



Half-Year Financial Report 2024

FREQUENTIS
FOR A SAFER WORLD

Key figures Frequentis Group

All figures in EUR million, except where otherwise stated.

Earnings	H1 2024	H1 2023	+/- in %	+/- in EUR million	2023
Revenues	206.2	186.8	+10.4%	+19.4	427.5
EBITDA	6.7	8.2	-17.7%	-1.5	44.2
EBITDA margin	3.3%	4.4%	-1.1 PP	-	10.3%
EBIT	-2.8	-0.3	>100.0%	-2.5	26.6
EBIT margin	-1.3%	-0.2%	-1.1 PP	-	6.2%
Profit/loss for the period	-2.1	-0.5	>100.0%	-1.6	20.0
Earnings per share in EUR, basic	-0.17	-0.08	>100.0%	-	1.39
Earnings per share in EUR, diluted	-0.17	-0.07	>100.0%	-	1.38

Orders	H1 2024	H1 2023	+/- in %	+/- in EUR million	2023
Order intake	227.9	208.0	+9.6%	+19.9	504.8
Orders on hand at end of period	621.1	546.7	+13.6%	+74.4	594.7

Statement of financial position	30 June 2024	30 June 2023	+/- in %	+/- in EUR million	2023
Total assets	385.2	357.3	+7.8%	+27.9	371.1
Shareholders' equity	149.4	142.8	+4.6%	+6.6	155.6
Equity ratio	38.8%	40.0%	-	-	41.9%
Net cash	66.6	75.1	-11.4%	-8.5	84.3
No. of employees (average, in FTE) ¹	2,335	2,180	+7.1%	-	2,217

Cash flow statement	H1 2024	H1 2023	+/- in %	+/- in EUR million	2023
Cash flow from operating activities	-3.2	-1.0	>100.0%	-2.2	25.7
Cash flow from investing activities	-5.6	-22.9	+75.7%	+17.3	-18.8
Cash flow from financing activities	-10.3	-2.4	>100.0%	-7.9	-13.4
Cash and cash equivalents at end of period	55.5	54.5	+1.7%	+1.0	74.2

Note: Minimal arithmetical differences may arise from the application of commercial rounding to individual items and percentages.

¹ Average number of employees expressed as full-time equivalents (FTE).

Preface

Ladies and gentlemen,

Based on the high level of orders on hand at year-end 2023 and current order intake, the Frequentis Group's revenues increased by 10.4% in the first half of 2024. Order intake rose by 9.6% in the same period. Orders on hand climbed more than 13% and were above the EUR 600 million threshold for the first time.

Overview of the figures

We are satisfied with our performance in the first six months of 2024 and see it as a good basis for 2024 as a whole and the following years.

- Order intake increased by 9.6% to EUR 227.9 million (H1 2023: EUR 208.0 million)
- Orders on hand were 13.6% higher at EUR 621.1 million at end-June 2024 (June 2023: EUR 546.7 million)
- Revenues rose by 10.4% to EUR 206.2 million (H1 2023: EUR 186.8 million)
- EBITDA dropped to EUR 6.7 million (H1 2023: EUR 8.2 million)
- EBIT was EUR -2.8 million (H1 2023: EUR -0.3 million)
- The Group made a loss of EUR 2.1 million (H1 2023: loss of EUR 0.5 million)
- The equity ratio was 38.8% (June 2023: 40.0%)
- Net cash is EUR 66.6 million (June 2023: EUR 75.1 million)

Growth in full swing

Thanks to the well-positioned product portfolio, order intake rose by 9.6% to EUR 227.9 million in the first half of 2024. At end-June 2024, orders on hand amounted to EUR 621.1 million, an increase of 13.6% compared with end-June 2023.

In view of the good order situation, capacity utilisation at Frequentis was and remains good and the next steps on our growth path are mapped out. By and large, Frequentis is able to find sufficient employees with the necessary profiles and qualifications on the labour market, so further growth can be handled well. In addition, employees are very loyal to the Frequentis Group, as shown by the average length of service of 7.9 years. At the headquarters of Frequentis AG in Vienna, the figure is 10.6 years.

Based on orders on hand and current order intake, revenues rose by 10.4% to EUR 206.2 million in the first six months of 2024. The German company FRAFOS, which we acquired in April 2023, made only a slight contribution to this increase. Leaving aside this acquisition, organic revenue growth was 9.9%.

The increased inflation in 2023 led to corresponding pay rises in 2024. As a result, personnel expenses increased faster than revenues. Due to the customer structure and type of project business, project progress and acceptances – and therefore revenues – tend to be highest at year-end, which generally leads to negative earnings in the first half. Due to the seasonality of revenues and thus profitability, overall EBITDA was EUR 6.7 million at the end of the first six months of 2024 (H1 2023: EUR 8.2 million), and EBIT was EUR -2.8 million (H1 2023: EUR -0.3 million). As in the past, the second half will therefore be far more relevant for full-year profitability.

Our financials remain solid. Total assets amounted to EUR 385.2 million, which was 7.8% higher than at end-June 2023, and equity rose to EUR 149.4 million. At end-June 2024, the equity ratio was 38.8%. The net cash position was EUR 66.6 million at end-June 2024.

At the Annual General Meeting on 6 June 2024, our shareholders approved our proposal and passed a resolution to increase the dividend by 9.1% year-on-year to EUR 0.24 per share. The dividend was paid in June.

Acquisition to strengthen workflow management

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.

Expansion to further areas of business is planned in the course of the integration process. This strategic step enables Frequentis to broaden its expertise and offer its customers more extensive workflow management solutions for various applications in control centres.

Expansion of the product portfolio

Frequentis has now made ten acquisitions since its IPO in May 2019. Proactively searching for attractive M&A opportunities is part of Frequentis' strategy of extending its product portfolio. In addition to acquisitions, we naturally also focus on developing new products and solutions and enhancing existing products and solutions through company- and customer-funded research & development.

Forecast for 2024

The uncertainties remain and have increased in some respects:

- the war in Ukraine has entered its third year,
- the conflict in the Middle East is causing further tension,
- inflation is declining, but in the euro zone it is still far from the average of less than 2% seen since the start of the millennium,
- the major economic areas such as the USA and the euro zone will probably achieve growth of 2.6% and 0.9%, respectively, in 2024 (IMF forecast July 2024).

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 wide range of uncertainties makes forecasting difficult at present.

It is not possible to make a reliable estimate of exactly how these factors and inflation will affect 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 25.2 million in 2023 and will be higher in 2024. Capital expenditure (capex) will be around EUR 12 million.

Depending on the development of the aspects outlined above, Frequentis considers that it is moving in the right direction to achieve the following targets for FY 2024 compared with FY 2023:

- Increase revenues
- Increase order intake
- EBIT margin of around 6%.

Vienna, 12 August 2024

Best regards,

Norbert Haslacher
Chairman
of the Executive Board

Monika Haselbacher
Member
of the Executive Board

Peter Skerlan
Member
of the Executive Board

Karl Wannemacher
Member
of the Executive Board

The share

Shareholder structure

Frequentis' core shareholder is Hannes Bardach. He holds around 68% of the shares (about 8% directly and about 60% indirectly through Frequentis Group Holding GmbH). B&C Holding Österreich GmbH holds more than 10% of the shares. The free float is approximately 22%, mainly investors from Germany, Austria, and other European countries. For further information, including a share price chart, see <http://www.frequentis.com/en/ir> > Share

Analysts

BankM (Daniel Großjohann, Roger Becker), Raiffeisen Bank International (Teresa Schinwald), and ODDO BHF (Gautier Le Bihan, Nicolas Thorez) regularly write analyses and notes on Frequentis shares.

Dividend and dividend policy

The Annual General Meeting on 6 June 2024 approved the proposal put forward by the Executive Board and Supervisory Board to pay a dividend of EUR 0.24 per share for 2023 (2022: EUR 0.22 per share). As a result, around EUR 3.2 million was paid out, giving a dividend yield of 0.88% based on the closing price on the Vienna Stock Exchange at end-December 2023 (2022: 0.77%).

Frequentis' dividend policy is to pay out around 20-30% of adjusted profit of the Frequentis Group, after tax each year – bearing in mind the annual ceiling of around 40% of the net profit of Frequentis AG reported in the individual financial statements of Frequentis AG prepared in compliance with the Austrian Commercial Code (UGB).

Treasury shares

As at 30 June 2024, Frequentis AG held 10,577 treasury shares (30 June 2023: 985).

Investor Relations contact

The Frequentis investor relations website at www.frequentis.com/en/ir provides extensive information for shareholders: press releases, presentations, videos, financial reports, a share chart, the financial calendar, and information on corporate governance.

Contact: Stefan Marin, +43 1 81150 1074, investor@frequentis.com



Group Management Report as at 30 June 2024

Economic environment

Compared to other sectors of the economy, the areas in which the Frequentis Group operates (information and communication solutions 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 July 2024¹. Global growth is projected to be 3.2% in 2024, slightly above the IMF's January 2024 growth forecast of 3.1%.

Services price inflation is holding up progress on disinflation, which is complicating monetary policy normalisation. Upside risks to inflation have thus increased, raising the prospect of higher-for-even-longer interest rates, in the context of escalating trade tensions and increased policy uncertainty.

Growth of 2.6% is forecast for the USA in 2024 and the IMF is projecting a pickup of 0.9% in the euro zone. The growth estimates for the major euro zone economies in 2024 vary, with growth of 0.2% projected for Germany, 0.9% for France, 0.7% for Italy, and 2.4% for Spain. The forecast for the UK is 0.7% growth in 2024.

For the emerging and developing economies in Asia, the projection is 5.4% growth in 2024. The IMF estimates that growth will be 1.9% in Latin America in 2024, and 2.4% in the Middle East and Central Asia.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>

Business performance

Based on the high level of orders on hand at year-end 2023 and current order intake, the Frequentis Group's revenues increased by 10.4% to EUR 206.2 million in the first half of 2024. Order intake increased by 9.6% year-on-year to EUR 227.9 million in the first half of 2024. Orders on hand amounted to EUR 621.1 million (+13.6%) and were above the EUR 600 million threshold for the first time.

The increased inflation in 2023 led to corresponding pay rises in 2024. As a result, personnel expenses increased faster than revenues. Due to the customer structure and type of project business, project progress and acceptances – and therefore revenues – tend to be highest at year-end, which generally leads to negative earnings in the first half. Overall, in line with this seasonality, EBIT was therefore EUR -2.8 million in the first half of 2024. As in the past, the second half will therefore be far more relevant for full-year profitability.

Significant events

Karl Wannemacher appointed new Chief Technology Officer (CTO)

Hermann Mattanovich (64) was CTO from 2009. Between 2018 and 2023 he also held the function of COO (Chief Operating Officer). This period saw the successful extension of two of Frequentis' key strengths: technical expertise and innovation. Hermann Mattanovich has decided to reduce his activities at Frequentis and stepped down as CTO effective 1 July 2024.

Karl Wannemacher (45) became the company's new CTO on 1 July 2024. He has worked for Frequentis since 2005 and has held various positions in the R&D organisation. He has been a member of the Frequentis Technology Management Board since 2010.

Impact of the geopolitical situation

The war in Ukraine, which started in February 2022, indirectly impacted the Frequentis Group through higher inflation, which then filtered through stepwise to the cost of goods sourced from suppliers, salary rises, and other cost items. That has also had a corresponding impact in 2024. As in the 2023 financial year, no revenues were generated with Ukraine, Russia, or Belarus in the first half of 2024.

Order intake

Order intake in the Frequentis Group was EUR 227.9 million in the first half of 2024, an increase 9.6% (EUR 19.9 million) compared with the first half of 2023, when order intake was EUR 208.0 million.

The distribution of order intake between the two segments in the first half of 2024 was as follows: Air Traffic Management accounted for 64% (EUR 145.9 million; H1 2023: 64%, EUR 132.8 million). That was an increase of EUR 13.1 million (9.9%). Public Safety & Transport accounted for 36% (EUR 81.9 million; H1 2023: 36%, EUR 75.2 million). That was a rise of EUR 6.8 million (9.0%).

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 U.S. National Airspace System, which supports over one billion passengers a year. The APCS will replace the existing radio control equipment in the NAS. Migrating from the current analogue and time division multiplexing communication to digital internet protocol (IP) communication has many benefits including enhanced communication, increased efficiency, and added security.

Spanish air navigation service provider (ANSP) ENAIRE has selected Frequentis to complete an expansion of its contingency communication systems upgrade, known as Last Resort Voice. ENAIRE is therefore extending the communication and maintenance project for up to 12 years. The latest contract expansion includes operational maintenance to extend the life cycle of the systems.

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 the area of military air traffic management, Frequentis has been awarded the order to renew the German armed forces' military radar data 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.

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 (MCX = Mission Critical Services).

The Maritime business domain secured new orders from Singapore, Spain, and Canada.

Orders on hand

Orders on hand amounted to EUR 621.1 million as at 30 June 2024, an increase of 13.6% (EUR 74.4 million) compared with end-June 2023 (EUR 546.7 million). The Air Traffic Management segment accounted for around 61% of total orders on hand (June 2023: 63%) and the Public Safety & Transport segment for around 39% (June 2023: 37%).

Revenues and operating performance

In the first half of 2024, revenues increased by 10.4% (EUR 19.4 million) to EUR 206.2 million (H1 2023: EUR 186.8 million). The German company FRAFOS, which was acquired in the first half of 2023, contributed less than EUR 1 million to revenues in the prior-year period.

The Air Traffic Management segment posted an 18.5% rise in revenues to EUR 145.2 million; revenues in the Public Safety & Transport segment contracted by 5.1% to EUR 60.8 million. The revenue split between the Air Traffic Management and Public Safety & Transport segments was 70% : 30% in the first half of 2024 (H1 2023: 66% : 34%).

Looking at the regional revenue split, in the first half of 2024 Europe accounted for 64% (H1 2023: 67%), the Americas for 17% (H1 2023: 14%), Asia for 12% (H1 2023: 11%), Australia/Pacific for 5% (H1 2023: 6%), and Africa for 1% (H1 2023: 1%). 1% (H1 2023: 1%) of revenues were not allocated to a region.

The change in inventories of finished goods and work in progress was EUR 2.9 million in the first half of 2024 (H1 2023: EUR 2.4 million). Own work capitalised decreased to EUR 1.4 million (H1 2023: EUR 2.5 million). This item mainly contains voice communication systems produced for leasing.

The other operating income was almost unchanged at EUR 3.9 million in the first half of 2024 (H1 2023: EUR 3.9 million). The biggest single items here are grants and subsidies for research and development costs and income from research subsidies.

The operating performance increased by 9.7% to EUR 214.5 million in the first half of 2024 (H1 2023: EUR 195.6 million).

Earnings

The cost of materials and purchased services increased by 9.5% to EUR 49.2 million (H1 2023: EUR 44.9 million), which was less than the rise in revenues. Personnel expenses increased by 14.1% to EUR 129.5 million (H1 2023: EUR 113.4 million), principally due to pay rises as a result of higher inflation in 2023.

The other operating expenses increased by less than the cost of materials and personnel expenses, to EUR 29.1 million (H1 2023: EUR 29.0 million). In the first six months of 2024, travel expenses were EUR 0.8 million higher than in the first half of 2023 at EUR 6.8 million. In absolute terms, travel expenses were therefore above the pre-pandemic (2019) level (H1 2019: EUR 6.0 million), partly due to inflation. Relative to revenues they were lower: 3.3% of revenues in the first half of 2024 compared with 4.5% in the first half of 2019. The target range for travel expenses is around 3% to 4% of revenues.

EBITDA (earnings before interest, taxes, depreciation, and amortisation) declined to EUR 6.7 million in the first six months of 2024 (H1 2023: EUR 8.2 million). The EBITDA margin (relative to revenues) was 3.3%, compared with 4.4% in the first half of 2023.

Depreciation and amortisation increased to EUR 9.5 million (H1 2023: EUR 8.5 million), partly due to the increase in property, plant and equipment resulting from the acquisitions in the previous year.

As a result of all the changes outlined above, EBIT was EUR -2.8 million in the first half of 2024 (H1 2023: EUR -0.3 million). The EBIT margin (relative to revenues) was -1.3%, compared with -0.2% in the first half of 2023.

Frequentis made a loss before tax of EUR 2.6 million in the first half of 2024 (H1 2023: loss before tax of EUR 0.3 million). Due to deferred taxes, income tax income of EUR 0.5 million was registered in the first half of 2024 (H1 2023: income tax expense of EUR 0.2 million). Frequentis made a loss for the period of EUR 2.1 million in the first half of 2024 (H1 2023: loss of EUR 0.5 million). Basic earnings per share were EUR -0.17 in the first half of 2024 (H1 2023: EUR -0.08). Diluted earnings per share were EUR -0.17 in the first half of 2024 (H1 2023: EUR -0.07).

Employees

The number of employees increased by 7.1% to an average of 2,335 FTEs in the first half of 2024 (including the additional employees from the acquisitions made in 2023). The average headcount for the first six months of 2023 was 2,180 FTEs.

Asset and capital structure

Total assets increased by 3.8% to EUR 385.2 million as at end-June 2024 (end-December 2023: EUR 371.1 million; end-June 2023: EUR 357.3 million) due to the increase in contract assets, inventories and property, plant and equipment, while trade accounts receivable and cash and cash equivalents declined. The equity ratio was 38.8% (end-December 2023: 41.9%; end-June 2023: 40.0%). Equity was EUR 149.4 million (end-December 2023: EUR 155.6 million; end-June 2023: EUR 142.8 million).

The net cash position (cash and cash equivalents and time deposits less liabilities to banks and other financial liabilities) was EUR 66.6 million as at end-June 2024, which was below the net cash position of EUR 84.3 million recorded at the end of December 2023 (June 2023: EUR 75.1 million)

Non-current assets amounted to EUR 102.6 million at the end of June 2024 (end-December 2023: EUR 94.0 million). At end-June 2024 the two main items here were property, plant and equipment, which totalled EUR 62.6 million (end-December 2023: EUR 55.9 million) and intangible assets, which amounted to EUR 16.3 million (end-December 2023: EUR 17.5 million).

Current assets totalled EUR 282.5 million at the end of June 2024 (end-December 2023: EUR 277.1 million). The most important item here is contract assets, which amounted to EUR 81.5 million (end-December 2023: EUR 61.3 million), followed by trade accounts receivable totalling EUR 76.4 million (end-December 2023: EUR 81.0 million) and cash and cash equivalents (including time deposits), which amounted to EUR 67.0 million (end-December 2023: EUR 84.7 million). Inventories amounted to EUR 33.5 million (end-December 2023: EUR 26.6 million). Part of the increase was due to the customary sharp rise in inventories in the first half of the year to cover project requirements in the second half.

As at end-June 2024, around two-thirds of total cash and cash equivalents and time deposits were deposited with eleven system-relevant major banks in Austria and Germany. Around one-third was deposited with approximately 25 other banks in Europe, Australia, Asia, and the Americas.

On the liabilities side, the largest item comprised current liabilities, which amounted to EUR 157.9 million as at end-June 2024 (end-December 2023: EUR 142.4 million). Contract liabilities accounted for EUR 79.6 million of this amount (end-December 2023: EUR 72.1 million). The second largest item on the balance sheet was equity of EUR 149.4 million as at end-June 2024 (end-December 2023: EUR 155.6 million).

Non-current liabilities (third-largest item on the liabilities side) totalled EUR 77.9 million (end-December 2023: EUR 73.0 million). The biggest item here comprised non-current lease liabilities, which totalled EUR 34.3 million (end-December 2023: EUR 29.2 million).

Cash flow

The cash flow from operations declined to EUR 1.9 million in the first half of 2024 (H1 2023: EUR 4.1 million).

The cash outflow for operating activities was EUR 3.2 million in the first half of 2024 (H1 2023: outflow of EUR 1.0 million) and was mainly influenced by the changes in trade accounts receivable and contract liabilities.

The cash outflow for financing activities improved to EUR 6.6 million in the first half of 2024 (H1 2023: outflow of EUR 22.9 million). Most of the changes were due to time deposits. Capital expenditure (cash outflows for the purchase of intangible assets, property, plant and equipment) amounted to EUR 4.0 million in the first half of 2024, which was lower than in the first half of 2023 (EUR 5.7 million). However, an increase is expected in the second half of the year. Capital expenditure (capex) for 2024 will probably be around EUR 12 million.

The cash outflow for financing activities was EUR 9.2 million in the first half of 2024 (H1 2023: outflow of EUR 2.4 million) and was mainly due to the reduction in cash inflows from loans and other financing (a short-term loan was taken out in the first half of 2023).

The total cash outflow in the first half of 2024 was EUR 19.0 million (H1 2023: outflow of EUR 26.3 million). Cash and cash equivalents, excluding time deposits, were EUR 55.5 million as at end-June 2024 (end-June 2023: EUR 54.5 million).

Business relations with related parties

Transactions with associated companies and related parties are not material and mainly comprise deliveries of goods and services. These transactions are undertaken exclusively on an arm's length basis. For details see [↗](#) consolidated financial statements as at 30 June 2024, note 15 and [↗](#) consolidated financial statements as at 31 December 2023, note 36.

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' products are similar and are based on the same product platform. 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 similar.

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 grew by 18.5% to EUR 145.2 million in the first half of 2024 (H1 2023: EUR 122.5 million). EBIT improved to EUR -3.5 million (H1 2023: EUR -5.9 million).

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 is extending 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 with its Danish cooperation partner, Augmented Hearing, to develop audio enhancement suitable for the aviation industry. Using the AI-based software module from Augmented Hearing can reduce the workload of air traffic controllers resulting from noise exposure. The AI module is trained to suppress noise and works offline and on premises, while ensuring full reliability and GDPR compliance.

In 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 program 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' products are similar and are based on the same product platform. Moreover, the infrastructure to be installed for customers (phones, radio transmission, networks) is similar. Despite several international standardisation efforts, different national and regional requirements and regulations still apply.

Revenues in the Public Safety & Transport segment contracted by 5.1% to EUR 60.8 million in the first half of 2024 (H1 2023: EUR 64.1 million). EBIT dropped to EUR 0.9 million (H1 2023: EUR 5.8 million).

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.

Major milestones have been achieved in the 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.

In the Maritime business domain newly installed systems were accepted and taken into service, for example in India, Iceland, and Norway.

Opportunity and risk management

For information on opportunities and risks, please refer to the [Group Management Report as at 31 December 2023](#) on page 127f. of the Annual Report 2023.

Outlook

Forecast for 2024

The uncertainties remain and have increased in some respects:

- the war in Ukraine has entered its third year,
- the conflict in the Middle East is causing further tension,
- inflation is declining, but in the euro zone it is still far from the average of less than 2% seen since the start of the millennium,
- the major economic areas such as the USA and the euro zone will probably achieve growth of 2.6% and 0.9%, respectively, in 2024 (IMF forecast July 2024).

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Depending on the development of the aspects outlined above, Frequentis considers that it is moving in the right direction to achieve the following targets for FY 2024 compared with FY 2023:

- Increase revenues
- Increase order intake
- EBIT margin of around 6%.



Consolidated Financial Statements as at 30 June 2024

Consolidated income statement

	Note	01-06/2024 EUR thousand unaudited	01-06/2023 EUR thousand unaudited
Revenues	(3) (4)	206,215	186,799
Change in inventories of finished goods and work in progress	(3)	2,889	2,402
Own work capitalised	(3)	1,426	2,488
Other operating income	(3)	3,932	3,873
Profit from business combinations		0	3
Total income (operating performance)		214,462	195,565
Cost of materials and purchased services		-49,156	-44,903
Personnel expenses		-129,479	-113,430
Other operating expenses	(5)	-29,088	-29,043
Earnings before interest, taxes, depreciation, amortisation, and impairment losses (EBITDA)		6,739	8,189
Depreciation of property, plant and equipment and amortisation of intangible assets	(6)	-9,509	-8,483
Earnings before interest and taxes (EBIT)	(3)	-2,770	-294
Financial income		570	435
Financial expenses		-722	-615
Earnings from investments accounted for at equity		292	154
Profit/loss before tax		-2,630	-320
Income taxes		537	-197
Profit/loss for the period		-2,093	-517
Profit/loss attributable to:			
Equity holders of the company		-2,259	-997
Non-controlling interests		166	480
		-2,093	-517
Basic earnings per share		-0.17	-0.08
Diluted earnings per share		-0.17	-0.07

Consolidated statement of comprehensive income

	Note	01-06/2024 EUR thousand unaudited	01-06/2023 EUR thousand unaudited
Profit/loss for the period		-2,093	-517
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation		154	-676
Measurement of cash flow hedges		0	164
Income taxes		0	-39
Items that may not be reclassified to the income statement			
Remeasurement of post-employment benefits		-31	-169
Income taxes		5	41
Other comprehensive income, net of tax		128	- 679
Total comprehensive income		-1,965	-1,196
Total comprehensive income attributable to:			
Equity holders of the company		-2,146	-1,649
Non-controlling interests		181	453
		-1,965	-1,196

Consolidated statement of financial position

ASSETS	Note	30 June 2024 EUR thousand unaudited	31 Dec. 2023 EUR thousand audited
Non-current assets			
Property, plant and equipment		62,630	55,888
Intangible assets		16,326	17,514
Goodwill	(7)	11,305	11,351
Investments accounted for at equity		3,195	2,903
Other non-current financial assets	(9)	1,789	696
Deferred tax assets		7,383	5,617
		102,628	93,969
Current assets			
Inventories		33,476	26,628
Trade accounts receivable		76,395	81,029
Contract assets	(8)	81,543	61,272
Contract costs		2,313	2,394
Other current financial assets	(9)	1,219	3,257
Other current non-financial assets	(9)	15,123	15,202
Income tax receivables		5,497	2,641
Time deposits		11,502	10,500
Cash and cash equivalents		55,479	74,180
		282,547	277,103
Total assets		385,175	371,072

LIABILITIES AND EQUITY	Note	30 June 2024 EUR thousand unaudited	31 Dec. 2023 EUR thousand audited
Shareholders' equity			
Share capital		13,280	13,280
Capital reserves		21,138	21,138
Retained earnings	(10) (11)	113,118	119,702
Treasury shares		-314	-544
Adjustments for foreign currency translation		47	-109
Equity attributable to equity holders of the parent company		147,269	153,467
Non-controlling interests		2,086	2,157
Total shareholders' equity		149,355	155,624
Non-current liabilities			
Liabilities to banks and other financial liabilities		96	148
Provisions	(12)	20,075	19,665
Lease liabilities		34,315	29,187
Other non-current financial liabilities	(13)	13,778	13,972
Deferred tax liabilities		9,627	10,078
		77,891	73,050
Current liabilities			
Liabilities to banks and other financial liabilities		309	215
Contract liabilities	(8)	79,633	72,124
Trade accounts payable		22,273	18,937
Provisions	(12)	10,784	15,823
Lease liabilities		8,594	8,068
Other current financial liabilities	(13)	6,113	6,591
Other current non-financial liabilities	(13)	24,811	15,444
Current tax liabilities		5,412	5,196
		157,929	142,398
Total shareholders' equity and liabilities		385,175	371,072

Consolidated cash flow statement

	Note	01-06/2024 EUR thousand unaudited	01-06/2023 EUR thousand unaudited
Profit/loss before tax		-2,630	-320
Net interest income/expense		152	363
Foreign currency translation		-448	266
Profit/loss from the disposal of non-current assets		12	3
Depreciation of property, plant and equipment and amortisation of intangible assets		9,509	8,479
Earnings from investments accounted for at equity		-292	-154
Change in provisions	(12)	-4,659	-4,764
Income/expense relating to changes in variable purchase price payments		24	0
Other non-cash income/expenses		249	197
Net cash flow from operations		1,917	4,070
Change in inventories		-6,848	-9,373
Change in trade accounts receivable		4,633	13,556
Change in contract assets	(8)	-20,271	-21,054
Change in contract costs		81	708
Change in other receivables	(9)	1,898	-3,139
Change in trade accounts payable		2,264	6,035
Change in contract liabilities	(8)	7,509	1,158
Change in other liabilities	(13)	9,975	10,763
Change in net working capital		- 759	-1,346
Interest paid		-726	-833
Interest received		716	191
Income taxes paid		-4,316	-3,083
Net cash flow from operating activities		-3,168	-1,001

	Note	01-06/2024 EUR thousand unaudited	01-06/2023 EUR thousand unaudited
Cash inflows from the sale of intangible assets		0	0
Cash inflows from the sale of property, plant and equipment		16	6
Cash inflows from time deposits		33,736	5,000
Cash outflows for the purchase of intangible assets		-526	-492
Cash outflows for the purchase of property, plant and equipment		-3,505	-5,219
Cash outflows for time deposits		-34,738	-21,000
Cash outflows for non-current financial assets		-1,020	0
Cash outflows for the acquisition of subsidiaries, less acquired cash and cash equivalents		-561	-1,227
Net cash flow from investing activities		-6,598	-22,932
Dividends paid to owners	(10)	-3,185	-2,921
Dividends paid to non-controlling interests		-609	-469
Cash outflows for the acquisition of non-controlling interests		-1,428	0
Cash inflows from loans and other financing		471	5,600
Cash outflows for repayment of loans and other financing		-500	-160
Cash outflows for payments of principal on lease liabilities		-3,983	-4,450
Net cash flow from financing activities		-9,234	-2,400
Change in cash and cash equivalents:			
Net cash flow from operating activities		-3,168	-1,001
Net cash flow from investing activities		-6,598	-22,932
Net cash flow from financing activities		-9,234	-2,400
Net change in cash and cash equivalents		-19,000	-26,333
Cash and cash equivalents at start of period		74,180	81,380
Cash-flow related change in cash and cash equivalents		-19,000	-26,333
Foreign currency translation		299	-517
Cash and cash equivalents at end of period		55,479	54,530

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				(11)		(10)				
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					-2,259			-2,259	166	-2,093
Other comprehensive income			-42				156	114	15	128
Total comprehensive income			-42		-2,259		156	-2,146	181	-1,965
Dividends					-3,185			-3,185	-609	-3,794
Change in treasury shares					-42	230		188		188
Acquisition of non-controlling interests					-188			-188	4	-184
Changes in connection with put options					-687			-687	354	-333
Other changes				-181				-181		-181
As at 30 June 2024	13,280	21,138	-4,578	617	117,078	-314	47	147,269	2,086	149,355

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				(11)			(10)				
As at 1 January 2023	13,280	21,138	-3,524	739	-125	113,403	-221	364	145,055	2,224	147,279
Profit/loss for the period						-996			-996	480	-517
Other comprehensive income			-116		125			-662	-653	-26	-679
Total comprehensive income			-116		125	-996		-662	-1,650	453	-1,196
Dividends						-2,921			-2,921	-469	-3,390
Change in treasury shares						-165	196		31		31
Acquisition of non-controlling interests										1,123	1,123
Changes in connection with put options						-373			-373	-530	-903
Other changes				-103		-1			-104		-104
As at 30 June 2023	13,280	21,138	-3,640	636	0	108,947	-24	-298	140,038	2,801	142,839

Selected notes to the condensed consolidated interim financial statements

1. General information

These interim financial statements include Frequentis AG and its subsidiaries (subsequently referred to as the Frequentis Group, Frequentis, or the Group).

Frequentis AG is a company established under Austrian law. Its registered address is Innovationsstrasse 1, 1100 Vienna, Austria, and it has been listed on the Vienna and Frankfurt stock exchanges since May 2019.

The consolidated interim financial statements of Frequentis AG have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union, and therefore in accordance with the provisions of IAS 34. They are presented in condensed form.

In the opinion of the management, the consolidated interim financial statements contain all adjustments required to provide a true and fair view of the Frequentis Group's net assets, financial position, and results of operations. The consolidated interim financial statements have not been audited, nor have they been subject to a review. They should be read in conjunction with the audited consolidated financial statements of the Frequentis Group as at 31 December 2023 and are not necessarily indicative of the year-end results for 2024.

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. Within the sector, the individual segments of the Frequentis Group are exposed to the same fluctuations as their competitors (lower revenues and earnings in the first and second quarters and higher revenues and earnings in the third and fourth quarters). This is because a high proportion of the Frequentis Group's customers are public authorities and government-related businesses, which often only utilise their budget for the current year in the final quarter since they only take the related decisions in the third or fourth quarter. Consequently, the Frequentis Group normally generates a considerable proportion of its revenues in the second half of the year and usually reports negative earnings during the first half of the year as fixed costs are incurred evenly during the year.

Rounding may result in minor discrepancies in totals and percentages as a result of the use of automatic data processing.

Consolidated group

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

Changes to the consolidated group

On 7 March 2024, 49% of the shares in Systems Interface Limited, UK, were purchased for EUR 1,428 thousand, increasing Frequentis' controlling interest from 51% to 100%.

2. Accounting policies

The interim financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" and require estimates and assumptions that affect the amounts reported. The significant assumptions and key sources of estimation uncertainty remain unchanged from those set out in the notes to last year's consolidated financial statements. The actual results could differ from these estimates.

New and amended standards and interpretations

When preparing the consolidated interim financial statements, the following amendments to existing IAS/IFRS standards and interpretations, as well as the new standards and interpretations, were applied, insofar as they had been endorsed by the European Union by 30 June 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 interim financial statements. The effects of these changes on the financial statements were insignificant.

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' products are similar and are based on the same product platform. 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 similar.

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' products are similar and are based on the same product platform. Moreover, the infrastructure to be installed for customers (phones, radio transmission, networks) is similar. 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.

01-06/2024	Air Traffic Management EUR thousand	Public Safety & Transport EUR thousand	Reconciliation/ consolidation EUR thousand	Total EUR thousand
Revenues	145,203	60,817	194	206,215
Change in inventories of finished goods and work in progress	876	884	1,128	2,889
Own work capitalised	1,146	238	43	1,426
Other operating income	2,687	640	605	3,932
Total income (operating performance)	149,912	62,579	1,970	214,462
EBIT	-3,468	857	-159	-2,770

01-06/2023	Air Traffic Management EUR thousand	Public Safety & Transport EUR thousand	Reconciliation/ consolidation EUR thousand	Total EUR thousand
Revenues	122,501	64,112	186	186,799
Change in inventories of finished goods and work in progress	1,205	580	617	2,402
Own work capitalised	2,418	0	70	2,488
Other operating income	3,062	665	146	3,873
Profit from business combinations	0	0	3	3
Total income (operating performance)	129,186	65,357	1,022	195,565
EBIT	-5,902	5,805	-197	-295

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 the reporting period nor in the prior-year period did the Frequentis Group generate more than 10% of its total revenues with any single customer.

Orders on hand as at 30 June 2024 totalled EUR 621,140 thousand (30 June 2023: EUR 546,720 thousand). The ATM segment accounted for EUR 377,838 thousand (30 June 2023: EUR 343,741 thousand) of this amount and the PST segment for EUR 243,302 thousand (30 June 2023: EUR 202,979 thousand).

4. Revenues

The revenue split by category in the reporting period was as follows:

	01-06/2024 EUR thousand	01-06/2023 EUR thousand
New products and/or new customer business	79,011	70,510
IBB (installed base business)	120,559	109,757
Other revenues	6,645	6,532
	206,215	186,799

The regional breakdown of revenues by end-users was as follows:

	01-06/2024 EUR thousand	01-06/2023 EUR thousand
Europe	131,437	125,590
Americas	35,524	26,799
Asia	24,164	19,557
Australia/Pacific	10,728	11,934
Africa	2,550	1,591
Small orders (not allocated)	1,811	1,329
	206,215	186,799

The line item "small orders" relates to revenues from customer contracts that were not allocated to the other categories in the above table.

5. Other operating expenses

	01-06/2024 EUR thousand	01-06/2023 EUR thousand
Travel expenses	6,768	6,006
Other consulting expenses	2,572	2,463
Licenses (terms of up to 1 year)	2,569	1,991
External personnel	2,254	2,275
Advertising	2,141	2,100
Insurance expenses	1,616	1,379
Maintenance	1,252	1,205
Legal and consulting expenses	1,154	1,203
Energy	954	1,801
Staff recruitment	935	744
Operating expenses (buildings)	907	855
Transport	891	804
Changes in the fair value of forward exchange contracts	844	3
Vehicles	727	635
Telephone and communications expenses	690	618
Cleaning	670	555
Exchange rate differences	343	1,573
Miscellaneous	1,801	2,833
	29,088	29,043

Energy costs were lower than in the first half of 2023 as energy prices declined.

6. Depreciation of property, plant and equipment and amortisation of intangible assets

	01-06/2024 EUR thousand	01-06/2023 EUR thousand
Depreciation of right-of-use assets	4,781	4,465
Depreciation of property, plant and equipment and amortisation of intangible assets	4,358	3,478
Depreciation and amortisation of low-value assets	370	540
	9,509	8,483

7. Goodwill

Goodwill decreased by EUR 46 thousand in the reporting period as a result of currency translation differences.

For the purpose of impairment testing, goodwill has been allocated to the Frequentis Group's cash-generating units (CGUs) as follows:

	30 June 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	3,486	3,537
Regola S.r.l.	2,412	2,412
Systems Interface Ltd.	206	201
team Technology Management GmbH	53	53
	11,305	11,351

As at the date of preparation of the financial statements, there were no indications of any need to recognise an impairment loss. The annual impairment test is performed in the fourth quarter of the financial year.

8. Contract assets and contract liabilities

	30 June 2024 EUR thousand	31 Dec. 2023 EUR thousand
Contract assets	122,704	98,135
Advances from customers	-41,161	-36,863
	81,543	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.

It is assumed that there are no relevant default risks for contract assets. In the case of orders for which the Group makes advance payments, the creditworthiness of customers is carefully reviewed. These orders primarily relate to work for public authorities or major international companies.

The increase in contract assets compared with 31 December 2023 is the net result of a large number of newly commenced and invoiced projects.

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:

	30 June 2024 EUR thousand	31 Dec. 2023 EUR thousand
Advances for customer projects	90,298	86,504
Advances offset against contract assets	-37,036	-33,411
	53,262	53,093
Other contract liabilities	10,861	9,422
Other contract liabilities offset against contract assets	-4,125	-3,452
	6,736	5,970
Accrued revenue for maintenance contracts	18,926	11,927
Liabilities for outstanding performance obligations for customer orders after final invoicing (current)	571	939
Liabilities for outstanding performance obligations for customer orders after final invoicing (non-current)	138	195
Total contract liabilities	79,633	72,124

Other contract liabilities contain contractual claims to advance payments.

9. Other assets

	30 June 2024 EUR thousand	31 Dec. 2023 EUR thousand
Pension reinsurance	454	454
Equity instruments	22	22
Loan to Nemergent Solutions S.L.	1,020	0
Other financial assets	293	220
Other non-current financial assets	1,789	696
Receivables from grants and subsidies	754	1,925
Positive fair value of derivatives	84	728
Other financial assets	381	604
Other current financial assets	1,219	3,257
Prepaid expenses and deferred charges	11,333	7,293
Receivables from research grants and incentives	2,303	5,896
Receivables from fiscal authorities (excluding income taxes)	1,174	1,691
Other assets	313	322
Other current non-financial assets	15,123	15,202

10. Share capital and retained earnings

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 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 treasury shares, also 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 treasury 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 treasury 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 30 June 2024, there were 13,269,423 shares outstanding (31 December 2023: 13,261,515) and the company held 10,577 treasury shares (31 December 2023: 18,485).

The development of shareholders' equity is presented in the consolidated statement of changes in shareholders' equity.

Dividend

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.

11. 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 three years. The targets for the key indicators were set by the Supervisory Board. On the settlement date (at the earliest three 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 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%.

In order to qualify for the allocation of shares in the company, targets must be achieved. The achievement of the targets for each of the plans is measured over a three-year performance period.

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	93.5%	87%	72.4%	119%
Expected no. of shares	16,830	15,660	13,032	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 established 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 consideration 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 271 thousand (H1 2023: EUR 213 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.

12. Provisions

The provisions comprise:

	30 June 2024 EUR thousand	31 Dec. 2023 EUR thousand
Provisions for severance payments	16,555	16,609
Provisions for pensions	4,694	4,599
Less pension insurance scheme	-2,698	-2,645
	1,996	1,954
Provisions for anniversary bonuses	302	295
Other provisions	1,222	807
Total non-current provisions	20,075	19,665
Provisions for bonuses	6,907	12,144
Provisions for projects	1,041	1,503
Provision for litigation costs	845	845
Other provisions	1,991	1,331
Total current provisions	10,784	15,823

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.

The other non-current provisions contain provisions of EUR 1,010 thousand (31 December 2023: EUR 619 thousand) for projects because the expected future expenses exceed expected revenues.

The reduction in provisions for bonuses resulted from almost complete disbursement of bonuses and variable salaries to employees for 2023, while only pro-rata additions were made to provisions for 2024.

13. Other liabilities

The other liabilities comprise:

	30 June 2024 EUR thousand	31 Dec. 2023 EUR thousand
Liability for put options, non-controlling interests	11,151	10,818
Earn-out payment liabilities	961	1,502
Loan from FFG (Austrian Research Promotion Agency)	1,214	850
Loans from non-controlling interests	0	434
Other liabilities	422	368
Total non-current financial liabilities	13,778	13,972
Liabilities in connection with an operating lease	2,580	2,625
Liability for put options, non-controlling interests	0	1,244
Negative fair value of derivatives	898	787
Earn-out payment liabilities	505	502
Loans from non-controlling interests	30	30
Other liabilities	2,100	1,403
Total current financial liabilities	6,113	6,591
Accrual for holidays not yet taken	9,173	5,607
Liabilities to the fiscal authorities (excluding income taxes)	4,117	3,884
Advances received in connection with grants and subsidies	3,100	3,072
Liabilities to health insurers	5,516	829
Accrual for overtime	804	716
Accrual for consultancy costs	364	768
Other liabilities	1,737	568
Total current non-financial liabilities	24,811	15,444

Other information

14. Financial instruments

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).

30 June 2024	Measured at fair value		Measured at amortised cost		Total carrying amount
	Mandatory recognition at fair value through profit or loss	Equity instruments – at fair value through profit or loss	Financial assets	Other financial liabilities	
Financial assets					
Equity instruments		22			22
Time deposits			11,502		11,502
Trade accounts receivable			76,395		76,395
Derivative financial instruments	84				84
Other current and non-current assets			2,903		2,903
Cash and cash equivalents			55,479		55,479
Total	84	22	146,279		146,385
Financial liabilities					
Liabilities to banks and other financial liabilities				405	405
Trade accounts payable				22,273	22,273
Lease liabilities				42,909	42,909
Derivative financial instruments	898				898
Liabilities relating to put options and earn-out agreements	12,618				12,618
Other liabilities				6,375	6,375
Total	13,516			71,962	85,478

31 Dec. 2023	Measured at fair value		Measured at amortised cost		Total carrying amount
	Mandatory recognition at fair value through profit or loss	Equity instruments – at fair value through profit or loss	Financial assets	Other financial liabilities	
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 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.

There is no quoted price available on an active market for the equity instruments Altitude Angel Ltd. and 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 ATRiCS Advanced Traffic Solutions GmbH, 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 of EUR 1,467 thousand (31 December 2023: EUR 2,004 thousand) 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 of EUR 11,151 thousand (31 December 2023: EUR 12,062 thousand) 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

A distinction is made between derivative and non-derivative financial instruments. The derivative financial instruments primarily include economic hedging instruments (which are not designated as part of a hedge relationship) used to hedge changes in exchange rates.

Derivative financial instruments

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 30 June 2024.

The following table shows the development of the derivative financial instruments:

30 June 2024	Derivative			Total
Sale currency	Sale amount	Purchase amount EUR thousand	Average hedging rate	Fair value EUR thousand
AUD	-5,123	3,171	1.62	10
CAD	400	-270	1.48	1
CZK	29,292	-1,163	25.19	3
HKD	16,307	-1,916	8.51	25
NOK	9,185	-789	11.64	18
QAR	5,174	-1,301	3.98	24
SGD	456	-311	1.47	2
USD	116	-107	1.09	1
		-2,686		84
AUD	-370	226	1.64	-3
CAD	-1,274	824	1.55	-31
CHF	300	-315	0.95	0
GBP	-3,979	4,398	0.90	-225
HKD	-7,610	894	8.51	-12
MXN	*)	-7		-7
QAR	-5,174	1,301	3.98	-24
SGD	-681	427	1.60	-42
USD	-23,531	21,111	1.11	-554
		28,859		- 898

*) Balance of total sale and purchase transactions in MXN amounts to 0

31 Dec. 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 84 thousand was recognised in other receivables as at 30 June 2024 (31 December 2023: EUR 728 thousand), while a negative fair value of EUR 898 thousand was recognised in other liabilities (31 December 2023: EUR 787 thousand).

15. Information on business relations with related parties

Transactions with associated companies and related parties are not material and mainly comprise deliveries of goods and services. These transactions are undertaken exclusively on an arm's length basis.

In the first six months of 2024, a loan of EUR 1,020 thousand was granted to Nemergent Solutions S.L. to finance current development projects. There was no significant change in existing business relations compared with the transactions presented in note 36 in the Annual Report 2023.

16. Significant events after the reporting date

On 24 June 2024, an agreement was signed to acquire all shares in Groiss Informatics GmbH, which has its registered office in Klagenfurt, Austria. This transaction was closed on 1 July 2024.

The purchase price for the shares was EUR 531 thousand and it was paid on 4 July 2024 less a discount of EUR 106 thousand as security for warranty claims.

Statement by all legal representatives pursuant to Section 125 Paragraph 1 of the (Austrian) Stock Exchange Act

We hereby confirm that, to the best of our knowledge, the condensed interim financial statements as at 30 June 2024, drawn up in compliance with the applicable accounting standards, provide a true and fair view of the Group's net assets, financial position, and results of operations, and that the half-year management report provides a true and fair view of the net assets, financial position, and results of operations in respect of the significant events of the first six months of the financial year and their impact on the condensed interim financial statements as at 30 June 2024, the major risks and uncertainties relating to the remaining six months of the financial year, and major business transactions with related parties that are subject to disclosure.

Vienna, 12 August 2024



Norbert Haslacher
Chairman
of the Executive Board



Monika Haselbacher
Member
of the Executive Board



Peter Skerlan
Member
of the Executive Board



Karl Wannemacher
Member
of the Executive Board

Financial Calendar

<http://www.frequentis.com/en/ir> > Financial Calendar

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