interpretations Committee that were mandatory for 2024 have been applied.

The present consolidated financial statements, including the Group Management Report, comply with Section 245a of the Austrian Commercial Code (UGB) on consolidated financial statements in accordance with the International Financial Reporting Standards.

Information on the company

These consolidated financial statements include Frequentis AG, registered address Innovationstrasse 1, 1100 Vienna, Austria, and its subsidiaries (subsequently referred to as Frequentis, the Frequentis Group, or the Group).

Its parent company, Frequentis Group Holding GmbH (which holds around 60% of the shares in Frequentis AG), files all required financial statements at its registered office (Dommayergasse 8/15, 1130 Vienna, Austria) and at Vienna Commercial Court under the number FN 477997 m.

Frequentis AG was founded in 1947 and has been registered in the commercial register at Vienna Commercial Court under the number FN 72115 b since 30 August 1948.

According to Section 2 of the articles of association, the purpose of the company is the development, production, distribution, and maintenance of control systems, information processing and transmission systems, and communication systems, especially for air traffic control, road, rail and water transport, and public safety organisations.

The reporting date for the consolidated financial statements was 31 December 2024 and the financial year covers the period from 1 January to 31 December 2024.

Acquisitions and consolidated group

In the event of business combinations, the assets, liabilities, and contingent liabilities of the subsidiaries acquired are measured at fair value at the date of acquisition as specified by IFRS 3. If the fair value of the consideration transferred and the amount of all non-controlling interests in the acquired business exceed the fair value of the acquired identifiable assets and liabilities, the difference is recognised as goodwill. Any excess of the net assets acquired over the fair value of the consideration transferred is recognised in profit or loss, after a reassessment of their measurement.

Besides Frequentis AG, which is the parent company of the consolidated group, the consolidated financial statements of Frequentis AG include 6 (2023: 6) domestic subsidiaries and 31 (2023: 31) foreign subsidiaries controlled by Frequentis AG.

The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ends.

6 (2023: 6) foreign and 1 (2023: 1) domestic companies are included in the consolidated financial statements by applying the equity method.

Groiss Informatics GmbH

On 1 July 2024, Frequentis acquired all shares in **Groiss Informatics GmbH** (registered office: Klagenfurt, Austria). Groiss develops and markets the @enterprise workflow management system, which has been available for years in the Frequentis Group's portfolio as a purchased component for workflow automation.

The acquisition of Groiss Informatics GmbH extends Frequentis' expertise in workflow management systems, enabling it to use them in further areas as well as for the digitalisation of its internal processes. Operationally, the product is integrated into Frequentis' solutions and used by Frequentis itself; existing customers outside Frequentis' core markets are still served. In this way, Frequentis can create a deeper in-house value chain and provide security for existing Frequentis solutions that contain @enterprise.

The purchase agreement was signed on 24 June 2024 and closing and transfer of control took place on 1 July 2024.

The contractually agreed purchase price was EUR 531 thousand, including a claim from retention of EUR 106 thousand, which is due 2 years after the transfer of control (discounted amount: EUR 88 thousand). The consideration transferred was therefore EUR 513 thousand. In accordance with the purchase agreement, EUR 425 thousand was paid on the closing date.

The fair value of the assets acquired and liabilities assumed was as follows:

	Fair value as at 1 July 2024 100% EUR thousand
Intangible assets	637
Property, plant and equipment	34
Deferred tax assets	6
Trade accounts receivable	76
Other assets	224
Cash and cash equivalents	60
Deferred tax liabilities	-142
Provisions for severance payments	-33
Trade accounts payable	-4
Other liabilities	-345
Net assets	**513**
Consideration paid	513

Transaction costs incurred for the business combination were expensed as incurred. The receivables assumed did not contain any receivables that are expected to be uncollectable, so the carrying amount corresponded to the fair value.

The company was merged into Frequentis AG on 6 November 2024.

Since Groiss Informatics GmbH essentially provides services solely for the Frequentis Group, the effect of the acquisition on the revenues and EBIT in the consolidated financial statements is not presented.

Other changes in reporting entities

The co-owners of Systems Interface Ltd. exercised the contractually agreed put option in January 2024. As a result, the remaining non-controlling interests (49%) were acquired for EUR 1,428 thousand in March 2024.

On 24 September 2024, the Frequentis Group agreed on a unilateral capital increase of EUR 1,000 thousand for ATRiCS Advanced Traffic Solutions GmbH. Frequentis' interest in this subsidiary, which was already fully consolidated, therefore increased by 10.77% to 61.77%.

2. Accounting policies

The consolidated financial statements are prepared by applying the historical cost convention. Excluded from this principle are derivative financial instruments, equity instruments, and contingent purchase price liabilities, which are measured at fair value, and employee benefit obligations, which are measured using the projected unit credit method.

The financial statements of all consolidated companies are prepared using uniform Group-wide accounting policies. There are no significant differences in the accounting policies used for the investments accounted for at equity compared to those applied by the Frequentis Group.

The consolidated financial statements of Frequentis AG are prepared in euros (EUR). All amounts are reported in thousands of euros (EUR thousand), except where otherwise stated. Rounding may result in minor discrepancies in totals as a result of the use of automatic data processing.

Foreign currency translation

The annual financial statements of subsidiaries whose functional currency is not the euro are translated into the reporting currency (EUR) using the modified closing rate method. Equity items are translated at the historical rates; the other items in the statement of financial position are translated using the mean exchange rate as at the reporting date. Income statement items are translated using average annual exchange rates. The foreign currency translation differences arising from different exchange rates are recognised in other comprehensive income (OCI) and are presented in "Foreign currency translation", a separate line item within shareholders' equity, until the subsidiary is sold.

Business transactions in currencies other than the local currency are translated at the current exchange rate on the transaction date. In the cases of foreign exchange transactions, exchange rate gains and losses resulting from changes in exchange rates are reported in other operating income or other operating expenses.

The following exchange rates are used for translation of the main currencies (exchange rates for EUR 1):

Currency		Closing rate 31 Dec. 2024	Closing rate 31 Dec. 2023	Average rate 31 Dec. 2024	Average rate 31 Dec. 2023
AED	Emirati dirham	3.88	4.06	3.97	3.98
AUD	Australian dollar	1.68	1.63	1.64	1.63
BRL	Brazilian real	6.43	5.36	5.89	5.39
CAD	Canadian dollar	1.49	1.46	1.48	1.46
CNY	Chinese renminbi yuan	7.58	7.85	7.77	7.68
CZK	Czech koruna	25.19	24.72	25.16	23.97
GBP	British pound	0.83	0.87	0.85	0.87
NOK	Norwegian krone	11.80	11.24	11.65	11.47
PHP	Philippine peso	60.30	61.28	62.05	60.19
RON	Romanian leu	4.97	4.98	4.98	4.95
SGD	Singapore dollar	1.42	1.46	1.45	1.45
USD	US dollar	1.04	1.11	1.08	1.08

New and amended standards and interpretations

When preparing the consolidated financial statements, the following amendments to existing IAS/IFRS standards and interpretations, as well as the new standards and interpretations, were applied if they had been endorsed by the European Union by 31 December 2024 and were effective at that date:

- Lease Liability in a Sale and Leaseback (IFRS 16)
- Classification of Liabilities as Current or Non-Current (IAS 1)
- Supplier Finance Arrangements (IAS 7 / IFRS 7)

Where applicable, the above standards and amendments were applied in these consolidated financial statements. The effects of these changes on the financial statements were insignificant.

In addition, some of the following new and amended standards had been endorsed by the EU, but were not mandatory for the 2024 financial year. The Frequentis Group did not adopt these standards early on a voluntary basis, even if they had already been endorsed by the EU.

	Newly amended IFRSs	Endorsement by the EU	Effective date	Significant effects
IAS 21	Effects of Changes in Foreign Exchange Rates	12 Nov. 2024	2025	None
IFRS 9 / IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	Open	2026	None
IFRS 9 / IFRS 7	Contracts Referencing Nature-Dependent Electricity	Open	2026	None
IFRS 18	Presentation and Disclosure in Financial Statements	Open	2027	
IFRS 19	Subsidiaries without Public Accountability	Open	2027	None
	Annual Improvements to IFRS Accounting Standards – Volume 11	18 Jul. 2024	2026	None

The effect of IFRS 18 on the consolidated financial statements is currently being evaluated.

Intangible assets, property, plant and equipment

Intangible assets and property, plant and equipment are measured at acquisition or manufacturing cost, which includes borrowing costs for qualifying assets, less accumulated amortisation, depreciation, and impairment losses.

Intangible assets and property, plant and equipment are amortised/depreciated over their useful life using the straight-line method. The useful lives are unchanged from the previous year:

Buildings on leased land	5 - 40 years
Technical plant and machinery	3 - 10 years
Other plant, factory and office equipment	2 - 20 years
Software and licences	3 - 10 years

Goodwill

Goodwill, which results exclusively from business combinations, is not amortised. Instead, it is tested for impairment at least annually.

Impairment losses

Goodwill acquired in business combinations and intangible assets with an indefinite useful life are tested for impairment at least annually. The impairment test is performed irrespective of whether there is an indication of impairment. For the impairment test, the goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of the business combination.

In accordance with the provisions of IAS 36 “Impairment of Assets”, an impairment loss is recognised on goodwill if the carrying amount of the associated cash-generating unit exceeds the higher of the fair value less costs of disposal and the value in use.

Goodwill, intangible assets, and property, plant and equipment are tested for impairment if there are indications that they may be impaired, irrespective whether the asset is still in use or is to be sold. An impairment loss must be recognised for assets if the carrying amount exceeds the higher of the fair value less costs of disposal and the value in use. The value in use is derived from the estimated future net cash flows that would be generated by continuing use of the asset over its useful life or that would probably be generated by a potential sale. If the recoverable amount of individual assets cannot be estimated, it is determined for the cash-generating unit to which the asset is allocated. If there is significant uncertainty regarding the estimated future cash flows, several risk-weighted cash flow scenarios are used to determine the value in use.

If an impairment test identifies the need to recognise an impairment loss, the corresponding expense is recognised in profit or loss in the line item impairment loss on goodwill, property, plant and equipment, or intangible assets.

If there are indications that circumstances that resulted in an impairment loss on property, plant and equipment or intangible assets (other than goodwill) in the past no longer exist, the Group considers the need to reverse the impairment loss.

Investments accounted for at equity (associated companies)

Associated companies are companies where the Group exercises significant influence over financial and operating policy decisions but does not control or jointly control the investee. Associated companies are included in the consolidated financial statements using the equity method and are initially recognised at acquisition cost plus transaction costs. In subsequent periods, the carrying amount of the investment increases or decreases in accordance with the Frequentis Group's share of the profit or loss of the associated company.

An impairment test is performed if there are indications that an investment in a company accounted for using the equity method may be impaired. The proportionate goodwill is not tested separately. The impairment test is performed on the entire carrying amount of the investment. Consequently, the impairment losses are not allocated separately to the goodwill contained in the carrying amount of the investment and may therefore be completely reversed in subsequent periods.

Leases

Frequentis as lessee

At the inception of a contract, the Frequentis Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date or upon modification of a contract that contains a lease component, the Frequentis Group allocates the contractually agreed consideration based on the relative stand-alone prices of the components. Non-lease components of a contract such as electricity, servicing, etc. are excluded from the calculation of the right-of-use asset. On the commencement date, the Frequentis Group recognises an asset for the right of use granted and a lease liability. The right-of-use asset is measured at cost, which corresponds to the initial measurement of the lease liability, adjusted for any initial direct costs and costs of dismantling the underlying asset, less any lease incentives received.

In accordance with IFRS 16, the lease term is essentially the non-cancellable period of the lease. In addition, options to extend or terminate the lease are taken into account if it is reasonably certain that they will be exercised.

The lease liability is initially measured on the commencement date at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the Frequentis Group. The Frequentis Group generally uses the incremental borrowing rate.

To determine the incremental borrowing rate, the Frequentis Group uses interest rates from various external financial sources and adapts these to reflect the lease term.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or (interest) rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option or the lease payments relating to an extension option, if the Frequentis Group is reasonably certain to exercise that option,
- and penalties for terminating the lease, unless it is reasonably certain that the Frequentis Group will not exercise such termination options.

The right-of-use assets are recognised in the line item within property, plant and equipment where the underlying assets would have been recognised if they had been purchased.

The right-of-use assets are depreciated by applying the straight-line method over the useful life of the leased asset or the term of the lease if this is shorter, including any extension options. Depreciation is based on the following useful lives:

Right-of-use assets for land and buildings	2 - 10 years
Right-of-use assets for other plant, factory, and office equipment	2 - 6 years

Compared with the previous year, the useful life of land and buildings has been increased by 2 years to 10 years. This was mainly due to the extension of the useful life of the rented office building at the company's headquarters (see ↗ Note 36. *Leases*).

The carrying amount of the lease liability is subsequently measured using the effective interest method. The lease liability is remeasured if there is a change in future lease payments resulting from a change in the index or the (interest) rate used, if there is a change in the amounts expected to be payable under a residual value guarantee, and if there is a change in the assessment of a purchase, extension or termination option.

In the event of such remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset or the adjustment is recognised in profit or loss if the term or scope of the lease has been reduced (taking into consideration the reduction in the lease liability) or the carrying amount is reduced to zero.

The Frequentis Group has decided not to recognise right-of-use assets and lease liabilities for leases where the underlying leased assets are of low value and for short-term leases. In addition, the option to exclude intangible assets from the scope of IFRS 16 is applied. The Frequentis Group recognises the lease payments relating to such leases as expense on a straight-line basis over the term of the lease.

Lease payments are divided into the payments of principal and interest. The payments of principal relating to the leases liabilities are recognised in the cash flow from financing activities, while the interest payments are recognised in the cash flow from operating activities

Frequentis as lessor

The Frequentis Group concludes leases with customers as lessor for voice communication systems and some insignificant sub-leases.

Leases where the Group is the lessor are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. All other leases are classified as operating leases. The Frequentis Group only has operating leases.

Assets leased under operating leases are recognised in property, plant and equipment and depreciated over their estimated useful life. Income from operating leases is recognised on a straight-line basis over the term of the lease. If a contract contains both lease and non-lease components, the Group uses the corresponding provisions of IFRS 15 to allocate the consideration to the individual components.

Financial instruments

A financial asset or financial liability is initially measured at fair value plus transaction costs. This does not include financial assets classified at fair value through profit or loss. They are initially measured at fair value excluding transaction costs. Trade accounts receivable that do not contain significant financing components are initially measured at the transaction price. Non-derivative financial assets are initially recognised at the settlement date, while derivative financial assets are initially recognised at the trade date. Gains and losses from the disposal of financial instruments are determined by comparing the carrying amount with the proceeds of the sale.

The following categories are used for initial classification and measurement of financial assets:

- At amortised cost
- At fair value through other comprehensive income (FVOCI)
- At fair value through profit or loss (FVTPL)

The classification is performed separately based on the type of instrument: derivative financial instruments, equity instruments, and debt instruments.

In the Frequentis Group, no instruments were allocated to the category FVOCI in either 2024 or 2023.

Financial assets are not reclassified after initial recognition unless the Group alters the business model used to manage its financial assets. In this case, all financial assets affected are reclassified on the first day of the reporting period subsequent to the change in business model.

If a financial asset is a debt instrument, it is measured at amortised cost if both of the following conditions are satisfied and it is not designated at FVTPL:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the Frequentis Group, all trade accounts receivable, loans, and other receivables with fixed or determinable payments are allocated to this category. These assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, exchange rate gains and losses, derecognition effects, and impairment losses are recognised in profit or loss.

At the date of initial recognition of an equity instrument that is not held for trading, the Group can elect irrevocably to present subsequent changes in the fair value of the investment in other comprehensive income. This option can be exercised for each investment on a case-by-case basis.

All financial assets that are not measured at amortised cost or at FVOCI are measured at FVTPL. This comprises all derivative financial assets that are not designated as a cash flow hedge in a hedging relationship.

Financial liabilities are classified and measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is held for trading or is a derivative.

Financial assets and liabilities at FVTPL are measured at fair value and any net gain or loss, including interest expense, is recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, exchange rate gains and losses, and derecognition gains and losses are also recognised in profit or loss.

The Group holds derivative financial instruments in the form of forward exchange contracts to hedge currency risks.

Derivatives are measured at fair value, both at initial recognition and subsequently. Any changes in their fair value are recognised in profit or loss.

Receivables are measured at cost. Foreign currency receivables are measured using the mean exchange rate on the reporting date.

Provided that an asset is not credit-impaired at initial recognition, it is initially measured using the 12-month expected credit losses concept. This assessment is maintained for subsequent reporting dates. If the credit risk of a financial asset has increased significantly on the reporting date compared with its credit risk at initial recognition, the lifetime expected credit losses method is applied. The lifetime expected credit losses concept must always be applied to trade accounts receivable and to contract assets without a significant financing component.

When determining whether the credit risk of a financial asset has increased significantly since its initial recognition and estimating expected credit losses, the Group uses appropriate and supportable evidence that is relevant and available with economically reasonable effort. This comprises both quantitative and qualitative information and analyses based on the Frequentis Group's historical experience, prospective information, and a solid creditworthiness assessment.

Inventories

Raw materials and supplies are measured at acquisition or manufacturing cost or at net realisable value if this is lower. For raw materials and supplies, the replacement cost was determined to be the best available measure for their net realisable value.

Work in progress and finished goods are measured at the manufacturing cost or lower net realisable value. The manufacturing cost is calculated using all direct costs incurred, and fixed and variable production overheads. The acquisition or manufacturing cost is determined using the moving average cost method.

IFRS 15 Revenue from Contracts with Customers

The Frequentis Group accounts for customer contracts in accordance with IFRS 15. Revenues are recorded when control over the goods or the service rendered is transferred to the customer. Revenues are determined by the consideration received.

For the vast majority of the Frequentis Group's contracts with customers, revenue is recognised over time. Revenue is recognised on the basis of the progress towards satisfaction of the performance obligation using the cost-to-cost method. Under this method, revenues are recognised on the basis of the production costs actually incurred in relation to the expected total cost. The impact of changes in the estimated total cost is recognised in profit or loss in the period in which it occurs.

For certain services (e.g. consulting and repairs) with a short lead time or performance period, orders for spare parts or small parts, and the sale of standard products without customer-specific adaptation or extensive processing required to put the product into operation at the customer's premises, revenue is recognised at a point in time. Revenue is recognised when control is transferred to the customer or the performance obligation is completely satisfied.

The contract assets do not contain significant financing components.

Certain costs such as the cost incurred in obtaining a contract and the cost of fulfilling a contract to deliver goods and services to customers are recognised as contract costs (mainly sales commission) and amortised in line with the transfer of control over the goods and services to the customer.

The contract liabilities comprise all obligations from contracts with customers (goods or services) for which the Frequentis Group has already received (or will receive) consideration. This mainly relates to advance payments from customers and services still to be performed for projects already invoiced.

Employee benefit obligations

The obligations for severance payments, pensions, and anniversary bonuses were measured on the basis of an actuarial valuation using the projected unit credit method in accordance with IAS 19 "Employee Benefits".

When determining the severance payment obligation, the retirement age was deemed to be the earliest possible date for (early) retirement under the 2018 pension reform.

The pension provisions were established on the basis of an actuarial valuation. Since the pension insurance policy has been pledged to the Executive Board, it meets the definition of plan assets and the pension provisions are offset against the amount accumulated in the pension insurance scheme in accordance with IAS 19.

The effects of remeasurement of post-employment benefits (severance payment and pension obligations) are recognised in other comprehensive income. Any past service cost is recognised immediately in profit or loss. The interest cost is recognised together with the service cost in personnel expenses.

Share-based payment

As part of a long-term incentive programme, Frequentis AG has granted share-based payment to one member of the Executive Board. This is accounted for in accordance with IFRS 2 "Share-based Payment". The plan is exclusively equity-settled. Frequentis AG therefore measures these instruments at fair value on the grant date, taking into account the performance conditions on which the instruments are granted. The expense is allocated over the specified service period.

Provisions

Provisions are recognised if there is a present (legal or constructive) obligation arising from a past event, an outflow of economic resources to meet this obligation is probable, and the level of the obligation can be estimated reliably. If the interest rate effect is material, non-current provisions are recognised at the present value of the expected outflow to settle the obligation. The accrued interest is recognised in interest income/expense.

Research and development costs

In the Frequentis Group, research projects generally have a time horizon of 3 to 10 years and their technical and commercial outcome is uncertain. All research expenditures are expensed as incurred (IAS 38.54).

Development projects are capitalised if they meet the requirements for recognition as intangible assets set out in IAS 38.21. Otherwise, the development costs are expensed as incurred. In the reporting period, as well as in the previous year, the technical feasibility of hardware and software development projects either could not be assessed or the research and development phases could not be clearly distinguished. Moreover, confirmation of technological feasibility and commercial usability is generally only obtained shortly before projects are ready for the commercial market. Therefore, with the exception of 1 development, the criteria for recognition as an intangible asset were not met in either 2024 or 2023.

Grants and subsidies

Subsidies granted to compensate for expenses that meet the recognition criteria are recognised immediately in profit or loss in the period in which the expenses are incurred. Grants related to assets, in other words, government grants where the primary condition is that an entity purchases, constructs, or otherwise acquires long-term assets, are deducted from the related assets when determining their carrying amount (net presentation).

Income taxes

Tax expense comprises current and deferred taxes. Current and deferred taxes are recognised in profit or loss, except if they relate to a business combination or to items recognised directly in equity or in other comprehensive income.

Current taxes are the expected tax liability or tax receivable on the taxable profit for the financial year, based on the tax rates that have been enacted on the reporting date, and all adjustments to the tax liability for previous years.

The applicable income tax rates for foreign Group companies were between 5% and 33% in the reporting period (2023: between 16% and 32%).

As at 31 December 2023, the OECD BEPS Pillar 2 rules were incorporated into Austrian law. The legislation took effect for financial years beginning after 31 December 2023. Since Frequentis' consolidated annual revenues are below the EUR 750 million threshold, application of the provisions is not mandatory at present.

In accordance with IAS 12, deferred taxes are recognised in the IFRS financial statements for temporary differences between the carrying amounts of assets and liabilities and their tax base.

Deferred taxes are not recognised for:

- taxable temporary differences on initial recognition of goodwill,
- temporary differences on initial recognition of assets or liabilities for a business transaction that is not a business combination and that does not affect either the profit before tax or the taxable profit,
- temporary differences relating to investments in subsidiaries, associated companies, and joint operations, provided that the Frequentis Group is able to control the timing of reversal of temporary differences and it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are netted if there is a corresponding legally enforceable claim to offset them and the deferred tax assets and liabilities refer to income taxes that are levied by the same tax authority for the same taxable entity.

In order to assess whether deferred tax assets are impaired, the Executive Board estimates the probability that these items can be utilised in the future. The ability to utilise deferred tax assets is based on the assumption that taxable profit will be available in the future periods in which the temporary differences will be tax-deductible. The Executive Board includes the planned reversal of deferred tax liabilities and the estimated taxable future profit in its assessment.

Significant estimates and use of judgement

Preparation of the consolidated financial statements in accordance with the generally accepted accounting and valuation principles of the IFRS involves estimates and assumptions that may influence the amount and presentation of the reported assets and liabilities, the disclosure of contingent assets and liabilities as at the reporting date, and the reported income and expenses during the reporting period. The actual amounts may ultimately differ from the estimates and assumptions. Estimates and assumptions are reviewed continuously and revised prospectively.

When preparing the consolidated financial statements, the Frequentis Group made the following judgements:

a) When assessing the term of leases, especially real estate leases, the Frequentis Group takes into account any extension or termination options where it is reasonably certain that they will be exercised.

The consolidated financial statements include the following items whose measurement depends to a large extent on assumptions and estimates:

a) Useful life of non-current assets: Property, plant and equipment and purchased intangible assets are recognised at the acquisition or manufacturing cost and depreciated/amortised over their useful life using the straight-line method. Factors such as wear and tear, obsolescence, technical standards, and contract duration are taken into account when determining the useful life.

b) Estimated impairment of goodwill: The Frequentis Group tests goodwill for impairment annually. The recoverable amount of cash-generating units is determined by calculating their value in use. This is based on corresponding planning calculations, which are naturally based on estimates and assumptions. For information on the assumptions used and the sensitivity analyses performed in impairment testing of goodwill, see ↗ Note 18. *Goodwill*.

c) Revenue is recognised over time based on the progress towards satisfaction of the performance obligation using the input-based method (cost-to-cost method). Accounting for contracts realised over time is based on estimated contract costs, the achievable contract revenue, and the risks associated with the contract. These estimates are regularly reviewed and revised. Although the estimates are made using all information available at the reporting date, changes may occur. These changes may affect both the revenue recognised and the carrying amounts of contract assets.

   Evaluating whether two or more contracts with a customer have to be combined or whether a contract with a customer has to be split into a series of performance obligations involves estimates that may affect the recognition of revenue or profit. Variable consideration is estimated at the most likely amount to which an entitlement exists. These estimates are based, in particular, on expectations and on the historical, present, and forecast information available at the reporting date.

d) The recognition of provisions for onerous contracts is subject to estimates of the expected contract costs and contract results. These estimates are based on historical experience and current information as at the reporting date.

e) Post-employment benefit obligations are measured using various parameters such as the discount rate and salary increases. Changes in these parameters may result in a change in the obligation recognised. The sensitivity of post-employment benefit obligations is disclosed in ↗ Note 30. *Non-current provisions*.

f) The recognition of deferred tax assets requires that sufficient taxable income will be generated in the future against which the tax credits and loss carryforwards can be utilised. The assessment as to whether deferred taxes can be recognised is subject to estimates of various factors. Tax matters are subject to uncertainties regarding their assessment by the tax authorities, therefore it cannot be precluded that in individual cases they may reach a different conclusion than the Frequentis Group.

g) In connection with the acquisition of the shares in FRAFOS GmbH and Frequentis Recording AS, in addition to the basic purchase price, an earn-out payment was agreed. This is dependent on the achievement of certain targets in the future. To measure the earn-out liabilities as at 31 December 2024, assumptions were made on the development of these items. For further information, see ↗ Note 32. *Other liabilities*. If the actual development differs significantly from the assumptions made, this may impact earnings because the liability is subsequently measured at fair value through profit or loss.

h) The liabilities for the put options relating to non-controlling interests correspond to the enterprise value less net financial debt of ELARA Leitstellentechnik GmbH, FRAFOS GmbH, and Regola S.r.l. The enterprise value is determined using a multiples-based valuation. To measure the liabilities, assumptions were made about the development of these items. For further information, see ↗ Note 32. *Other liabilities*. Significant changes in the underlying assumptions do not impact earnings because the changes are recognised in equity.

i) Impairment loss on the deposits at Commerzialbank Mattersburg im Burgenland AG: Since 31 December 2020, all claims against Commerzialbank Mattersburg have been fully impaired because, based on the information on the insolvency proceedings, it can be assumed that the recovery quota of the insolvency estate will not be economically relevant. Due to the complex nature of the lawsuits filed by Frequentis in 2020, they are not currently at a stage that justifies the recognition of a claim in the financial statements. However, one lawsuit has been upheld and Frequentis has been awarded compensation of around EUR 1,000 thousand, which is recognised in other current assets. Depending on the further course of the other proceedings, positive effects on earnings may arise if Frequentis is awarded a quota of the insolvency estate or if its claims for compensation in pending proceedings are successful and the amounts can be collected.

j) Climate change and the associated warming will result in a number of changes. The global increase in temperatures and extreme weather events such as storms, exceptionally heavy rainfall, including floods, as well as droughts and heatwaves are adversely affecting many people's livelihoods. Coastal areas are exposed to an additional risk from rising sea levels. Many cities in south and south-east Asia and Australia are located directly on the coast. Frequentis has some companies in these regions.

   Frequentis could be indirectly affected by climate change – on the procurement market as a result of supply chain delays and disruption and on the sales side by problems due to increasing social and civil conflicts. As a supplier of communication and information systems for control centres in the safety-critical sector, Frequentis' business model is not currently affected by the impact of climate change but the mid-term effects cannot yet be estimated. Climate change did not have any significant effect on the consolidated financial statements for 2024.

   The possible impact on impairment testing and the useful life of non-current assets was assessed and none was identified.

k) The war in Ukraine indirectly resulted in higher prices, especially in 2022 and 2023 – mainly for electricity, gas, and fuels. Consequently, prices of other everyday products increased, so inflation rose sharply almost everywhere in the world and was well above the average for recent years. This resulted in the need to adjust prices for existing and new customer projects. The annual inflation-adjusted pay rises for employees under collective agreements and other salary agreements had a direct influence on the Frequentis Group's personnel expenses in 2023 and 2024. From the present perspective, these effects are likely to be lower in 2025. The expected future impact of the cost increases was taken into consideration in the measurement of projects and non-current personnel provisions and recognised in contract assets, contract liabilities, and non-current provisions.

Notes to the consolidated income statement

3. Segment report

Operating segments

- Air Traffic Management
- Public Safety & Transport

The Air Traffic Management (ATM) segment comprises the ATM Civil business domain (which includes AIM / Aeronautical Information Management) and the ATM Defence business domain. This segment focuses on civil and military air traffic control organisations and therefore generally on one to two customers per country. It is estimated that the market entry barriers are relatively high.

The business domains have similar products. In the Defence business domain, there is also demand for additional encryption solutions. The safety and quality management requirements are the same: the international regulations for standardisation of air traffic issued by the International Civil Aviation Organization (ICAO) apply. Moreover, the infrastructure to be installed for customers (radar, radio transmission, networks) is comparable.

Frequentis' ATM portfolio for the defence sector comprises communication and information systems for air defence and military air traffic control, systems for networked operational management and tactical networks, management and information systems, including systems for integrated use by different authorities, and encrypted, interoperable communication systems for mission-critical applications.

The Public Safety & Transport segment comprises the Public Safety, Public Transport, and Maritime business domains. Its customers are public authorities or related organisations with monitoring and control functions.

The Public Safety business domain's customers are the police, fire, and rescue services. Police organisations also require additional encryption solutions. Alongside conventional rail operators, the Public Transport business domain's customers include local public transport providers. The Maritime business domain focuses on coastguards and port authorities.

The business domains have similar products and the infrastructure to be installed for customers (phones, radio transmission, networks) is comparable. Despite several international standardisation efforts, different national and regional requirements and regulations still apply.

Disclosures on the operating segments

The chief operating decision maker of the Frequentis Group is the Executive Board. The accounting policies applied by the individual segments are the same as those for the Frequentis Group. Earnings before interest and taxes (EBIT) are used for internal reporting and correspond to the segment result as defined in IFRS 8.23. There are no inter-segment revenues. The amounts in the column headed reconciliation/consolidation mainly comprise transactions that cannot be allocated clearly to one segment and were undertaken for both segments.

	Air Traffic Management 2024 EUR thousand	Public Safety & Transport 2024 EUR thousand	Reconciliation/ consolidation 2024 EUR thousand	Total 2024 EUR thousand
Revenues	338,216	141,969	123	480,308
Change in inventories of finished goods and work in progress	1,954	798	34	2,786
Own work capitalised	1,045	420	177	1,642
Other operating income	7,371	2,201	1,968	11,540
Total income (operating performance)	**348,586**	**145,388**	**2,302**	**496,276**
EBIT	**18,019**	**14,243**	**-162**	**32,100**
Impairment losses	**2,598**	**0**	**0**	**2,598**

	Air Traffic Management 2023 EUR thousand	Public Safety & Transport 2023 EUR thousand	Reconciliation/ consolidation 2023 EUR thousand	Total 2023 EUR thousand
Revenues	293,328	133,754	405	427,487
Change in inventories of finished goods and work in progress	-140	-100	-214	-454
Own work capitalised	3,576	380	126	4,082
Other operating income	6,009	1,441	605	8,055
Profit from business combinations	0	0	3	3
Total income (operating performance)	**302,773**	**135,475**	**925**	**439,173**
EBIT	**10,061**	**16,656**	**-71**	**26,647**
Impairment losses				**0**

Segment assets and segment liabilities are not disclosed here because internal reporting does not include the allocation of assets between the two segments.

Details of Group-wide data

Neither in 2024, nor in 2023, did the Frequentis Group generate more than 10% of its total revenues with any single customer.

In terms of revenue categories, 41% (2023: 36%) of the Group's revenues were generated principally with new products for established customers and existing products sold to new customers, 56% (2023: 61%) comprised IBB (installed base business, i.e. follow-on business for installed systems and solutions), and 3% (2023: 3%) came from other sources (mainly consulting). Approximately half of the installed base business comprised maintenance contracts.

The regional breakdown of orders received by end-users was as follows:

	2024	2023
Europe	57.9%	62.2%
Americas	22.8%	17.9%
Asia	12.5%	9.6%
Australia/Pacific	6.4%	8.2%
Africa	0.5%	2.1%

Orders on hand as at 31 December 2024 totalled EUR 724,022 thousand (2023: EUR 594,658 thousand). The ATM segment accounted for EUR 460,554 thousand (2023: EUR 377,290 thousand) of this amount and the PST segment for EUR 263,468 thousand (2023: EUR 217,368 thousand).

Regional breakdown of non-current assets

	2024 EUR thousand	2023 EUR thousand
Austria	45,831	35,081
Europe (excluding Austria)	32,470	34,454
Americas	12,442	10,486
Australia/Pacific	6,548	7,346
Asia	308	311
	97,599	**87,678**

Non-current assets comprise property, plant and equipment, intangible assets, goodwill, investments accounted for at equity, and equity instruments.

4. Revenues

The following comments apply for both segments, because both generate almost all of their revenue with customer-specific production orders and maintenance contracts. Only a few of the products sold are not customised.

Revenues are recognised when the contractually agreed milestones have been achieved. Amounts where the work or services have been performed but which have not yet been invoiced are recognised as contract assets. In principle, invoices are due within thirty days.

Revenues from customer-specific construction contracts and multi-component contracts meet the criteria for recognition of revenue over time based on the progress towards satisfaction of the performance obligation because there is no alternative use for the asset produced and the Frequentis Group has a right to receive payment for the work performed (costs plus an appropriate margin).

Revenues are recognised using the input-based method (cost-to-cost method). Contract assets are only recognised if they exceed the associated advance payments from customers. In the reporting period, contract assets increased by EUR 9,650 thousand (2023: EUR 10,797 thousand). The increase in contract assets is the net result of a large number of newly commenced and invoiced projects.

In the case of maintenance contracts, the customer generally receives the benefits as the performance obligation is satisfied. Revenue is recognised over time. Exceptions from this rule are certain services (e.g. consulting and repairs) with a short lead time or performance period, and orders for spare parts or small parts where the revenue is recognised at a point in time. The revenues from these orders amounted to EUR 16,779 thousand in the reporting period (2023: EUR 27,148 thousand).

In accordance with IFRIC 22, the Frequentis Group measures advance payments made and received in foreign currencies at the exchange rate at the transaction date, rather than the exchange rate at the reporting date.

All revenues presented below are revenues from contracts with customers pursuant to IFRS 15.

The revenue split by category in the reporting period was as follows:

	2024 EUR thousand	2023 EUR thousand
New products and/or new customer business	196,619	153,913
IBB (installed base business)	270,482	259,779
Other revenues	13,207	13,795
	480,308	**427,487**

The regional breakdown of revenues by end-users was as follows:

	2024 EUR thousand	2023 EUR thousand
Europe	296,122	279,638
Americas	88,090	68,167
Asia	55,354	46,232
Australia/Pacific	30,706	25,219
Africa	6,874	5,391
Small orders (not allocated)	3,162	2,840
	480,308	**427,487**

The line item “small orders” relates to revenues from customer contracts that were not allocated to the other categories in the above table.

The transaction price of unsatisfied or only partially satisfied performance obligations was EUR 724.0 million (31 December 2023: EUR 594.7 million) and corresponds to the orders on hand in the Frequentis Group at the reporting date. It is expected that revenue of approximately EUR 380.3 million will be recognised in 2025 and revenue of EUR 343.7 million will be recognised in 2026 and subsequent years. The expected timing of revenue recognition is based on the expected progress towards satisfaction of the performance obligation.

5. Own work capitalised

The expenses capitalised in 2024 comprise EUR 276 thousand (2023: EUR 3,369 thousand) for self-produced assets in connection with operating leases (see ↗ Note 36. *Leases*), EUR 419 thousand (2023: EUR 380 thousand) for capitalised development work, and EUR 947 thousand (2023: EUR 333 thousand) for, among other things, self-produced internal demonstration and test systems.

6. Other operating income

	2024 EUR thousand	2023 EUR thousand
Grants and subsidies for research and development costs	3,592	2,391
Income from research incentives	2,989	2,578
Exchange rate differences	1,845	755
Gain from the sale of intangible assets, property, plant and equipment	602	24
Income from the reversal of provisions for litigation costs	505	0
Changes in the fair value of forward exchange contracts	123	610
Miscellaneous other operating income	1,884	1,697
	11,540	**8,055**

Grants and subsidies, including research incentives, are recognised in income when the conditions for their granting are fulfilled and the grants have either already been paid or it is reasonably sure that they will be paid.

The miscellaneous other operating income relates mainly to revenue from the reversal of loss allowances and other provisions.

7. Cost of materials and purchased services

	2024 EUR thousand	2023 EUR thousand
Cost of materials	45,523	45,172
Cost of purchased services	67,593	59,542
	113,116	**104,714**

The slight rise of EUR 351 thousand in the cost of materials is due to a reduction in the material intensity of the projects invoiced. The cost of purchased services increased by the same proportion as revenues.

8. Personnel expenses

	2024 EUR thousand	2023 EUR thousand
Salaries	206,805	181,632
Expenses for severance payments	3,646	2,436
Expenses for pensions	3,433	2,815
Social security contributions	38,762	34,508
Other voluntary social welfare expenses	7,664	6,463
	260,310	**227,854**

The number of employees at the end of the financial year was 2,486 (2023: 2,318), measured as full-time equivalents (FTEs). The average number of employees was 2,422 FTEs (2023: 2,217 FTEs). In both cases, the data refer to employees with contracts for an indefinite period.

The increase in personnel expenses is mainly due to individual and collectively agreed salary rises, the increase in the accrual for holidays not yet taken, and the increase in the number of employees.

9. Other operating expenses

	2024 EUR thousand	2023 EUR thousand
Travel expenses	13,997	12,736
Other consulting expenses	5,486	5,172
Licenses (terms of up to 1 year)	5,429	4,242
External personnel	5,091	4,928
Change in project-related provisions	4,771	1,132
Advertising	4,184	4,356
Legal and consulting expenses	3,381	3,133
Insurance expenses	3,286	2,989
Maintenance	2,760	2,494
Energy	1,973	3,353
Staff recruitment	1,925	1,714
Operating expenses (buildings)	1,897	1,945
Transport	1,798	2,148
Telephone and communications expenses	1,402	1,266
Exchange rate differences	1,391	2,969
Cleaning	1,373	1,179
Vehicles	1,360	1,349
Changes in the fair value of forward exchange contracts	1,065	11
Other taxes and levies	984	912
Bank charges and bank guarantee fees	808	747
Short-term leases and leases for low-value assets	783	676
Impairment of receivables and contract assets	483	464
Membership fees	436	410
Translation costs	217	174
Losses from the disposal of intangible assets, property, plant and equipment	73	21
Miscellaneous	2,367	1,911
	68,720	**62,431**

The project-related provisions contain, among other things, project costs for which provisions are recognised due to the excess of estimated future expenses over revenues and for warranties.

The impairments contain EUR 480 thousand (2023: EUR 465 thousand) for receivables and EUR 3 thousand (2023: EUR -1 thousand) for contract assets. The impairments are not presented separately in the income statement as the amount is insignificant.

10. Depreciation of property, plant and equipment and amortisation of intangible assets

	2024 EUR thousand	2023 EUR thousand
Depreciation of right-of-use assets	9,455	8,946
Depreciation of property, plant and equipment and amortisation of intangible assets	8,954	7,586
Depreciation and amortisation of low-value assets	1,023	995
	19,432	**17,527**

Assets with an acquisition or manufacturing cost of up to EUR 1 thousand (amount is country-specific) are defined as low-value assets and are recognised as expenses in the year of acquisition.

11. Financial income

	2024 EUR thousand	2023 EUR thousand
Interest and similar income	947	946
	947	**946**

The interest and similar income relate exclusively to interest income from assets recognised at amortised cost. Interest income is recognised using the effective interest method.

12. Financial expenses

	2024 EUR thousand	2023 EUR thousand
Interest and similar expenses	1,572	1,442
	1,572	**1,442**

EUR 1,110 thousand (2023: EUR 916 thousand) of the interest expenses are attributable to IFRS 16. Interest expenses are recognised using the effective interest method.

13. Reversal of impairment loss on financial assets

The income relates to recourse claims for time deposits and deposits due on demand at Commerzialbank Mattersburg, which were previously fully impaired.

14. Income taxes

	2024 EUR thousand	2023 EUR thousand
Current income taxes	7,643	7,950
Taxes relating to prior periods	198	550
Non-deductible withholding tax	97	199
Change in deferred tax assets/liabilities	1,348	-2,260
	9,286	**6,439**

The following table presents the reconciliation from the expected tax rate to the effective tax rate:

	2024 EUR thousand	2023 EUR thousand
Profit/loss before tax	32,830	26,419
Theoretical tax income/expense based on a tax rate of 23% (2023: 24%)	7,551	6,341
Differences in tax rates	713	253
Tax additions	481	432
Tax deductions	-985	-779
Changes in tax rates	-103	-271
Tax-free income from associated companies	-82	-64
Profit from business combinations	0	-1
Impairment loss on goodwill	598	0
Tax assets for which deferred tax assets were not previously recognised	0	-547
Tax losses for which no deferred tax assets were recognised	818	521
Realised tax losses for which no deferred tax assets were recognised	0	-195
Taxes relating to prior periods	198	550
Non-deductible withholding tax	97	199
Actual tax expense	**9,286**	**6,439**
Effective tax rate	**28.3%**	**24.4%**

The tax additions comprise non-tax-deductible expenses such as non-deductible payroll expenses and hospitality expenses. The tax deductions mainly comprise the research incentives.

The deferred tax assets and liabilities recognised in the statement of financial position relate to the following items:

	Assets 2024 EUR thousand	Liabilities 2024 EUR thousand	Assets 2023 EUR thousand	Liabilities 2023 EUR thousand
Property, plant and equipment	261	-12,886	246	-9,287
Intangible assets	804	-3,087	349	-3,574
Goodwill		-57		-20
Financial assets	91	-16	137	-10
Inventories	248	-1,065	122	-308
Contract assets	450	-6,660		-6,813
Contract costs		-589		-104
Trade accounts receivable and other assets	451	-1,301	26	-1,946
Provisions	2,880	-1,574	2,616	-1,992
Trade accounts payable and other liabilities	900	-106	582	-153
Lease liabilities	11,337		8,646	
Contract liabilities	1,210	-319	3,166	-299
Deferred taxes on exchange rate differences, debt consolidation	68	-68	6	-7
Tax loss carryforwards	3,045		4,156	
Total	**21,745**	**-27,728**	**20,052**	**-24,513**
Netting	-17,684	17,684	-14,435	14,435
Deferred taxes	**4,061**	**-10,044**	**5,617**	**-10,078**

Deferred tax liabilities resulting from temporary differences in connection with investments in subsidiaries are not recognised if the date of reversal of the temporary differences can be controlled by the Frequentis Group and it is probable that the temporary differences will not be reversed in the near future. Such temporary differences for which no deferred tax liabilities are recognised amounted to EUR 5,134 thousand (2023: EUR 3,771 thousand).

As at the reporting date, the Frequentis Group had loss carryforwards totalling EUR 19,237 thousand (2023: EUR 19,666 thousand). Deferred taxes were recognised for loss carryforwards of EUR 9,994 thousand (2023: EUR 15,008 thousand) because it is probable that there will be future taxable income against which the Frequentis Group can offset the deferred tax assets. There is a 20-year time limit on the use of a tax loss carryforward of EUR 3,298 thousand (2023: EUR 1,736 thousand). The other loss carryforwards will not expire.

The amount of tax-deductible impairments on equity investments that is spread over 7 years under Austrian tax law is EUR 370 thousand (2023: EUR 499 thousand). Deferred tax assets of EUR 85 thousand (2023: EUR 115 thousand) were recognised on this amount.

As at 31 December 2024, no material income tax uncertainties existed.

15. Earnings per share

Basic earnings per share are calculated by dividing the result for the period attributable to equity holders of Frequentis AG by the weighted average number of shares outstanding in the reporting period. In the reporting period, the weighted average number of shares was 13,266,657 (2023: 13,271,909).

Diluted earnings per share are calculated by dividing the result for the period attributable to the equity holders of Frequentis AG by the weighted average number of outstanding shares in the reporting period, adjusted in each case by the dilutive effect of the share-based payment of 47,835 shares (2023: 44,630 shares). The average weighted number of shares and options was 13,313,467 (2023: 13,316,012).

Notes to the consolidated statement of financial position

16. Property, plant and equipment

in EUR thousand	Land and buildings and buildings on leased land	Technical plant and machinery	Technical equipment for operating leases	Other plant, factory and office equipment	Assets under construction	Advances and assets under construction for operating leases	Total
Carrying amount as at 31 December 2022	**40,038**	**721**	**1,400**	**9,351**	**987**	**801**	**53,298**
Foreign currency translation difference	-139	0	-70	-47	-12	0	-268
Reclassification	382	-35	801	654	-1,001	-801	0
Additions from business combinations	14	0	0	166	0	0	180
Addition	5,706	796	2,529	7,262	872	0	17,164
Disposal	-5	0	0	-76	0	0	-81
Depreciation	-8,563	-175	-294	-5,374	0	0	-14,406
Carrying amount as at 31 December 2023	**37,433**	**1,307**	**4,366**	**11,936**	**846**	**0**	**55,888**
Cost of acquisition/production	79,387	5,179	4,677	40,484	846	0	130,573
Accumulated depreciation	-41,954	-3,872	-311	-28,548	0	0	-74,685
Carrying amount as at 31 December 2023	**37,433**	**1,307**	**4,366**	**11,936**	**846**	**0**	**55,888**
Carrying amount as at 31 December 2023	**37,433**	**1,307**	**4,366**	**11,936**	**846**	**0**	**55,888**
Foreign currency translation difference	145	49	255	40	13	0	502
Reclassification	8	-822	822	644	-652	0	0
Additions from business combinations	33	0	0	1	0	0	34
Addition	19,156	50	287	9,081	1,724	0	30,298
Disposal	-9	0	0	-429	0	0	-438
Depreciation	-8,912	-163	-556	-6,358	0	0	-15,989
Carrying amount as at 31 December 2024	**47,854**	**421**	**5,174**	**14,915**	**1,931**	**0**	**70,295**
Cost of acquisition/production	98,254	4,421	6,084	45,875	1,931	0	156,565
Accumulated depreciation	-50,400	-4,000	-910	-30,960	0	0	-86,270
Carrying amount as at 31 December 2024	**47,854**	**421**	**5,174**	**14,915**	**1,931**	**0**	**70,295**

During 2024, the Frequentis Group concluded agreements for the acquisition of property, plant and equipment totalling EUR 469 thousand (2023: EUR 537 thousand), which will be delivered and invoiced in 2025.

For information on the recognised right-of-use assets resulting from the application of IFRS 16, which are included in the above table, see ↗ Note 36. *Leases*.

17. Intangible assets

in EUR thousand	Software and licences	Customer base	Self-produced intangible assets under development	Advances	Total
Carrying amount as at 31 December 2022	**14,382**	**0**	**0**	**119**	**14,501**
Foreign currency translation difference	-190	0	0	0	-190
Reclassification of advances	99	0	0	-99	0
Additions from business combinations	2,257	2,848	0	0	5,105
Addition	840	0	380	0	1,220
Disposal	0	0	0	0	0
Amortisation	-2,938	-184	0	0	-3,122
Carrying amount as at 31 December 2023	**14,450**	**2,664**	**380**	**20**	**17,514**
Cost of acquisition/production	41,976	2,848	380	20	45,224
Accumulated amortisation	-27,526	-184	0	0	-27,710
Carrying amount as at 31 December 2023	**14,450**	**2,664**	**380**	**20**	**17,514**
Carrying amount as at 31 December 2023	**14,450**	**2,664**	**380**	**20**	**17,514**
Foreign currency translation difference	-178	-54	0	0	-232
Reclassification of advances	20	0	0	-20	0
Additions from business combinations	411	226	0	0	637
Addition	318	0	419	264	1,001
Disposal	-50	0	0	0	-50
Amortisation	-3,155	-288	0	0	-3,443
Carrying amount as at 31 December 2024	**11,816**	**2,548**	**799**	**264**	**15,427**
Cost of acquisition/production	42,129	3,017	799	264	46,209
Accumulated amortisation	-30,313	-469	0	0	-30,782
Carrying amount as at 31 December 2024	**11,816**	**2,548**	**799**	**264**	**15,427**

The Frequentis Group spent EUR 30.1 million (2023: EUR 25.2 million) on in-house research and development work that was not funded by customers. This was expensed as incurred. Development costs of EUR 419 thousand were capitalised in the reporting period.

During 2024, the Frequentis Group did not conclude any agreements for the acquisition of intangible assets, which will be received and invoiced in 2025 (2023: agreements totalling EUR 22 thousand).

18. Goodwill

in EUR thousand	Goodwill
Carrying amount as at 31 December 2022	**5,834**
Foreign currency translation difference	145
Additions from business combinations	5,372
Carrying amount as at 31 December 2023	**11,351**
Acquisition cost	14,153
Accumulated impairment losses	-2,802
Carrying amount as at 31 December 2023	**11,351**
Carrying amount as at 31 December 2023	**11,351**
Foreign currency translation difference	-157
Additions from business combinations	0
Impairment losses	-2,598
Carrying amount as at 31 December 2024	**8,596**
Acquisition cost	13,996
Accumulated impairment losses	-5,400
Carrying amount as at 31 December 2024	**8,596**

The accumulated impairment losses include EUR 1,730 thousand relating to the full impairment of the goodwill in ATRiCS Advanced Traffic Solutions GmbH in 2021 and EUR 1,072 thousand for the partial impairment of the goodwill of Systems Interface Ltd. in 2020. In the reporting period, an impairment loss of EUR 2,598 thousand was recognised for the goodwill in Business Recording. The Business Recording cash-generating unit comprises Frequentis AG's recorder unit and Frequentis Recording AS.

For the purpose of impairment testing, goodwill has been allocated to the Frequentis Group's cash-generating units (CGUs) as follows:

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
FRAFOS GmbH	1,976	1,976
Frequentis Comsoft GmbH	909	909
Frequentis Orthogon GmbH	2,263	2,263
Business Recording	772	3,537
Regola S.r.l.	2,412	2,412
Systems Interface Ltd.	211	201
team Technology Management GmbH	53	53
	8,596	**11,351**

Goodwill was tested for impairment when preparing the consolidated financial statements by estimating the recoverable amount of the relevant cash-generating units using discounted cash flows for a 3-year detailed planning period and a perpetual annuity derived from this.

The impairment test in accordance with IAS 36 was based on detailed plans for earnings, the statement of financial position, and capital expenditure for the next 3 years. These are prepared annually as part of the Group-wide budget planning process, taking into consideration the current business situation. For periods after the budget planning period, a long-term growth rate of 1% (2023: 1%) was determined and used to forecast future cash flows.

Forecast future cash flows were discounted using discount rates based on common market and country-specific risks.

Impairment test 2024	FRAFOS GmbH	Frequentis Comsoft GmbH	Frequentis Orthogon GmbH	Business Recording	Regola S.r.l.	Systems Interface Ltd.	team Technology Management GmbH
Interest rate (WACC before taxes)	12.50%	13.61%	12.72%	11.41%	15.66%	13.78%	10.61%
Recoverable amount in EUR thousand	5,889	11,167	11,086	1,563	6,865	3,153	8,756
Carrying amount of the CGU including goodwill in EUR thousand	2,762	3,400	8,497	4,161	6,074	-1,516	400

Impairment test 2023	FRAFOS GmbH	Frequentis Comsoft GmbH	Frequentis Orthogon GmbH	Business Recording	Regola S.r.l.	Systems Interface Ltd.	team Technology Management GmbH
Interest rate (WACC before taxes)	13.26%	11.66%	12.64%	11.55%	16.17%	11.53%	11.08%
Recoverable amount in EUR thousand	5,349	8,100	10,732	27,059	7,155	1,903	7,651
Carrying amount of the CGU including goodwill in EUR thousand	4,784	3,252	7,113	8,236	6,236	548	1,165

The negative carrying amount of Systems Interface Ltd. resulted from negative working capital due to high advance payments by customers at year-end.

The impairment test on Business Recording in 2024 indicated an impairment loss of EUR 2,598 thousand. This was attributable to the competitive situation on the market. As a consequence, prices were lower than had originally been assumed and order intake was below expectations. The expected synergies did not occur. An increase of 1% in the discount rate or a reduction of 7.3% in cash flows would cause a further impairment loss of EUR 250 thousand. An increase of 4.2% in the discount rate or a reduction of 22.9% in cash flows would have resulted in full impairment of the goodwill (EUR 3,371 thousand).

To illustrate the effect of changes in the parameters, sensitivity analyses were performed. The following table shows the percentage by which the cash flows would have to be reduced or the discount rates increased for the carrying amounts of the cash-generating units, including goodwill, to correspond to the recoverable amount.

Sensitivity analysis 2024	Frequentis Orthogon GmbH	Regola S.r.l.
Reduction in cash flows	21.8%	10.8%
Increase in discount rates (in percentage points)	3.6	1.4

Sensitivity analysis 2023	FRAFOS GmbH	Frequentis Orthogon GmbH	Regola S.r.l.
Reduction in cash flows	9.6%	30.8%	12.1%
Increase in discount rates	1.1 PP	4.6 PP	1.9 PP

As at the reporting date, the Executive Board did not identify any realistic scenarios for FRAFOS GmbH, Frequentis Comsoft GmbH, Systems Interface Ltd., or team Communication Technology Management GmbH that would result in impairment of goodwill.

Discount rate: The discount rate applied is the weighted average cost of capital (WACC). The discount rate does not reflect the risks underlying the adjustments to the estimated cash flow. The discount rate is an interest rate after taxes based on the interest rate on 30-year government bonds, taking into account common market and country-specific risks. This is converted into WACC before taxes.

19. Investments accounted for at equity (associated companies)

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Investments accounted for at equity	3,259	2,903

Name of associated company	Registered office	Voting rights and shareholding as at 31 Dec. 2024	Voting rights and shareholding as at 31 Dec. 2023
Flyk Oy	Valkeakoski	25%	25%
GroupEAD Europe S.L.	Madrid	28%	28%
Mission Embedded GmbH	Vienna	20%	20%
Nemergent Solutions S.L.	Bilbao	24.83%	24.83%
AMANTEA Ltd.	Zabbar	50% (effective shareholding 25.5%)	50% (effective shareholding 25.5%)
Lift S.r.l.	Cagliari	24% (effective shareholding 10.2%)	24% (effective shareholding 10.2%)
Nowtech S.r.l.	Sassari	20% (effective shareholding 10.2%)	20% (effective shareholding 10.2%)

The reporting date for all associated companies is 31 December and they are all accounted for by applying the equity method. There were neither any significant unrealised losses nor any significant restrictions on the repayment of loans.

The Frequentis Group holds 28% of the shares and voting rights in **GroupEAD Europe S.L.**, Madrid. The carrying amount of this investment developed as follows (based on 2023, the most recent date for which financial statements are available):

		2024 EUR thousand	2023 EUR thousand
31 Dec. prior year	**Equity investment in GroupEAD Europe S.L.**	**491**	**491**
	Attributable profit in prior year	257	156
	Less dividend paid for the prior year	0	-156
	Provisional attributable profit in the reporting period	0	56
	Less dividend paid in the reporting period	0	-56
31 Dec. reporting period	**Equity investment in GroupEAD Europe S.L.**	**748**	**491**

GroupEAD Europe S.L. acts as operational manager of the EAD system on behalf of EUROCONTROL. The EAD system was developed by the Frequentis Group, which is responsible for technical operation. The close relationship between the technical and operational managers has a positive impact on the quality of service and the customer relationship. In addition, the Frequentis Group is able to use the experience and operational expertise of GroupEAD Europe S.L. in the ongoing development of the EAD system and to develop other AIM systems for the international market.

The next table contains summarised financial information on this company as at the last 2 available reporting dates:

GroupEAD Europe S.L.	31 Dec. 2023 EUR thousand	31 Dec. 2022 EUR thousand
Non-current assets	330	365
Current assets	3,855	3,277
Non-current liabilities	0	0
Current liabilities	1,513	1,332
Net assets (100%)	**2,672**	**2,310**
Frequentis Group's share of net assets (28%)	748	647
Dividend paid in the following year	0	-156
Carrying amount of the stake in the associated company	**748**	**491**
Revenues	8,976	7,862
Profit from continuing operations (100%)	1,120	758
Other comprehensive income (100%)	0	0
Total comprehensive income (100%)	**1,120**	**758**
Total comprehensive income (28%)	313	212
Earnings included in the prior year (28%)	-56	-56
Share of earnings for the following year included due to dividends received (28%)	0	56
Frequentis Group's share of total comprehensive income	**257**	**212**

The Frequentis Group holds 20% of the shares and voting rights in **Mission Embedded GmbH**, Vienna. The development of this investment is presented below:

		2024 EUR thousand	2023 EUR thousand
31 Dec. prior year	**Equity investment in Mission Embedded GmbH**	**538**	**482**
	Attributable profit in the reporting period	127	58
	Actuarial losses in accordance with IAS 19	0	-2
31 Dec. reporting period	**Equity investment in Mission Embedded GmbH**	**665**	**538**

Mission Embedded GmbH was created by the spin-off of the "Mission Embedded" department in 2014 to drive forward the positive development of Frequentis' expertise in hardware and hardware-related software for safety-critical applications by giving it greater independence.

The next table contains summarised financial information on this company as at the last 2 reporting dates for which information is available:

Mission Embedded GmbH	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Non-current assets	339	366
Current assets	8,535	7,534
Non-current liabilities	204	190
Current liabilities	5,345	5,018
Net assets (100%)	**3,325**	**2,692**
Frequentis Group's share of net assets (20%)	665	538
Carrying amount of the stake in the associated company	**665**	**538**
Revenues	13,160	9,563
Profit from continuing operations (100%)	633	290
Other comprehensive income (100%)	0	-12
Total comprehensive income (100%)	**633**	**278**
Frequentis Group's share of the profit from continuing operations (20%)	127	58
Frequentis Group's share of other comprehensive income (20%)	0	-2
Frequentis Group's share of total comprehensive income (20%)	**127**	**56**

In 2020, the Frequentis Group acquired a 15% interest in **Nemergent Solutions S.L.,** which has its registered office in Bilbao, Spain. The interest was acquired through Frequentis Invest4Tech GmbH (a wholly owned subsidiary of Frequentis AG). On 19 December 2023, the interest in Nemergent Solutions S.L. was increased to 24.83% through a capital increase.

Nemergent Solutions S.L. is a technology provider with high expertise in 3GPP standard-based mission-critical solutions over mobile broadband technologies. The Frequentis Group had previously worked on joint projects in the field of public transport and public safety, where Nemergent Solutions contributed technology for application services and mobile end devices for emergency services. This collaboration was strategically expanded and deepened because the LTE mobile communications standard offers new opportunities in safety-critical broadband communication.

The table shows the development of this investment:

		2024 EUR thousand	2023 EUR thousand
31 Dec. prior year	**Equity investment in Nemergent Solutions S.L.**	**1,547**	**747**
	Attributable loss (profit) in the reporting period	-48	-36
	Purchase price for increase in the investment	0	836
31 Dec. reporting period	**Equity investment in Nemergent Solutions S.L.**	**1,498**	**1,547**

The next table contains summarised financial information on this company as at the last 2 reporting dates for which information is available:

Nemergent Solutions S.L.	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Non-current assets	1,469	1,606
Current assets	2,281	1,397
Non-current liabilities	1,477	593
Current liabilities	270	212
Net assets (100%)	**2,003**	**2,198**
Frequentis Group's share of net assets (24.83%)	497	546
Goodwill	**1,001**	**1,001**
Carrying amount of the stake in the associated company	**1,498**	**1,547**
Revenues	1,161	772
Profit/loss from continuing operations (100%)	-194	-239
Other comprehensive income (100%)	0	0
Total comprehensive income (100%)	**-194**	**-239**
Frequentis Group's share of the profit/loss from continuing operations (2024: 24.83%; 2023: 24.83%)	-48	-36
Frequentis Group's share of other comprehensive income (2024: 24.83%; 2023: 24.83%)	0	0
Frequentis Group's share of total comprehensive income (2024: 24.83%; 2023: 24.83%)	**-48**	**-36**

On 1 September 2022, the Frequentis Group acquired a 25% interest in Aviamaps Oy, which has its registered office in Valkeakoski, Finland. This company was renamed Flyk Oy in 2023.

Flyk produces software for drone flight planning and airspace management and offers a real-time aviation maps platform for drone fights. Flyk's software is integrated into the Frequentis solution for automatic approval of drone flights in Austria.

The table shows the development of this investment:

		2024 EUR thousand	2023 EUR thousand
31 Dec. prior year	**Equity investment in Flyk Oy**	**141**	**140**
	Correction of attributable profit for the prior year		-3
	Attributable profit/loss in the reporting period	-4	4
31 Dec. reporting period	**Equity investment in Flyk Oy**	**137**	**141**

The acquisition of the 51% interest in Regola S.r.l. in 2022 included the acquisition of interests in associated companies. The interests in these equity investments – AMANTEA Ltd., Lift S.r.l., and Nowtech S.r.l. – developed as follows:

		2024 EUR thousand	2023 EUR thousand
31 Dec. prior year	**Equity investments in AMANTEA Ltd., Lift S.r.L., and Nowtech S.r.l.**	**187**	**165**
	Attributable profit in the reporting period	23	22
31 Dec. reporting period	**Equity investments in AMANTEA Ltd., Lift S.r.L., and Nowtech S.r.l.**	**210**	**187**

Since these companies are not significant associated companies, the following table presents the key financial data in aggregated form for Flyk Oy, Lift S.r.l., and Nowtech S.r.l. as at the most recent reporting date (31 December 2024). As financial data for AMANTEA Ltd. as at 31 December 2024 were not available, the table contains the data from the latest available financial statements (31 December 2023):

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Non-current assets	323	336
Current assets	651	752
Non-current liabilities	53	163
Current liabilities	495	571
Net assets (100%)	**425**	**353**
Frequentis Group's share of net assets	105	86
Goodwill	**242**	**242**
Carrying amount of the stake in the associated company	**347**	**328**
Revenues	982	1,043
Profit from continuing operations (100%)	71	91
Other comprehensive income (100%)	0	0
Total comprehensive income (100%)	**71**	**91**
Frequentis Group's share of the profit from continuing operations	19	26
Frequentis Group's share of other comprehensive income	0	0
Frequentis Group's share of total comprehensive income	**19**	**26**

From the annual profit of all associated companies accounted for at equity, a proportionate share of EUR 355 thousand (2023: EUR 268 thousand) is recognised. In the reporting period, proportionate losses of EUR 15 thousand (2023: EUR 15 thousand) at AMANTEA Ltd. were not recognised because this equity investment was measured at zero when it was initially included in the consolidated financial statements in 2022.

20. Inventories

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Raw materials and supplies	21,084	19,405
Work in progress	2,670	770
Finished goods	3,044	1,918
Merchandise	2,882	3,145
Advance payments made	3,246	1,390
	32,926	**26,628**

The increase in raw materials and supplies was mainly due to increased stocking of electronic components to ensure an adequate safety net to meet long-standing delivery and maintenance obligations despite the withdrawal of products by producers and supply bottlenecks.

Work in progress mainly comprises assemblies that were still being processed at the reporting date.

The finished goods are assemblies that are part of overall solutions for customers and can only be invoiced as distinct components of a contract with a customer in exceptional cases. The inventories result from optimisation of manufacturing batches (larger production batches reduce unit costs) and procurement lots, as well as the management of a safety stock for maintenance obligations.

Merchandise comprises assets for use in current and future customer projects.

The impairment loss on inventories was EUR 398 thousand in the reporting period (2023: EUR 634 thousand). Reversals of EUR 340 thousand were recognised in 2024 (2023: EUR 35 thousand).

21. Trade accounts receivable

	2024 EUR thousand	2023 EUR thousand
Trade accounts receivable, gross	81,233	82,129
Individual loss allowances	-879	-729
Loss allowances pursuant to IFRS 9	-248	-374
Receivables from affiliated companies	1	3
Total trade accounts receivable, net	**80,107**	**81,029**

Trade accounts receivable contain non-current items of EUR 391 thousand (31 December 2023: EUR 365 thousand) that have to be recognised as current items pursuant to IAS 1.68.

Trade accounts receivable are not interest-bearing and are generally due within 30 days.

Since most of the Frequentis Group's customers are authorities, government-related businesses or, in the case of general contractors, large international companies, the credit risk is classified as low. One aspect of risk management at the Frequentis Group is that business relationships are only entered into with third parties that are deemed to be creditworthy. The creditworthiness of customers is systematically evaluated and deliveries are only made if they have appropriate credit standing or if adequate steps are taken to address the risks identified.

If a higher risk is identified during the proposal process, advances by customers or letters of credit are used to reduce the credit risk.

All identifiable risks are taken into account by appropriate loss allowances. In the event of default, the receivables are derecognised.

The Frequentis Group uses a loss allowance matrix to measure the expected credit losses (ECLs) on trade accounts receivable. The loss rates are calculated using a "roll-rate" method, which is based on the probability that a receivable will roll through successive stages of delinquency up to derecognition. The roll-rate analysis is performed for the aggregated amount of receivables. The loss rates are based on actual payment and credit loss experience in the past 10 years.

The table shows the development of the loss allowance for trade accounts receivable:

	2024 EUR thousand	2023 EUR thousand
31 Dec. prior year	**1,103**	**1,334**
Foreign currency translation	0	-3
Change in loss allowances pursuant to IFRS 9	-127	-28
Additions	604	481
Utilisation	-340	-9
Reversal	-113	-672
31 Dec. reporting period	**1,127**	**1,103**

As at 31 December 2024, the loss rate of trade accounts receivable was as follows:

	Weighted average loss rate 2024	Weighted average loss rate 2023	2024 EUR thousand	2023 EUR thousand
Trade accounts receivable, net			**80,106**	**81,026**
of which: neither overdue nor impaired	0.02%	0.03%	61,339	63,709
of which, overdue but not impaired				
Up to 30 days	0.05%	0.06%	10,832	11,128
30-60 days	0.12%	0.50%	3,041	2,797
60-90 days	0.72%	1.32%	1,445	629
90-180 days	1.17%	2.81%	1,597	868
180-210 days	4.87%	1.94%	106	912
> 210 days	9.84%	20.20%	1,746	983

Due to their insignificance, receivables from affiliated companies in the amount of EUR 1 thousand (2023: EUR 3 thousand) are not included in the presentation of the structure of overdue trade accounts receivable.

The Frequentis Group's experience with public sector customers shows that the payment date often deviates from the due date. This is frequently due to approval processes and budget procedures within the authorities (especially around year-end). Past experience shows that such payment delays do not in themselves indicate a higher risk of default.

Since most customers are in the public sector or are large international companies, there were no significant defaults on receivables in the reporting period. Due to its customer structure, the Frequentis Group does not expect the credit risk to increase. In 2023, Frequentis defined a scale factor of 1.5, which was considered when calculating loss allowances pursuant to IFRS 9. Since the reasons for this scale factor (increased insolvencies due to the war in Ukraine) no longer applied or were insignificant in 2024, it was no longer applied when determining loss allowances.

22. Contract assets

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Contract assets, gross	112,489	98,154
Loss allowances pursuant to IFRS 9	-22	-19
Total contract assets	**112,467**	**98,135**
Advances from customers	-41,545	-36,863
	70,922	**61,272**

The contract assets mainly result from performance obligations already satisfied by the Group but not yet invoiced. Contract assets are reclassified to trade accounts receivable when there is an unconditional right to receive consideration. This is normally the case when the Group issues an invoice for the goods and services provided.

The contract assets of EUR 61,272 thousand recognised as at 1 January (2023: EUR 50,475 thousand) include EUR 42,851 thousand (2023: EUR 43,085 thousand) that were invoiced in the reporting period.

Of the total contract assets of EUR 70,922 thousand as at 31 December 2024 (2023: EUR 61,272 thousand), it is expected that EUR 57,890 thousand (2023: EUR 49,143 thousand) will be charged to customers in the following year – based on expected project progress and contractual clauses. Contract assets with a carrying amount of EUR 13,032 thousand (2023: EUR 12,129 thousand) are not expected to be invoiced until after 2025. Since realisation of the contract assets is expected within the operating cycle, all contract assets are classified as current.

It is assumed that there are no relevant default risks for contract assets. The loss allowance for contract assets was EUR 22 thousand in 2024 (2023: EUR 19 thousand). In the case of orders for which the Group makes advance payments, in particular, the creditworthiness of customers is carefully reviewed. These orders primarily relate to work for public authorities or major international companies.

Based on the sensitivity analysis, a 10% reduction in contract costs not yet incurred would increase contract assets by EUR 9,205 thousand (2023: EUR 9,037 thousand), while a 10% increase in contract costs not yet incurred would reduce contract assets by EUR 6,121 thousand (2023: EUR 6,375 thousand).

23. Contract costs

In the Frequentis Group, contract costs mainly comprise sales commission. These contract costs are recognised and amortised in line with the transfer of control over goods and services to the customer.

The development of the contract costs recognised is as follows:

	2024 EUR thousand	2023 EUR thousand
As at 1 January	**2,394**	**4,024**
Contract costs recognised in the reporting period	2,521	1,368
Amortisation in the reporting period	-2,247	-2,984
Impairment losses	-127	-14
As at 31 December	**2,541**	**2,394**

Amortisation of contract costs in the next 12 months is expected to amount to EUR 1,472 thousand (2023: EUR 1,664 thousand). Since the contract costs are expected to be incurred within the operating cycle, all contract costs are classified as current.

The Frequentis Group uses the practical expedient of recognising contract costs as an expense if the amortisation period is less than 1 year.

Amortisation of contract costs is recognised in the cost of materials and purchased services.

24. Other assets

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Pension reinsurance	482	454
Loan to Nemergent Solutions S.L.	1,049	0
Equity instruments	22	22
Other financial assets	293	220
Other non-current financial assets	**1,846**	**696**
Receivables from grants and subsidies	883	1,925
Positive fair value of cash flow hedges and MTM valuation	263	728
Other financial assets	323	604
Other current financial assets	**1,469**	**3,257**
Prepaid expenses and deferred charges	9,839	7,293
Receivables from research grants and incentives	4,657	5,896
Receivables from fiscal authorities (excluding income taxes)	2,791	1,691
Claims to compensation payments	1,000	0
Other assets	478	322
Other current non-financial assets	**18,765**	**15,202**

25. Cash and cash equivalents

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Cash and cash equivalents	79,812	86,998
Loss allowances	-12,818	-12,818
	66,994	**74,180**

The cash and cash equivalents comprise investments and bank deposits, all of which are short-term and have an original term of up to 3 months. The carrying amount of these assets corresponds to their fair value. All components of cash and cash equivalents are freely available to the Frequentis Group.

The loss allowances comprise the total amount of the deposit due on demand at Commerzialbank Mattersburg, for which an impairment loss had to be recognised in 2020, except for the EUR 100 thousand covered and paid out by the deposit insurance.

In accordance with IFRS 9, based on the expected credit loss (ECL) model, loss allowances were established at the date of recognition of the bank deposits on the basis of the expected potential credit losses. No loss allowances had to be recognised for bank balances – with the exception of those at Commerzialbank Mattersburg – due to good ratings and the short-term nature of the deposits (due on demand).

Around 60% of the cash and cash equivalents, including deposits due on demand, of EUR 81,986 thousand as at 31 December 2024 was deposited with ten system-relevant major banks in Austria and Germany. Around 40% was deposited with approximately 25 other banks in Europe, Australia, Asia, and the Americas.

26. Share capital and retained earnings

Share capital

At the Annual General Meeting on 1 June 2023, the Executive Board was authorised, subject to the approval of the Supervisory Board, to increase the share capital of Frequentis AG by up to EUR 6.64 million up to 31 May 2028 by issuing up to 6.64 million new no-par bearer shares in return for cash or contributions in kind, in one or more tranches, or through a direct subscription offer following acceptance by one or more banks in accordance with Section 153 (6) of the Austrian Companies Act (AktG). The Executive Board was also authorised, subject to the approval of the Supervisory Board, to fully or partially exclude shareholders' subscription rights and, subject to the approval of the Supervisory Board, to define further details of the issue conditions (especially the issue price, type of contribution in kind, rights of the shares, exclusion of subscription rights, etc.) (authorised capital).

Treasury shares

At the Annual General Meeting of Frequentis AG on 6 June 2024, the Executive Board was authorised, pursuant to Section 65 (1b) of the Austrian Companies Act (AktG), for a period of 5 years from the date of the resolution, therefore up to and including 5 June 2029, with the consent of the Supervisory Board but without a further resolution by the General Meeting, to sell or use treasury shares, including in a manner other than by sale on the stock exchange or by means of a public offer, in particular

a) to grant shares to employees, senior managers, and/or members of the Executive Board or the managing boards of its affiliates, including for purposes of share transfer programmes, in particular stock options, long-term incentive plans, and other stock ownership plans,
b) to deliver shares under convertible bonds issued by Frequentis AG,
c) as consideration for the acquisition of entities, business operations, parts of business operations, or shares in one or several domestic or foreign companies, and
d) for any other legally permissible purpose,

and to exclude the subscription rights of shareholders. This authorisation may be exercised in full or in part or in several tranches and for several purposes.

At the Annual General Meeting of Frequentis AG on 6 June 2024, the Executive Board was authorised, for a period of 30 months, to purchase shares in Frequentis AG pursuant to Section 65 (1) subsections 4 and 8 AktG, both via the stock market and outside the stock exchange, and to exclude the general selling possibilities of shareholders related to such purchase. Furthermore, the Executive Board was authorised to reduce the share capital by cancelling shares in Frequentis AG without a further resolution of the General Meeting.

With the approval of the Supervisory Board, in May 2023 and May 2024 the Executive Board passed a resolution to transfer to the Chairman of the Executive Board 7,925 treasury shares for the achievement of the targets for the LTIP 2020 and 7,908 treasury shares for the achievement of the targets for the LTIP 2021, under exclusion of the subscription rights of existing shareholders.

As at 31 December 2024, Frequentis held 10,577 treasury shares (31 December 2023: 18,485). This corresponds to 0.0796% (31 December 2023: 0.1392%) of the share capital.

The total number of issued shares was 13,280,000 (2023: 13,280,000).

At year-end 2024, the shareholder structure of Frequentis AG was as follows:

Johannes Bardach has a shareholding of approximately 68% (approximately 8% held directly and 60% held indirectly via Frequentis Group Holding GmbH), B&C Holding Österreich GmbH holds more than 10% of the shares, and the free float is around 22%. The shareholder structure is basically unchanged compared with the previous year.

The development of shareholders' equity is presented in the consolidated statement of changes in shareholders' equity.

Dividend

The net profit of Frequentis AG stated in the individual financial statements as at 31 December 2024 is EUR 18,104 thousand (31 December 2023: EUR 16,601 thousand) and the accumulated profit is EUR 90,659 thousand (31 December 2023: EUR 75,552 thousand).

The Annual General Meeting of Frequentis AG on 6 June 2024 passed a resolution to pay a dividend of EUR 0.24 per no-par-value share entitled to the dividend for the 2023 financial year. The dividend less statutory capital gains tax of 27.5% was paid in June 2024.

In 2024, a dividend of EUR 3,185 thousand (EUR 0.24 per share) was distributed for the 2023 financial year (2023 for 2022: EUR 2,921 thousand / EUR 0.22 per share).

27. Reserves

The following table presents the expenses and income and the related tax recognised in other comprehensive income:

Item	Amount before income taxes 2024 EUR thousand	Income taxes 2024 EUR thousand	Amount after income taxes 2024 EUR thousand	Amount before income taxes 2023 EUR thousand	Income taxes 2023 EUR thousand	Amount after income taxes 2023 EUR thousand
Foreign currency translation	-277	0	-277	-484	0	-484
Measurement of cash flow hedges	0	0	0	164	-39	125
Remeasurement of post-employment benefit	401	-94	307	-1,357	322	-1,035
Investments accounted for at equity – amounts recognised in other comprehensive income	0	0	0	-2	0	-2
			30			**-1,396**

28. Share-based payment

Frequentis AG agreed long-term incentive plans with the Chairman of the Executive Board, Mr. Norbert Haslacher, in 2021, 2022, 2023, and 2024 (LTIP 2021, LTIP 2022, LTIP 2023, and LTIP 2024).

The share-based payment is measured in accordance with IFRS 2 at fair value on the grant date. The expense is allocated over the required vesting period. Since the agreements stipulate that the shares awarded under the LTIP cannot be settled in cash, the share-based payment is recognised in a separate item of equity.

The participant in the plans is not required to make a personal investment in Frequentis AG shares. From the grant date, in each calendar year the beneficiary can sell a maximum of one third of the shares awarded under the LTIPs. However, the beneficiary may only sell the number of shares awarded under the current LTIPs or any subsequent long-term incentive plan if, at all times, he holds at least 7,000 of the shares awarded under a long-term incentive plan ("minimum shareholding").

The service period for the fulfilment of the targets has been set at 3 years for all LTIPs. The targets for the key indicators were set by the Supervisory Board. On the settlement date (at the earliest 3 years after the grant date), assuming 100% target achievement, a maximum of 17,000 shares (LTIP 2021) or 18,000 shares (LTIP 2022, LTIP 2023 and LTIP 2024) – in each case gross, i.e., before deduction of taxes and fees – but no more than 200% of the beneficiary's annual gross base salary will be granted. Settlement is effected by transferring the number of shares corresponding to the net amount of the award to the respective securities account.

The entitlement to the maximum number of shares arises at 100% target achievement. A lower target achievement level will result in a proportionate reduction in the entitlement. No shares will be allocated if target achievement is less than 50%.

The following table summarises the main conditions for the share-based payment granted in the reporting period (the LTIP 2021 ended in the reporting period):

	LTIP 2024	LTIP 2023	LTIP 2022	LTIP 2021
Beginning of the plan	1 Jan. 2024	1 Jan. 2023	1 Jan. 2022	1 Jan. 2021
Date of approval by General Meeting	6 June 2024	1 June 2023	2 June 2022	20 May 2021
Grant date	6 June 2024	1 June 2023	2 June 2022	15 June 2021
End of service period	31 Dec. 2026	31 Dec. 2025	31 Dec. 2024	31 Dec. 2023
Vesting date	30 Apr. 2027	30 Apr. 2026	30 Apr. 2025	30 Apr. 2024
Expected target achievement	93.25%	96%	76.5%	119%
Expected no. of shares	16,785	17,280	13,770	17,000
Maximum no. of shares	18,000	18,000	18,000	17,000
Bonus shares allocated	None	None	None	None

The agreed targets are measured against the following performance indicators:

LTIP 2024	LTIP 2023	LTIP 2022	LTIP 2021
Total shareholder return (TSR)	Total shareholder return (TSR)	Total shareholder return (TSR)	Total shareholder return (TSR)
Increase in order intake of the Frequentis Group	Orders on hand / book-to-bill ratio	Revenue growth	Increase in operating performance through key accounts
Growth in the ATM Civil business domain	Order intake at selected Group companies	Earnings increase	Growth through new business development
Customer satisfaction	Growth in operating performance in the Public Safety & Transport segment	Employee satisfaction	
	Trainee programmes in the areas of sales, project management, and/or systems engineering		

In May 2024, the targets set for the LTIP 2021 were evaluated for the performance period from 1 January 2021 to 31 December 2023 and it was determined that they had been fully met, so 17,000 treasury shares (gross number of shares before taxes) were to be transferred to the Chairman of the Executive Board. Taking into account the tax to be withheld, 7,908 treasury shares were transferred in this context.

Of the expected total future expense relating to the LTIPs, the portion already earned as at the reporting date is recognised in shareholders' equity. This is based on the fair value on the grant date. The total expected expense for the LTIP obligation is measured at the fair value of the share relative to the share price on the date of the agreement, multiplied by the number of shares granted and the expected target achievement. In the reporting period, EUR 545 thousand (2023: EUR 389 thousand) including payroll-related costs was recognised in personnel expenses in the consolidated statement of comprehensive income and in shareholders' equity for the LTIPs.

For the LTIPs, it is assumed that both the market-oriented targets and the non-market-oriented targets will be achieved so the effect of the market-oriented targets must be reflected in the expected level of target achievement and not in the fair value of the shares.

29. Non-controlling interests

The non-controlling interests relate to the following subsidiaries:

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
AIRNAV Technology Services Inc., Iloilo	88	63
ATRiCS Advanced Traffic Solutions GmbH, Freiburg	-96	-156
ELARA Leitstellentechnik GmbH, Aachen	105	0
FRAFOS GmbH, Berlin	14	262
FRAFOS CZ s.r.o., Prague	5	6
Frequentis DFS Aerosense GmbH, Vienna	203	162
Regola S.r.l., Turin	77	0
Systems Interface Ltd., Bordon	-	0
team Technology Management GmbH, Vienna	2,212	1,599
TEAM Technology Management GmbH, Gräfelfing	272	221
	2,880	**2,157**

Due to the existence of put options for non-controlling shareholders in ELARA Leitstellentechnik GmbH, FRAFOS GmbH, and Regola S.r.l., the corresponding interests are recognised as financial liabilities. Since the non-controlling interests still have a claim to the income relating to the underlying ownership interests, the non-controlling interests are still presented if they exceed the liability.

The co-owners of Systems Interface Ltd. exercised the contractually agreed put option in January 2024. As a result, the remaining non-controlling interests (49%) were acquired for EUR 1,428 thousand in March 2024.

In 2024, ELARA Leitstellentechnik GmbH distributed a proportionate dividend of EUR 450 thousand to non-controlling shareholders and FRAFOS GmbH distributed a proportionate dividend of EUR 159 thousand.

The following table provides information on the statement of financial position of consolidated subsidiaries with significant non-controlling interests and the carrying amount of the non-controlling interests (amounts stated in EUR thousand, before intragroup eliminations):

Statement of financial position as at 31 December 2024	**Non-current assets*)**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net assets**	**Carrying amount of non-controlling interests**
AIRNAV Technology Services Inc.	78	288	0	114	252	88
ATRiCS Advanced Traffic Solutions GmbH	87	696	5	1,028	-250	-96
ELARA Leitstellentechnik GmbH	357	2,050	47	677	1,683	105
FRAFOS GmbH, Berlin	2,340	3,819	1,639	1,092	3,428	14
FRAFOS CZ s.r.o., Prague	30	60	0	70	20	5
Frequentis DFS Aerosense GmbH	2	5,053	0	4,380	675	203
Regola S.r.l.	3,417	5,380	1,218	2,778	4,801	77
team Technology Management GmbH	772	8,064	569	3,650	4,617	2,212
TEAM Technology Management GmbH	105	828	47	518	368	272
						2,880

*) excluding goodwill

Statement of financial position as at 31 December 2023	Non-current assets*)	Current assets	Non-current liabilities	Current liabilities	Net assets	Carrying amount of non-controlling interests
AIRNAV Technology Services Inc.	93	204	5	113	179	63
ATRiCS Advanced Traffic Solutions GmbH	102	1,250	232	1,439	-319	-156
ELARA Leitstellentechnik GmbH	375	1,369	48	447	1,250	0
FRAFOS GmbH, Berlin	2,609	2,262	1,108	771	2,992	262
FRAFOS CZ s.r.o., Prague	29	62	0	65	26	6
Frequentis DFS Aerosense GmbH	3	5,709	0	5,172	540	162
Regola S.r.l.	3,379	4,162	1,355	2,082	4,104	0
Systems Interface Ltd.	211	1,861	1,372	755	-56	0
team Technology Management GmbH	933	6,002	687	2,882	3,366	1,599
TEAM Technology Management GmbH	40	731	20	452	299	221
						2,157

*) excluding goodwill

The following table provides information on the income statement and statement of comprehensive income of the consolidated subsidiaries with significant non-controlling interests (in EUR thousand):

	Amounts before intragroup elimination				Earnings attributable to non-controlling interests		
2024	Operating performance	Profit/loss for the period	Other comprehensive income	Total comprehensive income/ -loss	Profit/loss for the period	Other comprehensive income	Total comprehensive income/-loss
AIRNAV Technology Services Inc.	1,209	67	0	67	24	2	26
ATRiCS Advanced Traffic Solutions GmbH	1,888	-932	0	-932	-427	0	-427
ELARA Leitstellentechnik GmbH	5,865	1,352	0	1,352	662	0	662
FRAFOS GmbH, Berlin	3,568	1,117	0	1,117	261	0	261
FRAFOS CZ s.r.o., Prague	493	-6	0	-6	-1	0	-1
Frequentis DFS Aerosense GmbH	6,925	135	0	135	40	0	40
Regola S.r.l.	6,828	680	17	697	333	8	341
Systems Interface Ltd.*)	599	-8	0	-8	-4	0	-4
team Technology Management GmbH	11,844	1,242	9	1,251	608	4	612
TEAM Technology Management GmbH	2,611	69	0	69	51	0	51
Total					**1,547**	**14**	**1,561**

*) Pro rata amounts up to 4 March 2024

2023	Amounts before intragroup elimination: Operating performance	Profit/loss for the period	Other comprehensive income	Total comprehensive income	Earnings attributable to non-controlling interests: Profit for the period	Other comprehensive income	Total comprehensive income
AIRNAV Technology Services Inc.*)	858	33	0	33	12	-2	10
ATRiCS Advanced Traffic Solutions GmbH	2,360	-587	0	-587	-288	0	-288
ELARA Leitstellentechnik GmbH	5,177	919	0	919	450	0	450
FRAFOS GmbH, Berlin*)	2,062	391	0	391	91	0	91
FRAFOS CZ s.r.o., Prague*)	346	7	0	7	2	0	2
Frequentis DFS Aerosense GmbH	4,142	92	0	92	28	0	28
Regola S.r.l.	5,374	281	-53	228	138	-26	112
Secure Service Provision GmbH**)	1,952	401	0	401	80	0	80
Systems Interface Ltd.	5,558	846	0	846	414	-9	405
team Technology Management GmbH	10,798	1,158	1	1,159	567	0	567
TEAM Technology Management GmbH	2,300	94	0	94	70	0	70
Total					**1,564**	**- 37**	**1,527**

*) Pro rata amounts from 20 February 2023 (AIRNAV) and 3 April 2023 (FRAFOS and FRAFOS CZ)

**) Pro rata amounts until 2 July 2023

30. Non-current provisions

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Provisions for severance payments	16,267	16,609
Provisions for pensions	4,750	4,599
Less pension insurance scheme	-2,728	-2,645
	2,022	**1,954**
Provisions for anniversary bonuses	429	295
Other provisions	2,866	807
Total non-current provisions	**21,584**	**19,665**

Since the life insurance policies are pledged to cover pension obligations, the corresponding amount accumulated in the pension insurance scheme is offset against the pension provisions.

Provisions for severance payments

This item mainly comprises claims by employees in Austria to one-off severance payments on the basis of statutory regulations and collective agreements. These payments may arise due to dismissal by the employer, termination of the employment contract by mutual consent, retirement or death of the employee. The level of the severance payment depends on the number of years of service with the Frequentis Group and the remuneration applicable when the employee leaves the Group.

The corresponding severance payments will result in outflows between 2025 and 2047.

Obligations for severance payments were measured using the following actuarial assumptions:

	2024	2023
Interest rate	3.4%	3.5%
Wage and salary trend	4.0%	4.6%
Average term of the defined benefit obligation	8.84 years	9.41 years

The following table provides the reconciliation of the severance payment obligations from the opening to the closing balance for the reporting period:

	2024 EUR thousand	2023 EUR thousand
Present value of severance payment obligations (DBO) as at 1 January = provisions as at 1 January	**16,609**	**14,529**
Foreign currency translation	4	-2
Additions from business combinations	33	0
Current service cost (CSC)	758	689
Interest cost (IC)	559	587
Actual payments made	-1,178	-301
Recognised actuarial loss (+)/gain(-)	-518	1,107
Present value of severance payment obligations (DBO) as at 31 December = provisions as at 31 December	**16,267**	**16,609**

The provisions for severance payments relate mainly to employees who joined the Austrian companies in the Frequentis Group before 31 December 2002 as a change in Austrian law led to a switch from defined benefit to defined contribution severance payments on 1 January 2003. The new regulation applies to employees who took up employment with the Group after 31 December 2002. For these employees, the Group pays a monthly contribution to an external post-employment benefit plan which has to guarantee the severance payments, so the Group has no severance payment obligations for these employees. The related expenses were EUR 1,267 thousand in the reporting period (2023: EUR 1,134 thousand).

In addition, voluntary severance payments amounting to EUR 1,063 thousand were made in the reporting period (2023: EUR 87 thousand).

The actuarial gains/losses for severance payment obligations recognised in other comprehensive income were as follows:

	2024 EUR thousand	2023 EUR thousand
Changes in demographic assumptions	-2	5
Changes in financial assumptions	-669	914
Other changes	153	188
Total	**-518**	**1,107**

The main risk relating to severance payment obligations is the development of inflation and salary increases.

The following sensitivity analysis for severance payment obligations shows the effect of changes in the key actuarial assumptions, while the other parameters remained unchanged.

Interest rate	Salary increases	DBO 31 Dec. 2024 EUR thousand
3.4%	4.5%	16,941
3.25%	4.0%	16,475
3.4%	4.0%	16,267
3.55%	4.0%	16,062
3.4%	3.5%	15,627

Interest rate	Salary increases	DBO 31 Dec. 2023 EUR thousand
3.5%	5.1%	17,334
3.35%	4.6%	16,833
3.5%	4.6%	16,609
3.65%	4.6%	16,389
3.5%	4.1%	15,923

Provisions for pensions

Generally, the pension benefits for employees are provided by state social security institutions. The Frequentis Group has a legal obligation to pay pension and health care contributions for its employees. In addition, there are the defined benefit obligations outlined below.

The pension benefit obligations are defined benefit obligations arising from individual commitments to current members of the Executive Board and 3 former members of the Executive Board. The beneficiaries receive a lifelong fixed monthly retirement pension or pension benefits for surviving dependants (which is not inflation-indexed), resulting from contributions to a reinsurance policy.

In addition, Frequentis Orthogon GmbH has defined benefit obligations arising from individual commitments to 4 employees. The beneficiaries are entitled to a lifelong fixed retirement pension, which is only partly covered by reinsurance.

The plan assets comprise funded insurance of Frequentis AG, which is pledged to the entitled beneficiaries. Since the funded insurance of Frequentis Orthogon GmbH is not pledged to the entitled beneficiaries, it is recognised in the statement of financial position in other non-current financial assets.

The pension benefit obligations were measured using the following actuarial assumptions:

	2024	2023
Interest rate	3.6%	3.6%
Retirement age	60/65 years	60/65 years
Average term of the defined benefit obligation	12.09 years	12.13 years

Development of pension provisions and plan assets:

	2024 EUR thousand	2023 EUR thousand
Present value of the defined benefit obligation (DBO) as at 1 January	4,599	4,356
Fair value of plan assets	-2,645	-2,365
+ Provisions/- surplus plan assets as at 1 January	**1,954**	**1,991**
Present value of the defined benefit obligation (DBO) as at 1 January	4,599	4,356
Service cost	183	123
Interest cost	163	179
Pension payments	-154	-387
Recognised actuarial losses (+)/gains (-)	-41	328
Present value of the pension benefit obligations (DBO) as at 31 December	**4,750**	**4,599**
Fair value of plan assets as at 1 January	2,645	2,365
Return on plan assets	113	126
Payments made	250	200
Payments received from plan assets	-124	-124
Recognised actuarial losses (-)/gains (+)	-74	-57
Change in the asset ceiling	-82	135
Fair value of plan assets as at 31 December	**2,728**	**2,645**
Provisions as at 31 December		
Present value of the pension benefit obligation (DBO)	4,750	4,599
Fair value of plan assets	-2,728	-2,645
+ Provisions/- surplus plan assets as at 31 December	**2,022**	**1,954**

In addition, voluntary and statutory defined contribution pension payments of EUR 3,232 thousand were made in the reporting period (2023: EUR 2,669 thousand).

It is expected that EUR 214 thousand will be paid into the pension insurance in 2025 (2024: EUR 216 thousand). This amount relates to both insurance that qualifies as plan assets and insurance that is presented separately as non-current other receivables (↗ Note 24. *Other assets*).

The actuarial gains recognised in other comprehensive income in the reporting period were as follows:

	2024 EUR thousand	2023 EUR thousand
Changes in demographic assumptions	0	0
Changes in financial assumptions	0	349
Other changes	-41	-21
Other changes to plan assets	74	57
Total	**33**	**385**

For the Frequentis Group, the principal risk relating to pension obligations is the development of life expectancy because the pension benefits comprise lifelong pension payments. The risk remaining with the Frequentis Group is that the development of the plan assets may not cover the anticipated minimum return or preserve the value of the capital.

The following sensitivity analysis for pension obligations shows the effect of changes in the key actuarial assumptions, while the other assumptions remained unchanged.

Interest rate	DBO 31 Dec. 2024 EUR thousand
3.45%	4,845
3.6%	4,750
3.75%	4,657

Interest rate	DBO 31 Dec. 2023 EUR thousand
3.45%	4,693
3.6%	4,599
3.75%	4,314

Provisions for anniversary bonuses

Provisions for obligations to pay anniversary bonuses relate to long-term employee benefits at Frequentis Comsoft GmbH based on company practice and at PDTS GmbH based on a new works agreement. Employees are granted a one-off bonus of between EUR 100 and EUR 3 thousand for a certain length of service.

Obligations for anniversary bonuses were measured by applying an interest rate of 3.4% (2023: 3.5%) and an average term of 6.6 years (2023: 6.7 years).

	2024 EUR thousand	2023 EUR thousand
Present value of the anniversary bonus obligations (DBO) corresponding to the provisions as at January 1	**295**	**302**
Current service cost (CSC)	29	30
Interest cost (IC)	10	11
Actual payments made	-30	-49
Recognised actuarial loss (+)/gain(-)	-14	1
Initial recognition due to a new works agreement	139	0
Present value of the anniversary bonus obligations (DBO) as at 31 December = provisions as at 31 December	**429**	**295**

The main risk relating to anniversary bonus obligations is the development of inflation.

The following sensitivity analysis for anniversary bonus obligations shows the effect of changes in the key actuarial assumptions, while the other assumptions remained unchanged.

Interest rate	DBO 31 Dec. 2024 EUR thousand
3.25%	434
3.4%	429
3.55%	425

Interest rate	DBO 31 Dec. 2023 EUR thousand
3.35%	298
3.5%	295
3.65%	292

Other non-current provisions

The other non-current provisions comprise:

	As at 31 Dec. 2023 EUR thousand	Exchange rate differences EUR thousand	Changes in reporting entities EUR thousand	Interest EUR thousand	Utilisation EUR thousand	Reversal EUR thousand	Added EUR thousand	Reclassified to liabilities EUR thousand	As at 31 Dec. 2024 EUR thousand
Provisions for leave based on period of service	85	-3	0	4	0	-8	62	0	140
Provisions for projects	619	0	0	-15	-0	0	1,923	0	2,527
Other	102	1	14	1	-53	0	153	-19	199
	806	**-2**	**14**	**-10**	**-53**	**-8**	**2,138**	**-19**	**2,866**

A long-term holiday provision is recognised for 2 foreign subsidiaries for an additional holiday entitlement which is dependent on length of service. Short-term holiday entitlements are recognised in other liabilities.

The provisions for projects relate, among other things, to projects where the expected future expenses exceed expected revenues. They are not expected to be utilised within the next twelve months.

The interest on the provisions for leave based on period of service is recognised in personnel expenses, while the interest on the provisions for projects and the other provisions is recognised in interest expense.

31. Contract liabilities

Contract liabilities comprise obligations to transfer goods or services to customers, for which consideration has already been received. These primarily relate to advance payments, some of which are secured by prepayment guarantees. In addition, in some cases payments are secured by bank guarantees. No collateral existed, either on the reporting dates or during the year.

The following table shows the structure of contract liabilities:

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Advances for customer projects	78,851	86,504
Advances offset against contract assets	-38,193	-33,411
	40,658	**53,093**
Other contract liabilities	6,347	9,422
Other contract liabilities offset against contract assets	-3,352	-3,452
	2,995	**5,970**
Accrued revenue for maintenance contracts	13,636	11,927
Liabilities for outstanding performance obligations for customer orders after final invoicing (current)	217	939
Liabilities for outstanding performance obligations for customer orders after final invoicing (non-current)	139	195
Total contract liabilities	**57,645**	**72,124**

Other contract liabilities contain contractual claims to advance payments.

EUR 2,434 thousand (2023: EUR 1,233 thousand) of the contract liabilities have a term of more than 12 months. Since the contract costs are expected to be incurred within an operating cycle, all contract costs are classified as current.

32. Other liabilities

The other liabilities comprise:

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Liability for put options, non-controlling interests	11,538	10,818
Loan from FFG (Austrian Research Promotion Agency)	1,481	850
Earn-out payment liabilities and liabilities for receivables due to risk retention	1,017	1,502
Loans from non-controlling interests	0	434
Other liabilities	495	368
Total non-current financial liabilities	**14,531**	**13,972**
Negative fair value of derivative financial instruments	1,262	787
Liabilities relating to operating leases	1,292	2,625
Earn-out payment liabilities	1,001	502
Liabilities for severance payments that have not yet been made	820	0
Loans from non-controlling interests	30	30
Liability for put options, non-controlling interests	0	1,244
Other liabilities	1,802	1,403
Total current financial liabilities	**6,207**	**6,591**
Accrual for holidays not yet taken	6,426	5,607
Liabilities to the Austrian fiscal authorities (excluding income taxes)	3,805	3,884
Advances received in connection with grants and subsidies	2,242	3,072
Liabilities to health insurers	1,022	829
Accrual for overtime	860	716
Accrual for consultancy costs	921	768
Other liabilities	397	568
Total current non-financial liabilities	**15,673**	**15,444**

The earn-out payment liabilities, which are measured at fair value and allocated to level 3 in the fair value hierarchy, are one element of the contractually agreed purchase price for FRAFOS GmbH and Frequentis Recording AS. The earn-out payment for FRAFOS GmbH is based on the annual financial statements prepared in accordance with the German Commercial Code and is dependent on achievement of an EBIT target. The earn-out payment for Frequentis Recording AS is based on the number of recording solutions sold.

These liabilities were remeasured as at the reporting date. Despite a pro rata payment of EUR 461 thousand, the increase in EBIT in the reporting period and the expected increase in subsequent years led to adjustment of the liability relating to FRAFOS GmbH from EUR 955 thousand to EUR 902 thousand. This adjustment is recognised in other operating expenses. In the case of Frequentis Recording, there was no change in the assumptions made at the acquisition date.

The non-current liability for put options, non-controlling interests relates to options held by non-controlling interests in Regola S.r.l., ELARA Leitstellentechnik GmbH, and FRAFOS GmbH to transfer these interests to Frequentis. If the options are exercised, Frequentis has an irrevocable obligation to acquire the interests in the businesses. The earliest exercise dates for these put options are 2027 (Regola S.r.l. and FRAFOS GmbH) and 2028 (ELARA Leitstellentechnik GmbH).

For Regola S.r.l. and ELARA Leitstellentechnik GmbH, the value of the put option corresponds to the enterprise value less net financial debt, while at FRAFOS GmbH it corresponds to the enterprise value less net financial debt and the deviation from target working capital. The enterprise value is determined using a multiples-based valuation. The basis for this multiples-based valuation is EBIT for the 12 months directly prior to exercise of the option (in the case of Regola S.r.l.), the average revenues and EBIT reported in the annual financial statements for the last 2 financial years immediately prior to exercise of the option (in the case of ELARA Leitstellentechnik GmbH), and the average EBIT in the 3 years immediately prior to exercise of the option (in the case of FRAFOS GmbH).

33. Other current provisions

The other current provisions comprise:

	As at 31 Dec. 2023 EUR thousand	Foreign exchange difference EUR thousand	Additions from business combinations EUR thousand	Utilisation EUR thousand	Reversal EUR thousand	Added EUR thousand	As at 31 Dec. 2024 EUR thousand
Bonuses	12,144	70	0	12,214	0	13,060	13,060
Provisions for projects	1,503	0	0	1,503	0	2,791	2,791
Litigation costs	845	0	0	40	505	0	300
Other	1,331	0	0	641	211	2,387	2,866
	15,823	**70**	**0**	**14,398**	**716**	**18,238**	**19,017**

The provisions for bonuses contain employee bonuses and variable salary components that are not yet due for payment.

Among other things, the provisions for projects contain project costs for which provisions are recognised due to the excess of estimated future expenses over revenues.

The provisions for litigation costs relate to the lawsuits filed in connection with Commerzialbank Mattersburg.

It is expected that the current provisions will result in actual outflows in the 2025 financial year.

Based on the sensitivity analyses performed, a 10% reduction in the remaining costs would reduce the provisions for projects by EUR 810 thousand (2023: EUR 983 thousand) and a 10% increase in the remaining costs would increase the provisions for projects by EUR 839 thousand (2023: EUR 1,187 thousand).

Other information

34. Consolidated cash flow statement

In the consolidated cash flow statement, cash inflows and outflows for operating, investing, and financing activities are reported separately. The operating cash flow is reported using the indirect method. Non-cash expenses (mainly depreciation and amortisation) and income are therefore added to or deducted from the profit/loss before tax. Taking into consideration changes in net working capital, this gives the cash flow from operating activities. Cash flows from forward exchange contracts are recognised in the cash flow from operating activities.

Investing activities mainly comprise cash inflows and outflows for intangible assets, property plant, and equipment and cash outflows for business combinations. The cash outflows for the acquisition of subsidiaries, less acquired cash and cash equivalents, comprise EUR 365 thousand for the acquisition of Groiss Informatics GmbH and EUR 560 thousand for the payment of earn-out liabilities in connection with acquisitions made in prior years (see ↗ Note 32. *Other liabilities*).

Financing activities comprise dividend payments, cash outflows for repayment of loans, and payments of principal on lease liabilities.

The change in financial liabilities, where cash inflows and outflows are presented in the cash flow statement as cash flows from financing activities, is as follows:

	Carrying amount as at 1 Jan. 2024 EUR thousand	Changes in reporting entities EUR thousand	Exchange rate differences EUR thousand	Cash flow EUR thousand	Addition IFRS 16 EUR thousand	Disposal IFRS 16 EUR thousand	Reclassifi-cation of maturities EUR thousand	Carrying amount as at 31 Dec. 2024 EUR thousand
Non-current liabilities	1,433	0	20	175	0	0	-125	1,504
Non-current lease liabilities	29,187	17	159	0	15,525	0	-3,631	41,257
Current liabilities	214	0	0	-213	0	0	125	126
Current lease liabilities	8,068	16	-8	-8,683	5,136	-41	3,631	8,119
Current liabilities for put options	1,244	0	0	-1,244	0	0	0	0
Total liabilities for financing activities	**40,146**	**33**	**171**	**-9,965**	**20,661**	**-41**	**0**	**51,006**

	Carrying amount as at 1 Jan. 2023 EUR thousand	Changes in reporting entities EUR thousand	Exchange rate differences EUR thousand	Cash flow EUR thousand	Addition IFRS 16 EUR thousand	Disposal IFRS 16 EUR thousand	Reclassifi-cation of maturities EUR thousand	Carrying amount as at 31 Dec. 2023 EUR thousand
Non-current liabilities	928	49	9	566	0	0	-119	1,433
Non-current lease liabilities	30,763	0	-93	0	4,069	0	-5,552	29,187
Current liabilities	199	18	0	-122	0	0	119	214
Current lease liabilities	8,422	0	-52	-8,417	2,580	-17	5,552	8,068
Total liabilities for financing activities	**40,312**	**67**	**-136**	**-7,973**	**6,649**	**-17**	**0**	**38,902**

The non-current liabilities for put options held by non-controlling interests are not included in the above table because there were no cash-effective changes in either 2024 or 2023.

The cash and cash equivalents presented in the cash flow statement correspond to the line item “cash and cash equivalents” in the statement of financial position. The cash and cash equivalents comprise cash on hand, cheques, and bank deposits that are due on demand, with an original maturity of up to 3 months.

35. Financial instruments

Overview

The Frequentis Group is exposed to various market risks in respect of its financial assets, liabilities, and forecast transactions. These risks comprise interest rate, exchange rate, credit, and liquidity risks. The Frequentis Group uses derivative financial instruments as currency hedging instruments. The risk of fluctuations in exchange rates is therefore limited by concluding forward exchange contracts of the necessary amount, based on forecast future transactions. The principles are set out in treasury guidelines, which have been approved by the management.

The Executive Board of Frequentis AG bears the responsibility for setting up and overseeing risk management for the Frequentis Group. It is also responsible for the development and ongoing monitoring of the risk limitation guidelines.

These guidelines serve to identify and analyse the risks to which the Frequentis Group is exposed, set appropriate risk limits, introduce controls, and constantly monitor the risks and observance of the limits. The risk management guidelines and workflows are regularly reviewed in order to reflect changes in market conditions and changes in the Group's business activities. The Frequentis Group strives to create a constructive and disciplined control environment where all employees are aware of their role and responsibilities.

In accordance with IFRS 9, the Frequentis Group presents all financial assets, financial liabilities, and derivative financial instruments in its statement of financial position as assets and liabilities. They are measured at fair value or at amortised cost.

Liquidity risk

Liquidity risk is the risk that the Frequentis Group might not be able to meet its financial obligations when they are due or might not be able to realise its investments. The aim of risk management in the Frequentis Group is to create sufficient liquidity to ensure that it can settle all obligations when due, in both normal and stressed conditions. Furthermore, all measures required to secure this level of liquidity have to be taken, as set out in the liquidity plan. The liquidity risk is shown by the monthly and annual accumulated difference between cash inflows and outflows (dynamic liquidity risk) and the structure of the statement of financial position (structural liquidity risk).

Liquidity planning is used to analyse the dynamic liquidity risk. The monthly liquidity requirements, based on liquidity planning, are compared with the available funding or the available liquid financial assets. The difference is either a shortfall in liquidity, which needs to be funded, or excess liquidity, which may have to be invested. Liquidity planning forms the basis for decisions on strategy and measures to safeguard liquidity. The liquidity plan is reviewed regularly and the corresponding investments are initiated.

The Treasury department operates as an internal financial services centre by making optimum use of potential synergies in the financing of subsidiaries. The overriding aim is to secure (provide) liquidity at the lowest cost. In this way, management of short-term financial investments and loans is ensured on optimum interest terms and with minimum administrative work. The operating cash flow basically creates the liquidity required. The external sources of any necessary financing requirements are the capital market and the credit market. To ensure the solvency and financial flexibility of the Frequentis Group at all times, a liquidity reserve is held in the form of cash and cash equivalents and credit lines.

A functioning banking system is of fundamental importance for the Frequentis Group and its customers. The Frequentis Group requires access to debt financing to pre-finance upfront project services up to settlement of the invoice. Therefore, it continuously monitors, controls, and evaluates its financial and liquidity position in order to limit the associated risks. The Frequentis Group manages liquidity risks through careful planning and management of its liquidity requirements. Suitable measures are defined on the basis of cash flow forecasts and the Group ensures that it has adequate financial reserves to cover operational requirements and monitors credit lines.

The following table shows the contractually agreed (undiscounted) payments of interest and principal for derivative financial instruments and non-derivative financial liabilities. The variable interest payments for financial instruments were derived from the last applicable interest rates prior to 31 December 2024 and 31 December 2023. Foreign currency amounts were translated in each case at the closing rate on the reporting date. It is not expected that the cash flows from the financial liabilities included in the maturity analysis could occur much earlier or at significantly different amounts.

		Contractual cash flows			
2024 in EUR thousand	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Liabilities to banks and other financial liabilities	149	124	28	0	152
Lease liabilities	49,376	9,644	26,791	19,697	56,132
Trade accounts payable	23,443	23,443	0	0	23,443
Other liabilities	19,476	4,967	18,303	0	23,269
Non-derivative liabilities	**92,444**	**38,178**	**45,122**	**19,697**	**102,996**
Derivative financial instruments	1,262	30,661	0	0	30,661
Derivative financial liabilities	**1,262**	**30,661**	**0**	**0**	**30,661**
Total	**93,706**	**68,839**	**45,122**	**19,697**	**133,657**

		Contractual cash flows			
2023 in EUR thousand	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Liabilities to banks and other financial liabilities	363	220	151	0	371
Lease liabilities	37,255	8,923	23,422	7,780	40,125
Trade accounts payable	18,937	18,937	0	0	18,937
Other liabilities	19,776	5,812	13,984	0	19,796
Non-derivative liabilities	**76,331**	**33,892**	**37,557**	**7,780**	**79,229**
Derivative financial instruments	787	13,329	0	0	13,329
Derivative financial liabilities	**787**	**13,329**	**0**	**0**	**13,329**
Total	**77,118**	**47,221**	**37,557**	**7,780**	**92,558**

Credit risk

Credit risk is the risk of a financial loss if a customer or the counterparty to a financial instrument does not satisfy its contractual obligations. Credit risks mainly relate to receivables from customers (2024: EUR 80,107 thousand; 2023: EUR 81,029 thousand), contract assets (2024: EUR 70,922 thousand; 2023: EUR 61,272 thousand), other financial assets (2024: EUR 3,315 thousand; 2023: EUR 3,953 thousand), time deposits (2024: EUR 14,992 thousand; 2023: EUR 10,500 thousand), and cash and cash equivalents (2024: EUR 66,994 thousand; 2023: EUR 74,180 thousand).

The credit risks, their origin, the objectives, guidelines, and workflows for ongoing risk monitoring, and the methods used to measure credit risks were unchanged in the reporting period.

The offer process specifies that the creditworthiness of each new customer must be analysed separately before the Frequentis Group's standard terms of payment and delivery are offered. This includes examining external ratings, where available, annual financial statements, and information from credit agencies.

The risk of default by customers is reduced by mandatory credit assessments and measures to secure payment. For information on the measurement of any impairment losses based on the expected credit losses model, see ↗ Note 21. *Trade accounts receivable* and ↗ Note 22. *Contract assets*.

The estimated loss allowances for cash and cash equivalents were measured on the basis of the expected 12-month credit losses and reflect their maturities. Based on the external ratings of the banks and financial institutions used, the Frequentis Group estimates that there is a low default risk in respect of its cash and cash equivalents (with the exception of Commerzialbank Mattersburg, where an impairment loss has been recognised for the amounts concerned).

There is no significant concentration or material credit risk in respect of individual banks, contractual partners, or individual financial instruments. In response to the insolvency of Commerzialbank Mattersburg in 2020, counterparty risk management was extended. Every bank defined as a core bank must be system-relevant, and a bank-specific limit has been set for the entire banking relationship, based on the bank's credit rating.

Interest rate risk

The Frequentis Group is exposed to interest rate risk resulting from fluctuations in interest rates on the capital market. Accordingly, changes in interest rates may lead to fluctuations in the fair value or future cash flows of financial assets and financial liabilities.

The bank deposits included in cash and cash equivalents amount to EUR 66,994 thousand (31 December 2023: EUR 74,180 thousand) and bear interest at variable rates or do not bear any significant interest. An increase or reduction in interest rates of 1 percentage point would increase or decrease interest income by EUR 670 thousand (2023: increase by EUR 742 thousand, decrease by EUR 0 thousand).

Within financial liabilities, non-current liabilities to banks and other non-current financial liabilities bear interest at fixed rates, as in 2023, while some (EUR 1 thousand; 2023: EUR 94 thousand) of the current liabilities to banks and other current financial liabilities bear variable interest rates. Interest rates for all lease liabilities are fixed.

Since the interest rate risk is insignificant, it is not presented in tabular form.

Exchange rate risk

The operating business of the companies in the Frequentis Group results in cash inflows and outflows in foreign currencies, which are not always matched by payments of the same amount in the same currency and with the same maturity. Therefore, the companies in the Frequentis Group are exposed to exchange rate risks.

For information on the hedging of exchange rate risks, see the "Derivative financial instruments" section.

Relationship between the items in the statement of financial position, categories of financial instruments, carrying amounts, and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including the categories to which they are allocated. It does not contain any information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of the fair value (amounts in EUR thousand).

2024	Measured at fair value		Measured at amortised cost		
	Mandatory recognition at fair value through profit or loss	Equity instruments – at fair value through profit or loss	Financial assets	Other financial liabilities	Total carrying amount
Financial assets					
Equity instruments		22			22
Time deposits			14,992		14,992
Trade accounts receivable			80,107		80,107
Derivative financial instruments	263				263
Other current and non-current assets			3,030		3,030
Cash and cash equivalents			66,994		66,994
Total	**263**	**22**	**165,123**		**165,408**
Financial liabilities					
Liabilities to banks and other financial liabilities				149	149
Trade accounts payable				23,443	23,443
Lease liabilities				49,376	49,376
Derivative financial instruments	1,262				1,262
Liabilities relating to put options and earn-out agreements	13,556				13,556
Other current and non-current liabilities				5,920	5,920
Total	**14,818**			**78,888**	**93,706**

2023	Measured at fair value		Measured at amortised cost		
	Mandatory recognition at fair value through profit or loss	Equity instruments – at fair value through profit or loss	Financial assets	Other financial liabilities	Total carrying amount
Financial assets					
Equity instruments		22			22
Time deposits			10,500		10,500
Trade accounts receivable			81,029		81,029
Derivative financial instruments	728				728
Other current and non-current assets			3,203		3,203
Cash and cash equivalents			74,180		74,180
Total	**728**	**22**	**168,912**		**169,662**
Financial liabilities					
Liabilities to banks and other financial liabilities				363	363
Trade accounts payable				18,937	18,937
Lease liabilities				37,255	37,255
Derivative financial instruments	787				787
Liabilities relating to put options and earn-out agreements	14,066				14,066
Other current and non-current liabilities				5,710	5,710
Total	14,853			62,265	77,118

Fair value

Trade accounts receivable, contract assets, other receivables, time deposits, cash and cash equivalents, trade accounts payable, contract liabilities, and other liabilities are measured at their carrying amount, which is a reasonable approximation of the fair value, due to their essentially short remaining term. Since the items presented here comprise all financial assets and liabilities recognised at amortised cost and no disclosures are required for lease liabilities, the above table does not contain a separate column showing fair values.

There is no quoted price available on an active market for the equity instrument Altitude Angel Ltd. or for AIRlabs Austria GmbH. Therefore, they are measured using parameters that are unobservable on the market. The fair value is allocated to level 3 in the fair value hierarchy. There is currently no intention of selling the equity instruments.

The earn-out liabilities relating to the acquisition of FRAFOS GmbH and Frequentis Recording AS are measured at fair value and allocated to the category at fair value through profit or loss. The fair value is allocated to level 3 in the fair value hierarchy.

The liabilities relating to the put options of the non-controlling interests in ELARA Leitstellentechnik GmbH, Regola S.r.l., and FRAFOS GmbH are recognised at fair value, while changes are recognised in equity with no impact on profit or loss in accordance with IFRS 10. The fair value is allocated to level 3 in the fair value hierarchy. Since there is no category for this, in the above table the amount is recognised in other liabilities at fair value through profit or loss.

The carrying amounts of derivative financial assets and liabilities correspond to their fair values. Derivatives that have not been designated as a hedging instrument nevertheless serve economically to hedge fluctuations in exchange rates. Their fair values are based on the present value of expected future cash flows, discounted by the interest rate that the Group estimates could be obtained for comparable financial instruments. They are allocated to level 2 in the fair value hierarchy.

The long-term incentive plans (LTIP), which are classified as an equity-settled share-based payment, were measured at fair value and allocated to level 3 in the fair value hierarchy.

The following hierarchy was used to allocate all financial instruments measured at fair value to a valuation method:

Level	Financial instruments at fair value
Level 2: Measurement based on quoted prices for similar assets	Derivative financial instruments
Level 3: Measurement based on models with significant valuation parameters that are unobservable on the market	Equity instruments, earn-out liabilities, liabilities from put options

Net gains and losses are as follows (in EUR thousand):

2024	Derivative financial instruments	Other financial assets measured at fair value through profit or loss	Financial assets measured at fair value through OCI	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost
Net interest income/expense				947	-1,572
Valuation	-942				
Loss allowance pursuant to IFRS 9				124	
Exchange rate gains/losses				-768	36
Disposal gains/losses					
Net gains/losses recognised in profit or loss	**-942**	**0**	**0**	**303**	**-1,536**
Net gains/losses recognised in other comprehensive income	0				
Net gains/losses	**-942**	**0**	**0**	**303**	**-1,536**

2023	Derivative financial instruments	Other financial assets measured at fair value through profit or loss	Financial assets measured at fair value through OCI	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost
Net interest income/expense				946	-1,442
Valuation	599				
Loss allowance pursuant to IFRS 9				29	
Exchange rate gains/losses				-819	-22
Disposal gains/losses					
Net gains/losses recognised in profit or loss	**599**	**0**	**0**	**156**	**-1,464**
Net gains/losses recognised in other comprehensive income	164				
Net gains/losses	**763**	**0**	**0**	**156**	**-1,464**

The loss allowances and exchange rate gains/losses are recognised in other operating expenses and other operating income.

Derivative financial instruments

In international business, it is necessary to conclude contracts in foreign currencies. The Frequentis Group's foreign currency risk results mainly from future business transactions, insofar as they are performed in a currency other than the functional currency of the parent company or the respective subsidiary.

Foreign currency exchange risks are managed using derivative financial instruments, unless a natural hedge can be used (e.g. contracts with suppliers in the same foreign currency). The largest foreign currency exposures arise from customer orders and goods purchased in AUD, CAD, CZK, GBP, HKD, NOK, QAR, RON, SGD, and USD.

Forward exchange contracts are concluded to hedge the risk of exchange rate fluctuations. Derivative financial instruments are not used for speculative purposes.

The Frequentis Group aims to manage and monitor the foreign currency risks for future payments under contracts with customers on a rolling basis throughout the entire project period through hedging with forward exchange contracts at the date of order intake. The forward exchange contracts (economic hedges – MTM) are generally concluded for a year and extended annually in the amount of the cash flows still expected (extension at historical rates)

Changes in the fair value of forward exchange contracts are recognised in other operating income or other operating expenses.

The carrying amount of derivative financial instruments corresponds to their current fair value, whereby the fair value was determined from the current market value based on the closing exchange rate for the foreign currency as at 31 December 2024, verified by corresponding bank confirmations.

The following table shows the development of the derivative financial instruments:

2024	**Derivative**			**Total**
Sale currency	Sale amount	Purchase amount EUR thousand	Average hedging rate	Fair value EUR thousand
AUD	-4,411	2,669	1.65	73
CAD	-80	65	1.50	11
CZK	4,000	-156	25.57	1
HKD	3,595	-416	8.64	23
NOK	-39,700	3,335	11.90	33
QAR	5,174	-1,301	3.98	62
RON	-6,999	1,407	4.97	24
USD	911	-843	1.12	36
		4,760		**263**
CAD	-1,174	757	1.52	-24
GBP	-834	915	0.91	-68
NOK	5,000	-421	11.88	-5
QAR	-5,174	1,301	3.98	-62
SGD	-4,655	3,209	1.45	-64
USD	-27,350	24,900	1.10	-1,039
		30,661		**-1,262**

2023	Derivative			Total
Sale currency	Sale amount	Purchase amount EUR thousand	Average hedging rate	Fair value EUR thousand
AUD	-4,242	2,665	1.59	76
CAD	1,000	-662	1.51	13
GBP	-89	110	0.81	8
HKD	-7,610	894	8.51	20
NOK	2,200	-188	11.69	6
QAR	-5,174	1,301	3.98	18
SGD	-194	134	1.45	1
USD	-21,416	19,539	1.10	586
		23,793		**728**
AUD	-309	186	1.66	-3
CAD	-1,664	1,088	1.53	-41
CZK	30,361	-1,225	24.78	-16
GBP	-4,748	5,216	0.91	-130
HKD	16,307	-1,916	8.51	-43
MXN	-92,838	4,521	20.54	-88
NOK	-9,185	794	11.57	-15
QAR	4,311	-1,084	3.98	-15
SGD	-378	207	1.82	-51
USD	-6,669	5,542	1.20	-385
		13,329		**- 787**

For the carrying amount of the MTM valuation, a positive fair value of EUR 263 thousand was recognised in other receivables in 2024 (2023: EUR 728 thousand), while a negative fair value of EUR 1,262 thousand was recognised in other liabilities (2023: EUR 787 thousand).

36. Leases

Frequentis as lessee

The Frequentis Group has concluded leases with some contractual partners, in particular for buildings, machinery, vehicles, and IT equipment.

The leases for buildings are concluded either for a defined period or for an indefinite period with short termination periods for the lessee and lessor. Where office premises are leased for small subsidiaries, they are classified as short-term leases because termination does not result in any penalties and new premises are readily available. The lease for the office building used as the company's headquarters is for an indefinite period and cannot be terminated until 2026. As at 31 December 2023, the term of the lease was reassessed and it was assumed that it would run until 2030. As at 31 December 2024, it was assumed it would run until 2034.

In 2020, a lease for an indefinite period was concluded for a placement machine. Since this lease cannot be terminated for 72 months, the right-of-use asset was recognised in accordance with this lease term.

The leases for motor vehicles have a term of approximately 3 to 6 years, while IT equipment is generally leased for 5 years. There are neither options to terminate nor to extend the leases, or the exercise of such options is not considered to be virtually certain, so they are not included in the assessment of the right-of-use asset.

The Frequentis Group also leases IT and other equipment. These leases are classified as short-term leases or leases for low-value assets, for which the exemptions are applied. Therefore, they are not recognised in the consolidated financial statements as either assets or liabilities.

The following table presents details of the right-of-use assets recognised in property, plant and equipment:

2024	Right-of-use assets for land and buildings EUR thousand	Right-of-use assets for machinery EUR thousand	Right-of-use assets for other plant, factory, and office equipment EUR thousand	Total EUR thousand
Acquisition cost				
As at 1 January 2024	**70,001**	**587**	**4,793**	**75,381**
Foreign currency translation	124	0	3	127
Changes in reporting entities	33	0	0	33
Addition	18,957	0	1,704	20,661
Disposal	-435	0	-1,067	-1,502
As at 31 December 2024	**88,680**	**587**	**5,433**	**94,700**
Accumulated depreciation				
As at 1 January 2024	**-36,354**	**-307**	**-2,518**	**-39,179**
Foreign currency translation	-5	0	-3	- 8
Changes in reporting entities	0	0	0	0
Addition	-8,187	-96	-1,172	-9,455
Disposal	427	0	1,034	1,461
As at 31 December 2024	**-44,119**	**- 403**	**-2,659**	**-47,181**
Carrying amount				
As at 31 December 2024	**44,561**	**184**	**2,774**	**47,519**

2023	Right-of-use assets for land and buildings EUR thousand	Right-of-use assets for machinery EUR thousand	Right-of-use assets for other plant, factory, and office equipment EUR thousand	Total EUR thousand
Acquisition cost				
As at 1 January 2023	**65,823**	**587**	**4,426**	**70,836**
Foreign currency translation	-348	0	-5	- 353
Changes in reporting entities	0	0	0	0
Addition	5,430	0	1,220	6,650
Disposal	-904	0	-848	-1,752
As at 31 December 2023	**70,001**	**587**	**4,793**	**75,381**
Accumulated depreciation				
As at 1 January 2023	**-29,600**	**-211**	**-2,378**	**-32,189**
Foreign currency translation	220	0	4	224
Changes in reporting entities	0	0	0	0
Addition	-7,878	-96	-972	-8,946
Disposal	904	0	828	1,732
As at 31 December 2023	**-36,354**	**- 307**	**-2,518**	**-39,179**
Carrying mount				
As at 31 December 2023	**33,647**	**280**	**2,275**	**36,202**

In addition to new leases, the additions to right-of-use assets include adjustments resulting from contract modifications, contract extensions, reassessment of contract terms, and index adjustments. The biggest addition of EUR 10,690 thousand resulted from the change in the estimate of the term of the lease for the office building at the company's headquarters from 2030 to 2034.

The lease liabilities changed from EUR 37,255 thousand (comprising EUR 29,187 thousand non-current and EUR 8,068 thousand current) as at 1 January 2024 to EUR 49,376 thousand (comprising EUR 41,257 thousand non-current and EUR 8,119 thousand current) as at 31 December 2024.

The following expenses for leases are recognised in the income statement:

	2024 EUR thousand	2023 EUR thousand
Depreciation of right-of-use assets	8,683	8,946
Interest expense for lease obligations	1,110	916
Lease payments for short-term leases	701	613
Lease payments for low-value assets	81	63
Total	**10,575**	**10,538**

Amounts recognised in the cash flow statement in connection with leases:

	2024 EUR thousand	2023 EUR thousand
Payments of principal on lease liabilities	9,793	8,417
Interest paid on lease liabilities	1,110	916
Lease payments for short-term leases and low-value assets	782	676
	11,693	**10,009**

Interest paid on leases and lease payments for short-term leases and low-value assets are presented in the net cash flow from operating activities, while the payments of principal on lease liabilities are reported in the net cash flow from financing activities.

During 2024, the Frequentis Group concluded several leases that start in 2025. However, these are insignificant leases for vehicles and the rental of buildings.

Frequentis as lessor

Lease payments for operating leases where the Frequentis Group is the lessor relate to operating leases concluded with customers for the use of voice communication systems and to insignificant sub-leases. The lease terms are between 1 and 4 years. There are no extension options, nor are there any options to acquire the asset at the end of the lease term.

Due dates of future payments from operating leases:

	31 Dec. 2024 EUR thousand	31 Dec. 2023 EUR thousand
Due in 1 year	33	3,964
Due in 2 years	3	11
Due in 3 years	3	0
Due in 4 years	2	0
Due in 5 years	0	0
Due in more than 5 years	0	0
	41	**3,975**

EUR 4,174 thousand (2023: EUR 2,115 thousand) was recognised in revenues in the income statement.

37. Information on business relations with related parties

Parent company

Frequentis Group Holding GmbH holds a majority stake of around 60% of the shares in Frequentis AG.

In the reporting period, revenues from transactions with Frequentis Group Holding GmbH were as follows:

	2024 EUR thousand	2023 EUR thousand
Goods and services supplied and other income	17	17
Goods and services received and other expenses (consulting services)	678	642
Receivables outstanding as at 31 December	1	3
Liabilities outstanding as at 31 December	69	66

All transactions are effected on an arm's length basis.

Associated companies

The Frequentis Group maintains relationships with associated companies within the scope of ordinary business activities and buys and sells services at arm's length.

In the reporting period, revenues from transactions with the associated companies were as follows:

	2024 EUR thousand	2023 EUR thousand
Goods and services supplied and other income	2,103	904
Goods and services received and other expenses	2,231	2,080
Loan receivables outstanding as at 31 December	1,049	0
Receivables outstanding as at 31 December	147	69
Liabilities outstanding as at 31 December	61	339
Advances from customers as at 31 December	40	750
Advance payments made as at 31 December	0	43

Related companies

A number of key management personnel or related parties have functions in other entities as a result of which they have control or significant influence over the financial and operating policies of those entities.

In the reporting period, the following transactions were effected with companies and persons classified as related parties:

	2024 EUR thousand	2023 EUR thousand
Expenses for consulting services	367	105
Expenses for project support services	1,035	562
Expenses for software development and engineering	2,685	2,732
Rental payments (principal and interest) and operating costs	3,845	3,971
Interest expense for loans received	2	2
Revenues	732	694
Receivables as at December 31	237	666
Payables as at December 31	427	296
Loans received as at Dec. 31	30	30

The expenses for software development and engineering also contain charges of EUR 839 thousand (2023: EUR 955 thousand) from companies that would not be classified as related parties under IAS 24. The associated liabilities amounted to EUR 20 thousand (2023: EUR 105 thousand) and there have been no associated receivables in 2024 (2023: EUR 1 thousand).

The rental payments mainly comprised rent for the office premises at the company's headquarters in Vienna.

Austrian Research Promotion Agency (Österreichische Forschungsförderungsgesellschaft/FFG): Johannes Bardach is a member of the Supervisory Board of FFG. FFG's core business is granting subsidies and loans for research purposes. To ensure the necessary strategic focus of the Supervisory Board, in accordance with the FFG law, representatives of companies that receive funding from FFG are nominated as members of the Supervisory Board. However, the members of the Supervisory Board do not have any role in or influence on the funding processes.

In the reporting period, advance payments for future research revenues in the amount of EUR 20 thousand (2023: EUR 48 thousand) were disbursed by FFG. Funding received from FFG in the reporting period totalled EUR 619 thousand (2023: EUR 618 thousand). EUR 265 thousand of this amount (2023: EUR 237 thousand) is presented in other receivables. Furthermore, in the reporting period FFG disbursed two further instalments of a loan that had previously been granted and the first instalment of a new loan in connection with a research project in the amount of EUR 631 thousand. The remaining terms of these loans are 2 and 3 years respectively.

Since the Supervisory Board of FFG is not involved in the awarding of grants, no conflicts of interest arise from this.

Related persons

Executive Board

In the reporting period, the Executive Board comprised:

- Norbert Haslacher, Chairman
- Monika Haselbacher
- Hermann Mattanovich (until 30 June 2024)
- Peter Skerlan
- Karl Wannenmacher (from 1 July 2024)

The total remuneration paid to the Executive Board (excluding payroll-related costs) was EUR 3,004 thousand in the reporting period (2023: EUR 2,715 thousand). The remuneration of the Executive Board comprises fixed components (annual base salary, premiums for pension reinsurance, and benefits in kind), short-term variable components for all Executive Board members, and long-term incentive plans (LTIP) for the Chairman of the Executive Board. The variable components are performance-related and are based on the achievement of short-term financial targets for the company.

Frequentis AG agreed long-term incentive plans with the Chairman of the Executive Board, Mr. Norbert Haslacher, in 2022, 2023, and 2024 (LTIP 2022, LTIP 2023, and LTIP 2024). For further information, see ↗ Note 28. *Share-based payment.* The full LTIP 2021 was awarded in 2024.

The members of the Executive Board have been granted pension benefits. In addition to the post-retirement payments, these include pension benefits for surviving dependants after the death of the beneficiary. The post-retirement benefits are generally paid when the beneficiary reaches a specific age, provided that the employment contract has ended at this date. Expenses of EUR 481 thousand were incurred in the reporting period (2023: EUR 377 thousand) for contributions to pension insurance and the recognition of pension provisions for members of the Executive Board. This amount includes service cost of EUR 138 thousand (2023: EUR 80 thousand), interest cost of EUR 93 thousand (2023: EUR 97 thousand), and pension insurance expense of EUR 250 thousand (2023: EUR 200 thousand).

In the event of termination of employment, severance payments are due in accordance with the legal regulations in Austria and contractual agreements. Additions to the corresponding provisions for severance payments for present members of the Executive Board amounted to EUR 68 thousand in 2024 (2023: EUR 120 thousand).

No advances or loans were granted to members of the Executive Board of Frequentis AG.

Supervisory Board

In the reporting period, the Supervisory Board comprised:

- Johannes Bardach, Chairman
- Dr. Karl Michael Millauer, Deputy Chairman
- Sylvia Bardach, member
- Reinhold Daxecker, member
- Dr. Boris Nemsic, member
- Petra Preining, member
- Stefan Hackethal, member pursuant to Section 110 ArbVG
- Gabriele Schedl, member pursuant to Section 110 ArbVG
- Reinhard Steidl, member pursuant to Section 110 ArbVG

The consolidated financial statements were approved by the Executive Board on the date of signature, subject to approval by the Supervisory Board at its meeting on 27 March 2025.

The remuneration of the Supervisory Board amounted to EUR 195 thousand in the reporting period (2023: EUR 149 thousand).

An office and support services are provided free of charge for the Chairman of the Supervisory Board, Mr. Johannes Bardach, for the performance of his function as Chairman of the Supervisory Board. EUR 60 thousand (2023: EUR 111 thousand) was invoiced for office and support services that do not relate to the performance of his function as Chairman of the Supervisory Board of Frequentis. As at 31 December 2024, there was an outstanding receivable of EUR 0.5 thousand for this (31 December 2023: EUR 9 thousand).

No advances or loans were granted to members of the Supervisory Board of Frequentis AG.

38. Significant events after the reporting date

There were no reportable significant events.

39. Additional information

Audit fees

In the reporting period, audit expenses of EUR 158 thousand (2023: EUR 154 thousand) were incurred for the audit of the consolidated financial statements and the annual financial statements of Frequentis AG, expenses of EUR 106 thousand (2023: EUR 118 thousand) were incurred for other assurance services, and expenses of EUR 29 thousand (2023: EUR 5 thousand) were incurred for other services.

40. Companies included in the consolidated financial statements

The following companies are included in the consolidated financial statements:

	2024	2023	
Austrian subsidiaries			
Frequentis Invest4Tech GmbH, Vienna	100%	100%	Fully consolidated
CNS-Solutions & Support GmbH, Vienna	100%	100%	Fully consolidated
Frequentis DFS Aerosense GmbH, Vienna	70%	70%	Fully consolidated
PDTS GmbH, Vienna	100%	100%	Fully consolidated
skyzr GmbH, Vienna	100%	100%	Fully consolidated
team Technology Management GmbH, Vienna	51%	51%	Fully consolidated
Subsidiaries in Europe			
ATRiCS Advanced Traffic Solutions GmbH, Freiburg, Germany	61.77%	51%	Fully consolidated
ELARA Leitstellentechnik GmbH, Aachen, Germany	51%	51%	Fully consolidated
FRAFOS GmbH, Berlin, Germany	76.67%	76.67%	Fully consolidated
FRAFOS CZ s.r.o., Prague, Czech Republic	76.67%	76.67%	Fully consolidated
Frequentis Comsoft GmbH, Karlsruhe, Germany	100%	100%	Fully consolidated
Frequentis Czech Republic s.r.o., Prague, Czech Republic	100%	100%	Fully consolidated
Frequentis Deutschland GmbH, Langen, Germany	100%	100%	Fully consolidated
Frequentis France SARL, Toulouse, France	100%	100%	Fully consolidated
Frequentis Norway AS, Oslo, Norway	100%	100%	Fully consolidated
Frequentis Orthogon GmbH, Bremen, Germany	100%	100%	Fully consolidated
Frequentis Recording AS, Sem, Norway	100%	100%	Fully consolidated
Frequentis Romania S.R.L., Cluj-Napoca, Romania	100%	100%	Fully consolidated
Frequentis Solutions & Services s.r.o., Bratislava, Slovakia	100%	100%	Fully consolidated
Frequentis UK Ltd., Twickenham, UK	100%	100%	Fully consolidated
Regola S.r.l., Turin, Italy	51%	51%	Fully consolidated
Secure Service Provision GmbH, Leipzig, Germany	100%	100%	Fully consolidated
Systems Interface Ltd., Bordon, UK	100%	51%	Fully consolidated
TEAM Technology Management GmbH, Gräfelfing, Germany	51%; effective shareholding 26%	51%; effective shareholding 26%	Fully consolidated
Subsidiaries in the Americas			
Frequentis California Inc., Columbia, USA	100%	100%	Fully consolidated
Frequentis Canada Ltd., Ottawa, Canada	100%	100%	Fully consolidated
Frequentis Defense Inc., Columbia, USA	100%	100%	Fully consolidated
Frequentis do Brasil Assessoria, Serviços e Comércio de Sistemas de Informação e Comunicação Ltda., Sao Paulo, Brazil	100%	100%	Fully consolidated
Frequentis USA Inc., Columbia, USA	100%	100%	Fully consolidated
Frequentis USA Holdings, Inc., Columbia, USA	100%	100%	Fully consolidated
Subsidiaries in Asia			
AIRNAV Technology Services Inc., Iloilo, Philippines	65%	65%	Fully consolidated
Frequentis Middle East Limited, Abu Dhabi, United Arab Emirates	100%	100%	Fully consolidated
Frequentis (Shanghai) Co. Ltd., Shanghai, China	100%	100%	Fully consolidated
Frequentis Singapore Pte. Ltd., Singapore, Singapore	100%	100%	Fully consolidated
Subsidiaries in Australia/Pacific			
C4i Pty Ltd, Melbourne, Australia	100%	100%	Fully consolidated
Frequentis Australia Holding Pty Ltd, Hendra, Australia	100%	100%	Fully consolidated
Frequentis Australasia Pty Ltd., Hendra, Australia	100%	100%	Fully consolidated

The following companies are accounted for by applying the equity method:

	2024	2023	
AMANTEA Ltd., Zabbar, Malta	50%; effective shareholding 25.5%	50%; effective shareholding 25.5%	Equity method
Flyk Oy, Valkeakoski, Finland	25%	25%	Equity method
GroupEAD Europe S.L., Madrid, Spain	28%	28%	Equity method
Lift S.r.l., Cagliari, Italy	24%; effective shareholding 12.24%	24%; effective shareholding 12.24%	Equity method
Mission Embedded GmbH, Vienna, Austria	20%	20%	Equity method
Nowtech S.r.l., Sassari, Italy	20%; effective shareholding 10.2%	20%; effective shareholding 10.2%	Equity method
Nemergent Solutions S.L., Bilbao, Spain	24.83%	24.83%	Equity method

The reporting date for all companies included in the financial statements is 31 December. All information on the scope of consolidation relates to the circumstances as at 31 December 2024.

41. Capital management

In addition to a sustained increase in the value of the Group, financial management of the Frequentis Group aims to maintain an appropriate capital structure. The principal performance indicators used to manage the capital structure are the EBIT margin, the equity ratio, and net debt. Since the Frequentis Group currently has a net cash position, it refers to net cash rather than net debt. The net cash position comprises cash and cash equivalents plus time deposits less liabilities to banks and other financial liabilities. The key performance indicators developed as follows in the reporting period:

	2024	2023
EBIT margin (based on revenues)	6.7%	6.2%
Equity ratio	44.3%	41.9%
Net cash in EUR thousand	81,837	84,317

The Frequentis Group calculates EBIT as follows:

	2024 EUR thousand	2023 EUR thousand
Profit/loss before tax	32,830	26,419
Financial income	-947	-946
Financial expenses	1,572	1,442
Earnings from investments accounted for at equity	-355	-268
Reversal of impairment loss on financial assets	-1,000	0
EBIT	**32,100**	**26,647**

The Frequentis Group meets the minimum capital requirements defined by law and the articles of association. The capital managed comprises the shareholders' equity reported in the consolidated statement of financial position.

42. Risk management

The Frequentis Group has an internal control system (ICS) for its accounting process. The reliability of the internal control system is monitored by the internal audit department. The Frequentis Group has initiated several processes based on best practice standards to ensure that its risk management is effective. The fundamental aim is to identify opportunities and risks as soon as possible and take suitable measures to maintain profitability and secure the continued existence of the Group. Risk awareness, the vigilance of all staff, and early identification of business risks are well developed and are incorporated in a solid risk management policy.

The risks are outlined in more detail in the ↗ *opportunity and risk management* section of the Group Management Report.

Vienna, 10 March 2025

Auditor's Report

Report on the consolidated financial statements

Audit Opinion

We have audited the consolidated financial statements of Frequentis AG, Vienna, and of its subsidiaries (the Group) comprising the consolidated balance sheet as of 31 December 2024, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of 31 December 2024 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with the additional requirements stated in section 245a UGB (Austrian Company Code).

Basis for opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the following, we present the audit matters that we consider to be of particular importance:

- Project Accounting

Project Accounting

Situation and reference to further information:

A major part of the presented revenues is derived from project related business, which in the main comprises delivery and maintenance contracts. The large number of projects are different in order volume, technical complexity and duration, with a few contracts having terms of several years. In general, revenue of maintenance contracts is realised over the service period. When the requirements for realisation over time are met, revenues from delivery projects are recorded in accordance with IFRS 15 based on the stage of completion applying the cost-to-cost method.

Contractual claims arising from these projects are reported as contract assets from contracts with customers and outstanding obligations as contract liabilities from contracts with customers. In case that a project loss is expected from a further execution of a project, including maintenance contracts, that loss will be immediately recognised in the income statement.

For several ongoing or completed projects there may be different views regarding the type or scope of the performance and the contractual obligations. Such differences can have an impact on the project costs and results. The determination of the stage of completion, the estimate of costs to complete as well as the measurement of project provisions require a significant number of assumptions and forward-looking estimates. Additional estimates may be required due to the inflation-related effects on the expected project costs. Due to the significant volume of the project business, the risk for the consolidated statements consists of a material misstatement of the project revenue, the related project costs as well as the corresponding balance sheet items.

Information on the accounting of the project business can be found in chapter 2 of the notes under the accounting and valuation policy "IFRS 15 Revenue from Contracts with Customers" as well as "Significant estimates and use of judgement". Further information can be found in chapter 4 "Revenues" within the notes on the consolidated income statement and in chapter 22 "Contract assets from contracts with customers" and chapter 31 "Contract liabilities from contracts with customers".

Audit repsonse:

In the course of our audit, we have gained an understanding of the processes and internal controls relevant to the accounting of revenues from customer contracts and we tested the effectiveness of certain internal controls. These controls mainly address the review and approval of project calculation for new contracts, the recognition of purchased services on the corresponding projects as well as the continuing monitoring and assessment for project calculations until the completion of the project.

Based on the results of the control tests, we have performed a more in-depth analysis for a sample of projects under special assessment of the discretionary decisions made. We have selected our samples considering various risk-oriented parameters, e.g. size, margin, start and duration of the project. In addition, we considered the fact of significant adjustments to the assessment compared to previous year for our determination of the sample. The audit procedures performed on the selected sample included, in particular, the review of the underlying contracts and agreements, discussions with the commercial and operating project managers concerning their estimates and assumptions, including the impact of inflation-related economic effects. We performed an analysis of current project data as well as the reconciliation of assumptions and estimates with contracts and further documents.

In addition, we have examined the recording of costs on the projects and the determination of the stage of completion. Finally, we have assessed whether the presentation of the project business in the consolidated financial statement as well as the disclosures in the notes are in accordance with the requirements of IFRS 15.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

We received the corporate governance report until the date of this audit opinion; the rest of the annual report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and of the audit committee for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with the additional requirements stated in section 245a UGB (Austrian Company Code) for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor´s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Comments on the management report for the Group

Pursuant to Austrian generally accepted accounting principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Regarding the consolidated non-financial statement contained in the group management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements, comprising the details in accordance with section 243a UGB (Austrian Company Code) and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

Additional information in accordance with article 10 of the EU regulation

We were elected as auditor by the ordinary general meeting at 6 June 2024. We were appointed by the Supervisory Board on 16 September 2024. We are auditors without cease since 2018.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian certified public accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Gerhard Posautz, Certified Public Accountant.

Vienna, 11 March 2025

BDO Assurance GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gerhard Posautz	Gerhard Fremgen
Auditor	Auditor

Statement by all legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 10 March 2025

Norbert Haslacher
Chairman
of the Executive Board

Monika Haselbacher
Member
of the Executive Board

Peter Skerlan
Member
of the Executive Board

Karl Wannenmacher
Member
of the Executive Board

Report on the independent audit of the consolidated non-financial statement as at 31.12.2024 of Frequentis AG

Report on the independent audit of the consolidated non-financial statement of Frequentis AG for the financial year 2024

The German text of the signed report, which refers to the German version of the consolidated non-financial statement for the financial year 2024, is the only legally binding version. The English translation has no legal effect. In particular, it cannot be used for the interpretation of the German text.

We have performed a limited assurance engagement of the consolidated non-financial statement of Frequentis AG (hereafter: "Company") for the fiscal year as at 31.12.2024 included in the section "Consolidated non-financial statement 2024" of the Group Management Report.

Summary judgement based on a limited assurance engagement

On the basis of our audit procedures and the evidence we have obtained, nothing has come to our attention that would cause us to believe that the consolidated non-financial statement included in the section "Consolidated non-financial statement 2024" of the Group Management Report of the Company has in any material respect not been established in compliance with the requirements of §§ 243b and 267a UGB, including

- compliance with the European Sustainability Reporting Standards (hereafter ESRS),
- the implementation of the procedure for the identification of information to be reported in accordance with the ESRSs (hereafter "double materiality analysis procedure") and its presentation in the disclosure as regards ESRS 2 IRO-1, and
- compliance with the reporting requirements pursuant to Article 8 of the Taxonomy Regulation (EU) 2020/852 (hereinafter referred to as the "EU Taxonomy Regulation").

Basis for the summary judgement

We conducted our limited assurance engagement in accordance with the professional principles in force in Austria relating to general-assurance engagements (KFS/PG13) and additional assurance procedures (KFS/PE28). In a limited assurance engagement, the audit procedures undertaken are less extensive than in a reasonable assurance engagement, and therefore a lesser degree of assurance is obtained.

Our responsibilities under those requirements and standards are further described in the "Responsibilities of the auditor of the consolidated non-financial statement" section of our report.

We are independent of the Company in accordance with the Austrian Generally Accepted Accounting Principles and Art. 22 et seq. AP-RL, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit operations are subject to the provisions of KSW-PRL 2022, which essentially corresponds to the requirements of ISQM 1, and apply a comprehensive quality management system, including documented policies and procedures for compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our summary judgement.

Note on highlighting information on the double materiality analysis

We refer to the disclosures in the consolidated non-financial statement on the procedure of the double materiality analysis in accordance with ESRS 2 IRO-1 and the associated disclosures in accordance with ESRS 2 SBM-3. As explained by the Company, these disclosures are based on a continuous process. This means that the results of the double materiality analysis are influenced by changing stakeholder expectations, regulatory requirements, changes in risk management and adjustments to the business model and strategy. The consolidated non-financial statement may therefore not cover all impacts, risks and opportunities or company-specific information that each individual group of stakeholders of the Company could consider material in their own assessment.

Our summary assessment is not modified in this context

Note on highlighting information on estimates for the value chain and information on sources for estimates and result uncertainty.

Please refer to the description of the company in the consolidated non-financial statement regarding the disclosure requirement "Disclosures related to specific circumstances // ESRS 2 BP-2" in the section "Value chain estimates" and "Sources for estimates and uncertainty of results". As explained in these sections, the key figures for the disclosure requirements "E1-5 Energy consumption and energy mix" and "E1-6 Greenhouse gas emissions" as well as the disclosure requirements "S1-13 Performance and career development reviews", "S1-16 Remuneration metrics", "S1-Voluntary mandatory training on data protection", "G1-Voluntary mandatory training on anti-corruption and bribery" and the indicators on "Mandatory training on safety and security" contained in the company-specific section on "Safety & security" are based to a large extent on extrapolations and assumptions. The high degree of dependence on extrapolations and assumptions associated with these disclosure requirements leads to a reduced reliability of the statements made, despite entrepreneurial diligence. This also applies to the information on targets and measures associated with these disclosure requirements.

Our summary assessment is not modified in this context.

Note on comparative information

The comparative information on prior periods included in the consolidated non-financial statement of the Company, including the section on reporting in accordance with Art. 8 of the EU Taxonomy Regulation, was and is not part of this limited assurance engagement or a reasonable assurance engagement.

Our summary assessment is not modified in this context.

Other information

The legal representatives are responsible for the other information. The other information comprises all information included in the annual report 2024, but does not include the consolidated non-financial statement within the group management report and our report.

We obtained the consolidated annual financial statements and the other parts of the group management report as well as the consolidated corporate governance report and the declaration of the legal representatives before the date of our report, and the other parts of the annual report are expected to be made available to us after this date.

Our conclusion on the consolidated non-financial statement does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated non-financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated non-financial statement or our knowledge obtained in the limited assurance engagement or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibilities of the legal representatives

The legal representatives are responsible for the preparation of the consolidated non-financial statement including the development and implementation of the procedure for the double materiality analysis in accordance with the applicable requirements and standards. This responsibility includes

- the identification of actual and potential impacts as well as risks and opportunities in connection with sustainability aspects and the assessment of the materiality of these impacts, risks and opportunities,
- the preparation of the consolidated non-financial statement in compliance with the requirements of Sections 243b and 267a UGB, including compliance with the ESRS,
- the inclusion of disclosures in the consolidated non-financial statement in accordance with the EU Taxonomy Regulation and
- the design, implementation and maintenance of internal controls that the legal representatives consider relevant to enable the preparation of a consolidated non-financial statement that is free from material misstatement, whether due to fraud or error, and to enable the procedure of the double materiality analysis process in accordance with the requirements of the ESRS.

This responsibility also includes the selection and application of appropriate methods for consolidated non-financial reporting and the use of assumptions and estimates for individual sustainability disclosures that are reasonable in the given circumstances.

The Supervisory Board is responsible for monitoring the procedure for the double materiality analysis and the preparation of the consolidated non-financial statement.

Inherent limitations in the preparation of the consolidated non-financial statement

When reporting forward-looking information, the Company is obliged to prepare this forward-looking information on the basis of disclosed assumptions about events that could occur in the future and possible future measures by the Company. Deviations are likely to occur, as expected events often do not occur as assumed.

When determining the disclosures in accordance with the EU Taxonomy Regulation, the legal representatives are obliged to interpret undefined legal terms. Vague legal terms can be interpreted differently, also with regard to the legal conformity of their interpretation and are therefore subject to uncertainties.

Responsibilities of the auditor of the consolidated non-financial statement

Our objectives are to plan and perform a limited assurance engagement to obtain limited assurance about whether the consolidated non-financial statement, including the procedure for the double materiality analysis and the reporting in accordance with the EU Taxonomy Regulation presented therein, is free from material misstatement, whether due to fraud or error, and to issue a report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated non-financial report.

Throughout the limited assurance engagement, we exercise professional judgment and maintain professional skepticism.

Our responsibilities include

- Performing risk-related audit procedures, including obtaining an understanding of internal controls relevant to the engagement, to identify representations that are likely to be materially misstated, whether due to fraud or error, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls; and
- Developing and executing audit procedures related to information in the consolidated non-financial statement where material misstatements are likely. The risk that material misstatements resulting from fraudulent actions are not detected is higher than those resulting from errors, as fraudulent actions may involve collusion, forgery, intentional omissions, misleading representations, or the overriding of internal controls.

Summary of the work carried out

A limited assurance engagement involves performing procedures to obtain evidence about the consolidated non-financial statement. The nature, timing and extent of audit procedures selected depend on professional judgment, including the identification of disclosures in the consolidated non-financial statement that may be subject to material misstatement, whether due to fraud or error.

The choice of audit procedures is at the due discretion of the auditor and included in particular the following activities:

- We gain an understanding of the company's processes that are relevant for the preparation of the consolidated non-financial statement.
- We assess whether all relevant information identified by the procedure of the double materiality analysis has been included in the consolidated non-financial statement.
- We assess whether the structure and presentation of the consolidated non-financial statement is in accordance with the ESRS.
- We conduct inquiries of relevant personnel and analytical procedures on selected disclosures in the consolidated non-financial statement.
- We perform sample-based, results-oriented audit procedures on selected information in the consolidated non-financial statement.
- We reconcile selected information from the consolidated non-financial statement with the corresponding information in the annual financial statements, the consolidated annual financial statements, and the other sections of the group management report.
- We obtain evidence about the methods presented to develop estimates and forward-looking information.
- We gain an understanding of the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the process of preparation of the corresponding disclosures in the consolidated non-financial statement.

Limitation of liability and publication

The audit of the consolidated non-financial statement with limited assurance is a voluntary audit.

We make this report on the basis of the engagement concluded with the Company, which is itself based on the General Terms and Conditions for the Public Accounting Professions (AAB 2018) appended to this report. The AAB are also valid against third parties.

With regard to our responsibility and liability under the contractual relationship, Section 7 of AAB 2018 applies.

The report on the independent audit may only be made available to third parties together with the consolidated non-financial statement contained in the "Consolidated non-financial statement 2024" section of the Group Management Report and only in complete and unabridged form. As our report is prepared exclusively on behalf of and in the interests of the Company, it does not form the basis for any reliance by third parties on its content. Claims by third parties can therefore not be derived from it.

Auditor responsible for the engagement

The auditor responsible for the audit of the consolidated non-financial statement is Mr. Mag. Gerhard Posautz.

Vienna, 11 March 2025

BDO

BDO Assurance GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerhard Posautz Auditor	Mag. Gerhard Fremgen Auditor

Declaration by all legal representatives

We confirm to the best of our knowledge that the consolidated non-financial statement contains the disclosures pursuant to Section 243b and Section 267a of the Austrian Commercial Code (UGB) and Regulation (EU) 2020/852 ("EU Taxonomy") that are necessary for an understanding of the business performance, results of operations, situation of Frequentis AG and its subsidiaries, and the impact of their activities and which relate, at a minimum, to environmental, social, and employee aspects, respect for human rights, and combating bribery and corruption. The disclosures include a description of Frequentis' business model and the concepts used with regard to the above aspects, including the due diligence processes applied, the material risks, the probable negative impacts on these aspects, the results of the concepts, and the key performance indicators.

Vienna, 11 March 2024

Norbert Haslacher
Chairman
of the Executive Board

Monika Haselbacher
Member
of the Executive Board

Peter Skerlan
Member
of the Executive Board

Karl Wannenmacher
Member
of the Executive Board