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FREQUENTIS AG

(a joint stock corporation incorporated under the laws of Austria under registered number FN 72115 b)

Offering of up to 2,700,000 Ordinary Bearer Shares (with no par value)

(and up to an additional 400,000 Ordinary Bearer Shares to cover over-allotments)

Admission to trading and listing of up to 13,199,999 Ordinary Bearer Shares (with no par value) on the Regulated Market (segment General Standard) of the Frankfurt Stock Exchange and on the Regulated Market (segment Prime Market) of the Vienna Stock Exchange

Price Range: EUR 18.00 to EUR 21.00 per Offer Share

This prospectus (the “**Prospectus**”) relates to the offering of up to 3,100,000 no par value ordinary bearer shares in Frequentis AG, a stock cooperation organised under Austrian law (“**Frequentis**” or the “**Company**” and, together with its consolidated subsidiaries, “**Frequentis Group**” or the “**Group**”), each such share representing a calculated notional amount of EUR 1.00 of the nominal share capital and with full dividend rights from, and including, the financial years starting from January 1, 2018 (to be declared in 2019). The offering consists of up to 1,200,000 new ordinary no par value bearer shares (the “**New Shares**”), which will be newly issued by the Company following a share capital increase, up to 1,500,000 existing ordinary no par value bearer shares (the “**Reallocation Shares**”) offered by Mr. Johannes Bardach (the “**Selling Shareholder**”), and up to an additional 400,000 existing ordinary no par value bearer shares borrowed from the Selling Shareholder to cover over-allotments (the “**Overallotment Shares**” and together with the New Shares and the Reallocation Shares the “**Offer Shares**”).

The Offer Shares will be offered in an international offering (the “**Offering**”), which consists of (i) a public offering to retail and institutional investors in the Republic of Austria (“**Austria**”) and the Federal Republic of Germany (“**Germany**”) and (ii) a private placement outside Austria and Germany and the United States of America pursuant to Regulation S under the United States Securities Act of 1933 (as amended, the “**Securities Act**”) to selected institutional investors. The Selling Shareholder and the other existing shareholders have waived their subscription rights for the New Shares.

The offer period during which investors may offer to purchase Offer Shares in the Offering begins on April 27, 2019 and is expected to end on May 8, 2019 (the “**Offer Period**”). The Offer Period may be shortened, extended or terminated at the absolute discretion of the Selling Shareholder, the Company and the Joint Bookrunners and Joint Lead Managers (as defined below) at any time. The price range within which purchase offers for the Offer Shares may be submitted has been set at EUR 18.00 to EUR 21.00 per share (the “**Price Range**”). Prior to this offering, no public market for the shares of the Company exists. The placement volume (“**Placement Volume**”) and offer price (the “**Offer Price**”) will be set on or about May 8, 2019. The Company will apply for admission of its shares, including the Offer Shares (all shares together, except for one registered share as described in more detail below, the “**Shares**”), ISIN ATFREQUENT09, to trading on the General Standard segment of the Frankfurt Stock Exchange and on the Prime Market segment of the Vienna Stock Exchange, both of which are regulated markets for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (as amended, “**MiFID II**”). Trading of the Shares is expected to commence on or about May 14, 2019.

The Offering and the Offer Shares have not been and will not be registered under the securities laws of any jurisdiction other than Austria, and, in particular, have not been and will not be registered under the Securities Act of the United States of America (the “United States” or “U.S.”). The Offer Shares are transferable only in accordance with the restrictions described under “Selling Restrictions”.

An investment in Shares carries a high degree of risk. See “Risk Factors” beginning on page 17 to read about risks to which the Frequentis Group is exposed and that should be considered prior to purchasing Shares after their anticipated listing. The Shares should be traded only by persons knowledgeable in investment matters.

The Shares will be represented by one or more global certificates, which will be deposited with OeKB CSD GmbH (“**OeKB CSD**”). The Offer Shares will be credited on or about May 14, 2019, to the accounts of investors in book-entry form through the facilities of OeKB CSD, and Clearstream Banking AG (“**CBF**”) in each case against payment of the Offer Price.

This Prospectus has been prepared in accordance with Annexes I, III, XXII and XXX of Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended, the Austrian Capital Markets Act (*Kapitalmarktgesetz*; the “**Capital Markets Act**”) and has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*; the “**FMA**”) in its capacity as competent authority under the Capital Markets Act. The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under applicable Austrian law. The FMA examines the Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to section 8a of the Capital Markets Act. The FMA was requested to notify this Prospectus to the German financial market authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; “**BaFin**”); no offer to the public will be made in Germany before such notification.

Joint Bookrunners and Joint Lead Managers

COMMERZBANK

flatex Bank AG

The date of this Prospectus is April 26, 2019

NOTICE

This Prospectus is to be read and construed with any supplement thereto and with any other documents which are deemed to be incorporated herein by reference (see “*Documents incorporated by reference and other information—Financial statements - documents incorporated by reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

The information contained in this Prospectus has been provided by Frequentis and the other sources identified herein. COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt/Main, Germany and flatex Bank AG, Rotfeder-Ring 7, 60327 Frankfurt/Main, Germany, are acting as joint bookrunners and joint lead managers (the “**Joint Bookrunners and Joint Lead Managers**” or the “**Managers**”) and have not independently verified any such information. To the extent permitted by the laws of any relevant jurisdiction, no representation or warranty is made or implied by the Managers or any of their affiliates, and neither the Managers nor any of their affiliates make any representation or warranty or accept any responsibility, as to the accuracy or completeness of the information contained in this Prospectus or any other documents incorporated by reference or for any statement purported to be made by or on behalf of the Managers.

No person is or was authorised to give any information or make any representation concerning the Company or the Shares which is not contained in or not consistent with this Prospectus or any information supplied by the Company or such other information as in the public domain and, if given or made, such information or representation must not be relied upon as having been authorised by the Company or the Managers. In making an investment decision, investors must rely on their own examination of the Company and the terms of the Shares including the merits and risks involved. Any decision to purchase Shares should solely be based on this Prospectus.

The Company has confirmed to the Managers that the information contained in this Prospectus with respect to the Company and the Shares is true and accurate in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; and that there are no other facts, the omission of which would make any statement, whether fact or opinion, in this Prospectus misleading in any material respect; that all reasonable enquiries have been made to verify the foregoing.

This Prospectus as well as any supplement hereto reflect the status as of their respective dates of issue. The delivery of this Prospectus and the offering, sale or delivery of any Shares may not be taken as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Company since such date or that any other information supplied in connection with the Prospectus is accurate at any time subsequent to the date on which it is supplied.

Neither this Prospectus nor any supplement(s) thereto constitute an offer or an invitation to subscribe for or purchase any Shares in any jurisdiction in which or to persons to which such offer or invitation would be unlawful and should not be considered as a recommendation by the Company or any Manager that any recipient of this Prospectus should subscribe for or purchase any Shares. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdictions. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Company.

This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised by the Company or to any person to whom it is unlawful to make such an offer or solicitation.

In connection with the Offering, flatex Bank AG, Frankfurt am Main (or persons acting on its behalf) will act as stabilisation manager (the “**Stabilisation Manager**”) and may over-allot or effect transactions with a view to stabilising the market price of the Shares at levels above those which might

otherwise prevail in the open market, for a period of 30 calendar days after the date of commencement of trading of the Shares on the Frankfurt Stock Exchange or the Vienna Stock Exchange. Such transactions may be effected on the Frankfurt Stock Exchange, the Vienna Stock Exchange, in the OTC market or otherwise. However, there is no obligation for the Stabilisation Manager to do so. Any stabilisation, if begun, may be ended at any time, but it must end no later than 30 calendar days after the date of commencement of trading of the Shares on the Frankfurt Stock Exchange or the Vienna Stock Exchange. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager in accordance with all applicable laws and rules.

In this Prospectus, all references to “€”, “Euro” or “EUR” are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of the Council Regulation (EC) No. 974/98 of May 3, 1998, on the introduction of the Euro, as amended. All references to “\$” or “USD” are to U.S. dollar, the official currency of the United States.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements relating to the Frequentis Group’s business, financial condition, results of operations and strategies, and the industry in which it operates. Forward-looking statements concern future circumstances and results and include other statements that are not historical facts, sometimes identified by the words “might”, “will”, “should”, “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, “seeks”, “pursues”, “goal” and similar expressions. Such statements reflect the Frequentis Group’s current views with respect to future events and are subject to risks and uncertainties. In this Prospectus, forward-looking statements include, *inter alia*, statements relating to the Frequentis Group’s implementation of its strategic initiatives, the development of aspects of the Frequentis Group’s results of operations, the Frequentis Group’s competitive position, certain financial targets the Frequentis Group has set for itself, the Frequentis Group’s expectations relating to the impact of risks that affect its business, including those set forth below under “*Risk Factors*”, future developments in the market segments in which the Group operates (including demand and prices), the Frequentis Group’s future business development, financial condition and economic performance, and general economic trends and developments.

The Frequentis Group bases these forward-looking statements on its current plans, estimates, projections and expectations. These statements are based on certain assumptions that, although reasonable at this time, may prove to be erroneous. Investors should not place undue reliance on these forward-looking statements. Many factors could cause the Frequentis Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, *inter alia*, changes in general economic and business conditions, levels of demand and pricing, changes and volatility in currency exchange rates and interest rates, changes in raw material and product prices and inability to pass price increases on to customers, governmental budget restrictions, changes in governmental policy, laws and regulations and political and social conditions, changes in the competitive environment, technological trends and developments, competitive environment, the success of the Frequentis Group’s acquisitions and divestitures, other factors that are discussed in more detail under “*Risk Factors*” below; and factors that are not known to the Frequentis Group at this time.

Should one or more of these factors or uncertainties materialise, or should the assumptions underlying the forward looking statements included in this Prospectus prove incorrect, events described in this Prospectus might not occur or actual results may deviate materially from those described in this Prospectus as anticipated, believed, estimated or expected, and the Frequentis Group may not be able to achieve its financial targets and strategic objectives. Other than as required by law, the Company does not intend, and does not assume any obligation, to update the forward-looking statements set forth in this Prospectus.

SELLING RESTRICTIONS

General

No action has been taken by the Company, the Selling Shareholder or the Managers that would permit possession or distribution of this Prospectus or any other offering material to investors or an offer of the Offer Shares in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those in the paragraphs that follow.

Member states of the European Economic Area

In relation to each member state of the European Economic Area which has implemented Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 (as amended, inter alia, by Directive 2010/73/EU) (the “**Prospectus Directive**” and each of the aforementioned member states a “**Relevant Member State**”) no communication will be made in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares (an “**Offer to the Public**”) in that Relevant Member State other than the Offering contemplated in the Prospectus in Austria and Germany, except that an Offer to the Public can be made by the Company, the Selling Shareholder or the Managers in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- i) to any qualified investor as defined in the Prospectus Directive,
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such offer, or
- (iii) in any other circumstances falling within Article 3 (2) of the Prospectus Directive;

provided that no such offer (as described above under (i) to (iii)) of Offer Shares shall result in a requirement for the publication of a further prospectus or the notification of the Prospectus to another authority by the Company, the Selling Shareholder or the Managers pursuant to Article 3 of the Prospectus Directive.

Switzerland

The Offer Shares may not be publicly distributed in Switzerland under the terms of the underwriting agreement (for a detailed description see “*Underwriting*”). This Prospectus may not be sent, copied or otherwise made available for this purpose and the Offer Shares may not be offered for subscription in Switzerland, except to qualified investors under Swiss law. This document does not constitute an issue prospectus within the meaning of Article 652a or 1156 of the Swiss Code of Obligations nor a listing prospectus within the meaning of the listing regulations of SIX Swiss Exchange AG.

United Kingdom

The sale of the Shares in the United Kingdom of Great Britain and Northern Ireland (the “**United Kingdom**”) is also subject to restrictions. The Managers, the Company and the Selling Shareholder will also undertake under the underwriting agreement (i) not to offer Offer Shares in the United Kingdom, except by private placement to qualified investors within the meaning of Article 86 of the Financial Services and Markets Act 2000 as amended (“**FSMA**”) or otherwise, which do not require the Company to publish a prospectus pursuant to Article 85(1) FSMA, (ii) to make any solicitation or announcement, investment activity referred to in Article 21 FSMA only to persons acting as investment professionals in accordance with Section 19(5) of the Financial Services and Markets Act

2000 (Financial Promotion) Order 2005 or in circumstances where Article 21 FSMA does not intervene; and (iii) to comply with all applicable provisions of the FSMA in all actions they have taken or will take in respect of the Shares in the United Kingdom, from there or otherwise in relation to the United Kingdom.

United States

The Offering and the Offer Shares have not been and will not be registered under the securities laws of any jurisdiction other than Austria and Germany, and, in particular, have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States. Accordingly, the Offer Shares may not be offered, sold, delivered, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S, as amended, and regulations thereunder), unless they are registered under the Securities Act, or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings

A.1 Warnings This summary must be read as an introduction to this prospectus (the “**Prospectus**”).

Any decision to invest in the no-par value ordinary voting bearer shares (all of the issuer’s shares including the shares which are subject matter of this Prospectus, but excluding one registered share with restricted transferability (“**Share No. 1**”), together the “**Shares**”) should be based on consideration of the Prospectus as a whole by the investor.

Where a claim relating to the information contained in the Prospectus is brought before a court, a plaintiff investor might, under the national legislation of the relevant member state, have to bear the costs of translating this Prospectus before legal proceedings are initiated.

Civil liability attaches to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other sections of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

A.2 Consent by the issuer to the use of the Prospectus by financial intermediaries

Frequentis AG (“**Frequentis**”, or the “**Company**” and together with its consolidated subsidiaries, the “**Frequentis Group**”) gives its express consent to the use of this Prospectus for a subsequent resale or final placement of Shares in the Republic of Austria and in the Federal Republic of Germany by financial intermediaries, which are credit institutions within the meaning of Art. 4 para. 1 number 1 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and licensed in accordance with Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, from April 27 to May 8, 14:00 Central European summer time. The before-mentioned financial intermediaries can make a subsequent resale or final placement of the offered Shares during this period. The Company accepts responsibility

for the content of this Prospectus also with respect to a subsequent resale or final placement of the offered Shares by any financial intermediary which was given consent to use this Prospectus; any liability of the Company beyond that is excluded. No other conditions relevant for the use of this Prospectus are attached to the consent.

The Company may revoke or limit its consent at any time, whereby such revocation or limitation requires a supplement to this Prospectus.

Any financial intermediary using this Prospectus must (i) state on its website that it uses this Prospectus in accordance with the consent and the conditions attached thereto and (ii) ensure that it complies with all applicable laws and regulations in force in the respective jurisdiction. In the event of an offer being made by a financial intermediary, such financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

Section B – Frequentis AG

B.1 Legal and commercial name The legal name of the issuer is Frequentis AG, its commercial name is Frequentis.

B.2 Domicile, legal form, legislation, country of incorporation The Company has its registered office at Innovationsstraße 1, 1100 Vienna, Austria and is registered in the Austrian Companies Register (*Firmenbuch*) under registration number FN 72115 b. The Company is an Austrian joint stock corporation (*Aktiengesellschaft*), incorporated in the Republic of Austria for an indefinite period of time and governed by Austrian law.

B.3 Current operations and principal business activities and principal markets in which the Company competes Frequentis is a globally operating provider of communication and information solutions for control centres that perform safety-critical tasks. The Frequentis Group operates in specialised segments of the global markets for transport and safety infrastructure and divides its business into the core business domains air traffic management and public safety & transport.

The Company believes it is a leading provider of safety-critical communication, information and automation systems and services, designed as control centre solutions. Frequentis' control centres manage traffic flows or emergency services and support operators (e.g. air traffic controllers, dispatchers) in their safety-critical tasks. The Frequentis Group, with 27 subsidiaries as well as regional offices and sales representatives in more than 50 countries, serves customers in approximately 140 countries.

<p>B.4a Most significant recent trends affecting the Company and the industries in which it operates</p>	<p>The Frequentis Group’s results of operations and financial condition are affected by a number of factors, some of which also impact the (air) traffic industry in general. Management believes that the following key factors have affected the Frequentis Group’s results of operations and financial condition and are likely to continue to have a significant influence on the Frequentis Group’s results of operations and financial condition:</p> <p>(i) Mobility (increased mobility leads to capacity bottlenecks in air traffic and increasing pressure to enhance efficiency and to a growing importance of rail transport and shipping), (ii) technology (new technologies (e.g. social media, new mobile communication standards like long term evolution, or drones) are of relevance for control centres, and lead to new operating concepts (e.g. remote operation)), and (iii) a rising need for safety and security due to altered risks and threats.</p>
<p>B.5 Description of the group and the Company’s position within the group</p>	<p>The Company has 27 subsidiaries in which it holds (directly or indirectly) a share of 20% or more.</p> <p>The Company is the parent company of the Frequentis Group. Frequentis considers the following entities to be its significant subsidiaries:</p> <ul style="list-style-type: none"> • CNS Solutions & Support GmbH (Austria) • PDTS GmbH (Austria) • FREQUENTIS COMSOFT GmbH (Germany) • Frequentis Deutschland GmbH (Germany) • Frequentis USA Inc. (United States)
<p>B.6 Persons who, directly and indirectly, have a notifiable interest in the Company’s capital or voting rights.....</p>	<p>Currently, the share capital of the Company is held by Mr. Johannes Bardach (the “Selling Shareholder”) (30.58%), Frequentis Group Holding GmbH (66.00%), Mr. Christian Pegritz (2.04%), Mr. Hermann Mattanovich (1.38%).</p> <p>In order to prepare, support and facilitate a going public of Frequentis, the Selling Shareholder has sold 7.56% of the Shares to various pre-IPO investors, the transfer of these Shares is conditional upon completion of this offering of Shares which is subject matter of this Prospectus (the “Offering”).</p> <p>Following completion of the Offering, assuming full placement of the offered Shares, including full exercise of a greenshoe option and following closing of the pre-IPO placements, the participation will be as follows: The Selling Shareholder (6.54%), Frequentis Group Holding GmbH (60.00%),</p>

Mr. Pegritz (1.86%), Mr. Mattanovich (1.25%) and free float (including pre-IPO investors) (30.36%).

Different voting rights Every Share grants the same voting right. Additionally, according to the articles of association the holder of Share No. 1 is entitled to delegate one third of the shareholder representatives of the supervisory board.

Direct and indirect ownership of or control over the Company and nature of such control The Selling Shareholder controls the Company. After the Offering, the Selling Shareholder as principal shareholder of the Company will still be able to significantly influence matters requiring shareholder approval.

B.7 Selected historical key financial information presented for each financial year of the period covered by the historical financial information

The selected historical financial information of the Frequentis Group as at and for the years ended December 31, 2018, 2017 and 2016 as set out below has been extracted or derived from the audited annual consolidated financial statements, which are incorporated in this Prospectus by reference. The audited annual consolidated financial statements were prepared in accordance with international financial reporting standards.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except otherwise noted)		
	(audited, except otherwise noted)		
Revenues	285.8	266.9	241.2
Change in inventories of finished goods and work in progress ⁽¹⁾	0.7	n.a.	n.a.
Own work capitalized.....	0.0	0.1	0.2
Other operating income	7.4	7.6	10.7
Total operating performance	293.9	274.5	252.2
Earnings before interest and taxes (EBIT).....	15.6	14.3	12.4
Financial results	0.1	-0.1	-0.3
Profit before tax	15.9	14.4	12.2
Profit for the financial year	11.8	10.7	9.2
	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except otherwise noted)		
	(audited, except otherwise noted)		
Non-current assets	28.8	22.4	24.9
Current assets	169.2	172.3	158.8
Total assets.....	198.0	194.6	183.7
Total equity	85.6	90.1	81.0
Non-current liabilities	30.0	28.8	31.0
Current liabilities.....	82.4	75.7	71.7
Total equity and liabilities.....	198.0	194.6	183.7

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except otherwise noted)		
	(audited, except otherwise noted)		
Net cash flow from operating activities...	4.6	16.7 ⁽¹¹⁾	38.8
Net cash flow from investing activities ...	-4.4	-4.4	-15.8
Net cash flow from financing activities...	-14.2	-3.7 ⁽¹¹⁾	7.7
Net change in cash and cash equivalents	-14.1	8.6	30.8
Cash and cash equivalents at end of period	45.5	77.7	69.1

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except percentages)		
	(audited, except otherwise noted)		
EBIT margin ⁽²⁾ (in %).....	5.3%	5.2%	4.9%
Equity ratio ⁽³⁾ (in %).....	43.2%	46.3%	44.1%
Net balance cash / (debt) ⁽⁴⁾	55.4	70.0	59.5
Free cash flow ⁽⁵⁾ (unaudited)	0.1	12.3	23.1
Order intake ⁽⁶⁾ (unaudited).....	306.3	287.8	259.5
Increase in order intake ⁽⁷⁾ (in %, unaudited)	6.4%	10.9%	n.a.
Research and development ("R&D") to revenue ratio ⁽⁸⁾ (unaudited).....	14.0%	15.9%	17.8%
Increase in total operating performance ⁽⁹⁾ (in %, unaudited)	7.0%	8.9%	n.a.
Order backlog ⁽¹⁰⁾	355.2	335.3	n.a.

(Source: audited annual consolidated financial statements and internal data.)

- (1) Change in inventories of finished goods and work in progress is reported separately in the audited annual consolidated financial statements 2018, while in previous years such change was included in revenues.
- (2) The following table shows the calculation of the EBIT margin, which is a measure of the profitability of a company. The EBIT margin is earnings before interest and taxes (EBIT) divided by total operating performance for the respective period.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except percentages)		
	(audited)		
Earnings before interest and taxes (EBIT).....	15.6	14.3	12.4
Total operating performance	293.9	274.5	252.2
EBIT margin (in %).....	5.3%	5.2%	4.9%

(Source: audited annual consolidated financial statements.)

- (3) The following table shows the calculation of the equity ratio, which is a measure of a company's own capital resources. The equity ratio is total equity divided by total assets at the respective reporting date.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except percentages)		
	(audited)		
Total equity	85.6	90.1	81.0
Total assets	198.0	194.6	183.7
Equity ratio.....	43.2%	46.3%	44.1%

(Source: audited annual consolidated financial statements.)

- (4) The following table shows the calculation of net balance cash / (debt), which is a measure of a company's liquidity status as of a specific date.

The net balance cash / (debt) is cash and cash equivalents plus time deposits (current and non-current) less liabilities to banks (non-current) and liabilities to banks (current) at the respective reporting date.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million)		
	(audited)		
Cash and cash equivalents.....	45.5	77.7	69.1
Time deposits.....	18.0	n.a.	n.a.
Liabilities to banks (non-current)	6.5	7.5	9.5
Liabilities to banks (current)	1.7	0.2	0.1
Net balance (debt).....	55.4	70.0	59.5

(Source: audited annual consolidated financial statements.)

- (5) The following table shows the calculation of the free cash flow, which is a measure of a company's cash generation ability. The free cash flow is net cash flow from operating activities plus net cash flow from investing activities for the respective period.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million)		
	(audited, except otherwise noted)		
Net cash flow from operating activities.....	4.6	16.7 ⁽¹¹⁾	38.8
Net cash flow from investing activities	-4.4	-4.4	-15.8
Free cash flow (unaudited)	0.1	12.3	23.1

(Source: audited annual consolidated financial statements and internal data.)

- (6) Order intake refers to firm orders placed by a customer and gives an indication of the short-term development of future revenues.
- (7) Increase in order intake refers to the annual change of order intake compared to the order intake during the preceding year expressed as a percentage rate.
- (8) The following table shows the calculation of the R&D to revenue ratio, which is a measure of a company's spending on research and development. The R&D expenditures including order-related work are divided by revenues for the respective reporting period.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except percentages)		
	(audited, except otherwise noted)		
R&D expenditures (unaudited for 2018)	39.9 ⁽¹²⁾	42.5	42.9
Revenues	285.5	266.9	241.2
R&D to revenue ratio (unaudited)	14.0	15.9%	17.8%

(Source: audited annual consolidated financial statements and internal data.)

- (9) Increase in total operating performance means the annual change of total operating performance compared to the total operating performance during the preceding year expressed as a percentage rate.
- (10) Order backlog refers to order intake which has not been cancelled or recognized as revenues as at the respective reporting date and gives an indication of the short-term development of future revenues.
- (11) In the audited annual consolidated financial statements 2018 dividends

received were regrouped from net cash flow from financing activities to net cash flow from operating activities. This change was also effected for dividends received in the amount of EUR 0.1 million in the financial year 2017. Therefore, net cash flow from financing activities and net cash flow from operating activities deviate from the figures included in the audited annual consolidated financial statements 2017. The change was not effected for the financial year 2016.

⁽¹²⁾ R&D expenditures as reported in the audited annual consolidated financial statements 2018 did not take into account R&D expenditures for customer projects. Total R&D expenditures were not included in the audited annual consolidated financial statements 2018, therefore this information is unaudited.

Significant change Not applicable. There has been no significant change in the Frequentis Group's financial condition and operating results since December 31, 2018.

B.8 Selected key pro-forma financial information Not applicable. No pro-forma financial information has been prepared by the Company.

B.9 Profit forecast or estimate Not applicable. No profit forecasts or estimates are made.

B.10 Nature of any qualifications in the audit opinions on the historical financial information..... Not applicable. The audit reports on the historical financial information included in this Prospectus have been issued without qualifications.

B.11 Insufficiency of the Company's working capital for its present requirements Not applicable. The Company is of the opinion that the working capital available to the Frequentis Group is sufficient for its present requirements; that is for at least twelve months following the date of this Prospectus.

Section C – Securities

C.1 Type and class of the securities being offered and/or admitted to trading, security identification number No-par value ordinary voting bearer shares.
The ISIN for the Shares is ATFREQUENT09.

C.2 Currency of the securities Euro.

C.3 Number of shares issued and fully paid and issued but not fully paid, par value per share As of the date of this Prospectus, the nominal share capital of the Company consists of 12,000,000 no-par value shares which are fully paid up. After the Offering, the nominal share capital of the Company will consist of 13,200,000 no-par value ordinary voting shares, all of which are fully paid up.
Each Share has a calculated notional amount of EUR 1.00.

C.4 Rights attached to the securities..... In the Offering, investors will acquire Shares with full dividend rights from, and including, the financial years beginning on

January 1, 2018 to be resolved upon and paid out after the annual general meeting 2019.

Each Share entitles its holder to one vote at the Company's general meeting and to other rights of shareholders according to the Austrian Stock Corporation Act (*Aktiengesetz*) (e.g. right to information in the general meeting, right to objection and challenge of resolutions of the general meeting). Moreover, shareholders are entitled to statutory subscription rights. There are no restrictions on voting rights.

C.5 Restrictions on free transferability of the securities..... Share No. 1 is a registered share with restricted transferability (*vinkulierte Namensaktie*). Other than that, there are no restrictions on the free transferability of the Shares.

C.6 Application for admission to trading on a regulated market, identity of regulated markets where securities are to be traded.... Application for admission of the Shares to trading on the regulated market (segment general standard) of Frankfurt Stock Exchange and on the regulated market (prime market) of the Vienna Stock Exchange is expected to be made on or about April 30, 2019. Admission to trading is expected to be granted on or about May 13, 2019. The first day of trading on both stock exchanges is expected to be May 14, 2019.

C.7 Dividend policy Frequentis is committed to a business policy focused on the Company's sustainability and increasing its corporate value. With respect to the Company's business activities and taking into account its growth strategies, it is the Company's intention to ensure that shareholders participate appropriately in the success of the Company. With its earnings-oriented dividend policy, Frequentis aims at a balance between growth investments and shareholder remuneration.

The Company's current dividend policy provides for a payout ratio of approximately 20% to 30% of net profits after taxes of Frequentis Group determined in accordance with IFRS in a given financial year as dividends, and taking into account an annual ceiling of 40% of the annual surplus of Frequentis AG financial statement prepared in accordance with the Austrian company code. With regard to dividend continuity, the Company is aiming for a dividend which will at least be equal to the previous one. In addition to the regular distributions, Frequentis' dividend policy may allow shareholders to participate in a particularly positive development of the Company in the form of a special dividend or share buyback.

As a joint stock corporation under Austrian law, the Company's ability to pay dividends will depend on the amount of the balance sheet profit pursuant to Austrian GAAP in a given financial year. Dividends may be declared and paid only from the balance sheet profit recorded in the unconsolidated annual financial statements as approved by the management board and the supervisory board.

This dividend policy reflects the management board's and supervisory board's current objective and can be adapted in the future. There can be no assurance that any dividends will be paid or that, if paid, they will correspond to the policy described above. Furthermore, each year the dividend payouts require dividend proposals from the management board and the supervisory board, whereby each board may deviate from this dividend policy under the then prevailing circumstances. The general meeting of Frequentis will decide on the dividends.

Section D – Risks

D.1 Key risks that are specific to the Company or its industry.....

Risks relating to the (macro)economic and political environment

- The Group's success depends on the political and economic environment, in particular the volume of (air) traffic and public spending.
- A declining growth of the global economy or a recession, the persistent debt crisis or any newly arising crisis may result in limited access to debt and equity financing for Frequentis and Frequentis Group's customers.
- Frequentis Group can be adversely affected by the (mis)utilisation or unavailability of bank guarantees.
- Exercise of political influence and protectionism can adversely affect the Group.

Risks relating to Frequentis' Industry and Business

- The Group can be adversely affected by unpredictabilities which are characteristic for the tender project business and by seasonal fluctuations e.g. of the order situation and by annual fluctuations which can lead to pressure on the Share price.
- Uncertain, delayed or deferred future orders can adversely affect the Group.
- The Group can be adversely affected by non-negotiable contract terms in public tender projects and in particular by unlimited liability clauses under its contracts.
- The Group can be adversely affected by fluctuations in earnings due to the impact of major contracts.
- Cyberattacks could pose a substantial risk to Frequentis' business.
- The Group can be adversely affected by changes in technological standards; the development of products could fail or take more time than permitted by the technological progress; development costs for products with insufficient demand can lead to stranded investments; the implementation of change programmes could fail or require more time or cost.
- The Group can be adversely affected by technological

malfunctions and product failures.

- Progressing customer concentration can adversely affect the Group.
- Cost overruns can adversely affect the Group.
- A loss of existing customers could adversely affect the Group.
- Minimum domestic content requirements can adversely affect the Group.
- Embargos and other trade restrictions can adversely affect the business of the Group.
- The Group can be adversely affected if it fails to defend its current market position against competitors.
- The Group may not be able to generate enough cash flow from business operations to finance the Group's consistent high liquidity and net working capital requirements.
- The loss of key personnel and the failure to attract, develop or retain skilled or qualified employees can adversely affect the Group; new key personnel and employees might not have sufficient experience and could lead to a decline of the Group's know how.
- Frequentis Group can be adversely affected by a fluctuation of raw material prices and increasing labour costs.
- The Group can be adversely affected by increased cost pressure caused, for example, by competitors in low wage countries.
- Frequentis Group can be adversely affected by long term commitments.
- Non-performance of payment obligations of its customers can adversely affect the Group.
- The Group can be adversely affected by a loss of suppliers or interruptions or shortages in supply of the Group's services, software programs, component parts, sub-assemblies or modules.
- If Frequentis Group fails to meet quantitative requirements, its know-how might not be sufficient to win new or retain existing customers.
- The Group can be adversely affected by fluctuations of currency exchange rates and rising interest rates.
- The Group can be adversely affected by growth through acquisitions.
- Frequentis Group can be adversely affected by not successfully dealing with the challenges of (organic) growth and the Group's organizational units may have excess capacities or capacity shortages.
- Risks relating to lease agreements.

Regulatory, Legal and Tax Risks

- Legal risks relating to public tender contracts.
- The Group can be adversely affected by any failure to successfully protect its technology and proprietary know-how or to defend its intellectual property.
- Frequentis Group can be adversely affected by faulty performance under its contracts (also if acting as subcontractor), which can include full non-fulfillment, less fulfillment or bad fulfillment, in terms of quality, time or budget.
- The Group can be adversely affected by a faulty performance of its subcontractors, which can include full non-fulfillment, less fulfillment or bad fulfillment, in terms of quality, time or budget.
- Damages to assets of customers during on-site works.
- Transaction-related risks inherent in Frequentis' financings and other agreements.
- Compliance related risks.
- The Group's business activity can be adversely affected by changes in the legal and political framework or in the application or interpretation of laws, especially in regulatory, commercial, financial and tax law.
- Changes in accounting estimates and assumptions may lead to pressure on the Share price.

D.3 Key risks that are specific to the securities

Risks relating to the shareholder structure

- The Selling Shareholder has and will continue to have, on the basis of his shareholding and the ownership of Share No. 1, which offers certain delegation rights, control over the Company through his significant influence on matters requiring shareholder approval and may act in his own interest, which could differ from the interests of minority shareholders / investors.
- Future sales of Company Shares may negatively affect the share price.
- The Offering may not take place.
- The Shares have not yet been publicly traded, and there is no guarantee that a liquid market will develop or continue following the initial public offering.
- The price and trading volume of the Shares may fluctuate significantly, and investors could lose all or parts of their investments.
- Future capital increases could be dilutive and lead to substantial reductions in the value of the Shares.
- The Company may not be able to pay dividends in future

financial years so that any return on shareholders' investment may depend on an increase in the value of their shares, if any.

- Frequentis Group will face additional administrative requirements and incur higher ongoing costs as a result of the Company's listing.
- Investors with a reference currency other than euro will become subject to foreign exchange rate risk when investing in the Shares.
- Rights of shareholders in an Austrian joint stock corporation may differ from rights of shareholders in a corporation organised under the laws of another jurisdiction.
- A suspension of trading in the Shares could adversely affect the share price.
- The Company's shareholders could suffer total loss in the value of their Shares in the event of the Company's insolvency.

Section E – Offer

E.1 Total net proceeds and estimate of total expenses of the offer, including estimated expenses charged to investors by the Company or the offeror.....

The Company will receive gross proceeds from the sale of the new Shares amounting to EUR 23.4 million (assuming the placement at the mid-point of the price range). The total costs and expenses from the Offering and listing are expected to be approximately EUR 1.4 million (low end), EUR 1.6 million (mid-point) or EUR 1.7 million (high end), respectively; the proceeds thus will be approximately EUR 21.8 million (assuming the placement at the mid-point of total costs and expenses). Costs and expenses will be borne by Frequentis, except for the commission payable under the underwriting agreement which will be borne in certain parts by the Company as well as the Selling Shareholder. The Company will not receive any proceeds from the sale of the Reallocation Shares and the Over-Allotment Shares, if any, which will be obtained by the Selling Shareholder.

Investors will not be charged expenses by the Company, the Selling Shareholder or the Managers. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

E.2a Reasons for the offer, use of proceeds, estimated net amount of the proceeds

The Company's processes are expected to be enhanced by adopting best practices for listed companies and its position vis-à-vis its stakeholders should be optimized and its attractiveness for management, staff, and customers supported.

The Company intends to use the proceeds to pursue its M&A strategy, to accelerate product developments enlarging its portfolio for control centre solutions, to support the acquisition and delivery of a larger number of high-volume projects as a prime contractor and for general corporate purposes and to build up its international presence. The net amount of the proceeds will be approximately EUR 21.8 million (assuming the placement at the mid-point of total costs and expenses).

E.3 Description of the terms and conditions of the offer.....

The Shares will be offered in an international offering, which consists of (i) a public offering to retail and institutional investors in the Republic of Austria and the Federal Republic of Germany and (ii) a private placement to selected institutional investors in certain other jurisdictions outside the Republic of Austria, the Federal Republic of Germany and the United States of America pursuant to Regulation S under the United States Securities Act of 1933 (as amended). The Selling Shareholder and the other existing shareholders have waived their subscription rights for the newly issued Shares.

Price range, offer period, submission of purchase orders

The price range within which purchase orders may be submitted is between EUR 18.00 and EUR 21.00 per Share offered. The period during which investors may offer to purchase the offered Shares in the Offering begins on April 27, 2019 and is expected to end on May 8, 2019. On the final day of this period, retail and institutional investors will be able to submit purchase orders until 14:00 Central European summer time. This period may be shortened, extended or terminated at the absolute discretion of the Company, the Selling Shareholder and by COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt/Main, Germany and flatex Bank AG, Rotfeder-Ring 7, 60327 Frankfurt/Main, Germany (the “Managers”) at any time.

During this period, retail investors may submit purchase orders for the public offering in the Federal Republic of Germany and the Republic of Austria at the branch offices of the Managers, at comdirect bank Aktiengesellschaft or, possibly, via other banks or brokers of retail investors. Purchase orders must be expressed in full Euro amounts or Eurocent figures of 25, 50 or 75 Eurocents. Multiple purchase orders are permitted.

Retail investors can also submit purchase orders during this period via the subscription functionality *DirectPlace* of the Frankfurt Stock Exchange. Retail investors wishing to acquire the offered Shares via the subscription functionality *DirectPlace* of the Frankfurt Stock Exchange must place their binding purchase orders via their respective custodian bank during the period for the public offering via the subscription functionality *DirectPlace* of the Frankfurt Stock Exchange.

Institutional investors may submit their purchase orders directly to the Managers.

Amendments to the terms of the Offering

Frequentis, the Selling Shareholder and the Managers, reserve the right to reduce the number of the offered Shares, to lower or raise the upper limit and/or the lower limit of the price range and/or to extend or shorten the period of the Offering or to terminate the Offering as a whole.

In an underwriting agreement concluded between the Company, the Selling Shareholder and the Managers, for the offer and sale of the offered Shares in connection with the Offering, expectedly on April 26, 2019, the Managers have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the offered Shares have been delivered in book-entry form in exchange for payment of the quoted price and the customary securities commissions.

Delivery and payment

The delivery of the Shares against payment of the price offered is expected to take place on or about May 14, 2019.

Stabilisation measures, overallocation and greenshoe option

With regard to potential stabilisation measures and to the extent permitted by law, investors may, in addition to the new Shares being offered, be allocated up to 400,000 (already existing) over allocated Shares in the Offering. In connection with a potential overallocation, a stabilisation manager will be provided in the form of a securities loan (*Wertpapierdarlehen*) with up to 400,000 existing Shares of the Company from the holdings of the Selling Shareholder without charge. In this context, the Selling Shareholder will grant the stabilisation manager a greenshoe option to acquire the over allocated Shares from the Selling Shareholder at the offer price, less agreed commission, in order to satisfy the retransfer obligation under the securities loan which will expire 35 calendar days after stock exchange trading in the Shares commences and may only be exercised to the extent that Shares have been placed by way of an overallocation.

E.4 Interests that are material to the offer including conflicting interests.....

In connection with the Offering and admission to trading of the Shares, the Managers will pay the determined offer price for the Shares offered corresponding to the placement volume (less agreed commissions, costs and expenses, as well as the part of the issue price already paid for the new Shares placed) to the Company or the Selling Shareholder on the respective settlement date. The commission and other payments the Managers will receive depend on the successful completion of the Offering, the placement volume and the offer price determined. The Managers therefore have an interest that as many Shares as possible are placed at the highest price possible. In addition, the flatex Bank AG has been appointed to act as designated sponsor for the Shares and will receive an annual remuneration for those services in accordance with

market standards.

In the event of a successful Offering the Managers may also be selected as financial advisor in future transactions or act as lender or arranger of future financing transactions or trade for their own account or the accounts of customers, in debt or equity securities or loans of the Company.

Furthermore, in connection with the Offering, the Managers and any of their respective affiliates, acting as an investor for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, the Managers or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Managers (or their affiliates) may from time to time acquire, hold or dispose of Shares in the Company.

As of the date of this Prospectus, the Selling Shareholder directly and indirectly holds approximately 96.58% of the existing Shares and as such has an influence on the decisions which the Company will take with respect to the Offering. The Selling Shareholder will receive proceeds resulting from the Offering. Consequently, the Selling Shareholder has an interest in the success of the Offering on the best possible terms.

The CEO has received a cash bonus and agreed to purchase 15,000 Shares in the Pre-IPO Placement; this bonus will be upheld as incentive in case of a successful IPO. The CEO therefore has an interest in the success of the Offering.

The Managers or their affiliates may have business relations with the Frequentis Group, including financing, or may perform services for the Frequentis Group in the ordinary course of their business.

E.5 Name of the person or entity offering to sell the security The Shares are being offered for sale by the Managers. During the offer period, retail investors may submit purchase orders for the public offering in Germany and Austria at the branch offices of the Managers, at comdirect bank Aktiengesellschaft or, possibly, via other banks or brokers of retail investors.

Lock-up agreements: the parties involved; and indication of the period of the lock-up..... The Company and the Selling Shareholder have agreed with the Managers on a lock-up agreement concerning the Shares, starting on the date of the underwriting agreement and ending twelve months after the first day of trading of the Shares of the Company on the Frankfurt Stock Exchange.

E.6 Amount and percentage of immediate dilution resulting from the offer In the event of a full placement of the Offer Shares with persons who are not yet shareholders of the Company, also taking into account the Pre-IPO Placement, the participation in the capital stock / voting rights of the existing shareholders will

be reduced by around 30.4% to around 69.6% of the increased share capital.

The net book value of the Company as of December 31, 2018 amounts to approximately EUR 84.3 million in total and EUR 7.02 per share, calculated based on the number of Shares existing at the date of this Prospectus. At the mid-point of the price range the Company expects to receive estimated net proceeds from the Offering amounting to EUR 21.8 million. Therefore, the net book value of the Company would have been around EUR 106.1 million, i.e. around EUR 8.04 per share on December 31, 2018, if the Offering had happened already prior to this date.

E.7 Estimated expenses charged to investors by the Company or the offeror.....

Investors will not be charged with expenses by the Company or the Managers. However, Investors may be charged with customary banking fees by their financial institution. Prospective investors are advised to inform themselves about these costs.

RISK FACTORS

An investment in the Shares is subject to a number of risks. Any investor should carefully consider the following risk factors set out below, together with the other information contained in this Prospectus, in evaluating the Company's and the Frequentis Group's business before making an investment decision with respect to investing in the Shares. The Company considers the risks described below to be the most material risks relating to the business of the Group and to the Shares. The risks set out below might turn out not to be complete or prove not to be exhaustive. In addition to these risks, there may be risks, facts or circumstances that the Company does not yet know of or that the Company currently thinks are immaterial to its business, which could prove to be important and could have a material adverse effect on Frequentis Group's business, financial condition, results of operations and prospects. The order in which the risk factors are presented below is not an indication of the likelihood of their occurrence or their relative significance or degree of the risks or the scope of any potential impairment to Frequentis Group's business. The risks described below may materialise individually or cumulatively. If any of the following risks occur, the Frequentis Group's business, net assets, financial condition, cash flow and results of operations and prospects could be materially adversely affected, the value or trading price of the Shares could decline and investors could lose all or parts of their investment.

Various statements in the following risk factors are based on assumptions or judgments and they contain forward-looking statements, estimates and predictions that could turn out to be incorrect (see also "*Forward-looking statements*").

Risks relating to the (macro)economic and political Environment

The Group's success depends on the political and economic environment, in particular the volume of (air) traffic and public spending

Frequentis is a globally operating provider of communication and information solutions for control centres that perform safety-critical tasks. Frequentis Group's ability to secure contracts and their respective content, amount and size depends, among others on the volume of (air, ship and rail) traffic, the relative importance attributed to safety awareness in the public, and the funds available for the procurement of control centre solutions, systems and products as well as for the maintenance, enhancements and the upgrading of existing solutions, systems and products. The Group currently generates the majority of its revenues in the air traffic management business domain and thus depends on volume of traffic as well as on the awareness for safety and could suffer from a decrease in air traffic (as it was in the past in connection with e.g. terror acts or epidemics) and the Company will notice a reduction in order intakes due to the resulting financial struggles of its air traffic management ("ATM") customers. The Company is also dependent on the safety-awareness of government authorities and the public and may, depending on the recognition of public safety, experience a decrease in order intakes. Investments in Frequentis Group's market segments may decrease as a result of worsened overall economic conditions or political changes (e.g. international treaties, changes in tax law, an increase in global trade tensions, a continuation of further political tensions in the Middle East, in particular an ongoing escalation of the crisis in Syria, an aggravation of relations between Russia and the European Union, further aggravation between Turkey and its neighbours and NATO allies, continued tension in the ongoing conflict in eastern Ukraine between Russia and the Ukraine).

In response to the U.S.' imposition of increased tariffs on steel and aluminium products in 2018 (in addition to imposing punitive tariffs on trade partners such as China, Canada or Mexico), the EU introduced retaliatory tariffs on various American signature products; the trade war between the U.S. and China continues and further escalations of trade tensions could follow. And in the course of the U.S. federal government shutdown of 2018–2019 which was due to a disagreement on an appropriations bill to fund the federal government in 2019 between Republican President Trump and the U.S. Congress' House of Representatives (majority controlled by the Democrats) which it did not include federal funds for the construction of a U.S.–Mexico border wall, around 800,000 employees

(covering about one-fourth of government activities) were furloughed or required to work without being paid; these included civil servants who were acting in the public organisations which are the Company's U.S. customers, leading to delayed orders and/or payments. These and potentially other forthcoming positionings of the head of the United States could lead to uncertainties and delays in the Company's business with the United States.

Furthermore, the continued difficult Brexit negotiations could have a material adverse effect on European trade relations as well as the continued emergence of anti-trade political parties in European countries and/or resulting general economic deterioration of the European Union and any economic disturbances resulting therefrom. Economic and political changes or uncertainties about future developments may lead to budget restraints of potential customers. Other factors such as decline in traffic caused by terrorist activities may also have negative impact on the Group's results of operations, cash flow and financial condition.

These continuously changing overall economic and political factors are beyond Frequentis Group's control. A deterioration in the overall economic situation and a decline in demand for the Group's products or an incorrect assessment of the future macroeconomic situation and the resulting market development by the Company - even an unexpectedly positive market development for which competitors are better prepared - or any other of the above factors, individually or collectively, could have a negative impact on the Group's results of operations, cash flow and financial condition.

A declining growth of the global economy or a recession, the persistent debt crisis or any newly arising crisis may result in limited access to debt and equity financing for Frequentis or Frequentis Group's customers

Persistent concerns about instability in the credit and financial markets in many countries may continue to put pressure on the global economy. The bank crisis became particularly evident in the years after 2008 when banks did not trust each other, which made it more difficult to obtain interbank letters of credit and indirect/counter guarantees. Related risks may include the scenario of a bank insolvency especially if funds of the Group or its customers have been deposited with this bank. If it proves impossible to effectively resolve the ongoing sovereign debt and financial crisis or if the situation on the international financial markets deteriorates again, banks could get into considerable difficulties or even become bankrupt, one or more member states may default or the Eurozone may collapse altogether. Due to the global footprint of Frequentis' provision of safety-critical communication, states' defaults or bankruptcies also outside the European Economic Area can become a threat. This may have unpredictable and material adverse effects on the stability of individual countries, *inter alia*, of the Eurozone and their capital markets and of the Euro, and on the business prospects of the Frequentis Group. As a result, customers may be unable to finance an investment in Frequentis' products or it may be impossible to establish an interbank financing structure that secures the payment obligations of Frequentis Group's customers. In addition, customer funds may be locked or, as a result of a bank insolvency, lost altogether.

Continued instability or a further deterioration of the economic environment or the capital markets may reduce the further growth of the Frequentis Group and its ability to refinance its existing and future liabilities.

Frequentis Group can be adversely affected by the (mis)utilisation or unavailability of bank guarantees

Frequentis Group regularly provides bank guarantees (bid bonds, down payment bonds, performance bonds, warranty bonds) to customers as surety for their contractual claims; justified claims on guarantees with high caps and/or long/undetermined maturities or an illegitimate utilisation of such bank guarantee can cause liquidity or other problems. Similarly, it did and could happen that for tender invitations for goods and services to be delivered to customers in countries where Frequentis' domestic relationship banks do not have regular business connections, it is difficult to identify appropriate corresponding banks for the issuance of letters of credit in time or at all. If no

corresponding bank can be found, Frequentis would not be able to take part in the tender process. Frequentis has provided numerous comfort letters on behalf of its subsidiaries. This means that the Company takes the risk of financial standing and contract performance of many of its subsidiaries. Therefore, subsidiaries in most cases do not provide a corporate veil or shield against liabilities or contingent liabilities which may have to be borne by Frequentis.

Exercise of political influence and protectionism can adversely affect the Group

Public and semi-public organisations dominate Frequentis Group's customer structure. Such customers may for various reasons prefer suppliers of certain countries over Frequentis Group. These may include political or legal reasons, protectionism or the fact that Frequentis is not sufficient enough connected to the relevant decision makers. As a result, advanced performances might turn out to have been frustrated. In the military domain, strategic considerations might cause customers to prefer domestic suppliers or suppliers from allied nations. Similarly, customers could turn away if Frequentis Group has provided products and services to customers of non-allied countries or of countries on which embargos are imposed.

Risks relating to Frequentis' Industry and Business

The Group can be adversely affected by unpredictabilities which are characteristic for the tender project business and by seasonal fluctuations e.g. of the order situation and by annual fluctuations which can lead to pressure on the Share price

The Group's business is characterized by a project-driven nature, in contrast to product-driven business characterized by production on stock, meaning that a large number of projects are carried out for specific customers. An important part of the Frequentis Group's business is the provision of products and services acquired after going through lengthy tender processes. Competition is intense, and the tender procedure is typically protracted and extensive and necessitates considerable personnel and financial resources, without assurance that these efforts will lead to the successful acquisition of the tender. 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 project are frustrated.

In addition, public organisations often tend to utilise their investment budgets at the end of the calendar year. Because such decisions are often made in the third or fourth quarter of a year, the order intake, operational performance and earnings of Frequentis Group are typically subject to considerable seasonal fluctuations: Usually, the Group generates most of its order intakes, earnings and operating performance in the fourth quarter of any given business year and its financial results in the first half of a business year are usually negative. Moreover, in most cases, payment is depending on the achievement of milestones and the successful finalization of such projects. Delays in the tender process and during project execution may have detrimental impacts on the Group's order intake and operating performance, which impact can be the more significant the larger a project is. Any negative impacts and unfavourable order-fluctuations may lead to pressure on the Share price, and these fluctuations in share price may not necessarily reflect Frequentis' long-term business operations or earnings prospects.

Uncertain, delayed or deferred future orders can adversely affect the Group

The success of Frequentis Group depends on its ability to obtain new customer orders and secure new projects. It is difficult to predict if and when a project, for which Frequentis Group entered a tender, will be awarded. Delays and deferrals which often occur, can affect Frequentis Group, particularly if they occur over the change of the financial year. This can lead to difficulties in matching Frequentis Group's order intake and operating performance with the number of employees and (fixed) cost.

The Group can be adversely affected by non-negotiable contract terms in public tender projects and in particular by unlimited liability clauses under its contracts

Many contracts, particularly public tenders, often leave only very limited room for Frequentis to negotiate. Therefore, public tenders and other contracts sometimes contain significantly unfavourable and disadvantageous contract terms (such as substantial penalties or change of control clauses as well as foreign jurisdiction clauses) that are not individually negotiable and have to be accepted in order to successfully secure the contract. Among others, the Group could be forced to accept unlimited liability for its products and services. Frequentis Group might be unable to compensate the risks involved, e.g. with risk premiums or appropriate insurance coverage. In addition, the contractual arrangements are frequently subject to a jurisdiction unfamiliar to Frequentis. This may result in risks that Frequentis is currently not aware of. If any of these contract risks materialise, this could have an adverse effect on the business, financial condition and result of operations of Frequentis Group.

The Group can be adversely affected by fluctuations in earnings due to the impact of major contracts

The Group's revenue for 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 there were no such major contracts obtained. This may lead to a significant impact on the Group's operating performance and results from operating activity. These fluctuations may lead to pressure on the Share price, and these fluctuations in Share price may not necessarily reflect Frequentis' long-term business operations or earnings prospects.

Cyberattacks could pose a substantial risk to Frequentis' business

Given that Frequentis Group and its business are heavily dependent on IT security, cyberattacks could pose a substantial risk to Frequentis' 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 Frequentis Group, this could cause damage claims, loss of customers and negatively affect the perception of the reliability of the products of Frequentis Group, which could have an adverse effect on the business, financial condition and result of operations of Frequentis Group.

The Group can be adversely affected by changes in technological standards; the development of products could fail or take more time than permitted by the technological progress; development costs for products with insufficient demand can lead to stranded investments; the implementation of change programmes could fail or require more time and cost

High technological standards in the market in which Frequentis is operating require a continuous development of the offered products. The processes, structures and business organization of the Group could become insufficient or inappropriate to meet changing requirements resulting from the technological progress or customer needs. Fundamental changes in technology might occur without the involvement of Frequentis Group and Frequentis Group could fail to accommodate such technological development in due time, with products of equally high standards or at reasonable costs. The relevance of the Group's products and solutions for the customers could decrease and the market prices for the Group's products and services could deteriorate in the course of technological progress or the changes in the customers' processes and needs. The implementation of change programmes (the result of the Group's reviewing its processes, organizational structure, resources and capacities against technological progress, market development and customer demands) e.g. in relation to the Group's change from a hardware- to a more software-oriented business, could fail, require more time or cost than initially anticipated or fail to deliver the desired results. If Frequentis Group fails to successfully implement new technological standards in its products and services in time, it might not correspond to the market needs and be accepted and purchased by existing and prospective customers. Similarly, the Group's research and development initiatives and the development of (new) products could fail or take more time than permitted by the technological progress and the development of the market. The

Group's technological decisions could turn out as wrong and the Group's products could be substituted by alternative technologies, products and solutions. Development costs for products which are then not accepted and purchased by the envisaged and calculated number of prospective customers can lead to stranded investments. If any of these risks materialise, this could have an adverse effect on the business, financial condition and result of operations of Frequentis Group.

The Group can be adversely affected by technological malfunctions and product failures

The products, systems and equipment are based on different hardware and software components that are of high technological complexity which might not function and work together flawlessly, leading to malfunctions. Furthermore, products may be affected by design failures, software bugs, hardware failures or similar deficiencies that could lead to a non-functioning or to malfunctions of the products. Non-functioning products or malfunctions could lead to increased costs and/or damage claims, the loss of customers and could negatively affect perception of the reliability of the products of Frequentis Group, which might make it difficult to acquire new contracts in the future and could have an adverse effect on the business, financial condition and result of operations of Frequentis Group.

Progressing customer concentration can adversely affect the Group

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

Cost overruns can adversely affect the Group

Changes of costs and productivity 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 to be unprofitable or even loss-making.

A loss of existing customers could adversely affect the Group

Installed base business is the provision of services, of updates, upgrades or enhancements related to products and systems delivered to, and operated by existing customers of the Group. The Group believes that it has a competitive advantage in such follow-up projects in relation to competitors who are not familiar with the Group's products already operated by such customers. Since customers often rely on the Group's products and services for a longer period of time, installed base business sales offer a relatively stable source of income for the Group. So much the worse, a loss of existing customers and a decrease of installed base business sales, which may be caused by a variety of reasons such as changes in the customer's management or ownership structure, political changes, or frictions in the business relationship with Frequentis, would affect the Group more than a shortfall of sales to new customers and would expose the Group to higher volatility involved with sales to new customers.

Minimum domestic content requirements can adversely affect the Group

Some countries, e.g. the U.S. (Buy American Act) or Australia (Australian Industry Involvement Program) prescribe minimum domestic content (*lokaler Wertschöpfungsanteil*) by statute. In such situations, Frequentis must purchase local content from local suppliers, acquisitions or direct investments in the relevant market, regardless of the cost level and the capacity situation within Frequentis Group and any underemployed capacity resulting from that. This may in particular result in inefficiencies, higher risks resulting from increased complexities, and a reduced profitability. If Frequentis declines to include local content in its services offered, it may be excluded from the respective tender process.

Embargoes and other trade restrictions can adversely affect the business of the Group

Since Frequentis Group operates in the development, production and engineering of safety-critical communication and information solutions, *inter alia*, for the defence and public safety market, certain products and services provided to customers around the world may be or become exposed to the risk of current or future embargoes, blacklisting and other trade restrictions. More general, the global business operations of the Group could be negatively affected by limitations of free trade, trade barriers, regional insulation against the global market, by new customs and duties, prohibitive tax regulations and bureaucratic obstacles leading to loss of business opportunities. In any such case, Frequentis would be excluded from delivering its products and services to the customers which are subject to such trade restrictions, or only at considerably higher costs.

The Group can be adversely affected if it fails to defend its current market position against competitors

Frequentis Group is active in highly competitive markets where few large international companies compete against a number of smaller businesses. Some of Frequentis Group's competitors have a higher market capitalization and greater financial power, being in a better position to adapt to changes in the market, finance in new technologies and bypass financial bottlenecks. As a result, Frequentis Group might be unable to defend its current market position and to maintain its (financial) performance in the future.

The Group may not be able to generate enough cash flow from business operations to finance the Group's consistent high liquidity and net working capital requirements

Frequentis Group's cash flow may be affected by capital tied up in inventory (need to keep sufficient amounts of raw materials and component parts to ensure lifetime support) and by the interval between receipt of orders and receipt of payments on those orders from customers. The length of these intervals is driven by total development and production time, delivery times and the time it takes to receive payment from the customer. Likewise, payments for products and services provided by subcontractors and the receipt of payment by the customer can cause delays. Frequentis Group's annual sales fluctuate substantially month-to-month and quarter-to-quarter. These fluctuations could have a further adverse impact on Frequentis Group's liquidity situation. If Frequentis Group's business operations are unable to generate sufficient cash flow, Frequentis Group might have to raise funds on the capital markets or to obtain additional credit facilities both of which might not be available at that time or at unfavourable conditions only.

The loss of key personnel and the failure to attract, develop or retain skilled or qualified employees can adversely affect the Group; new key personnel and employees might not have sufficient experience and could lead to a decline of the Group's know how

The success of Frequentis Group also depends on the capabilities, experience, market knowledge, technical knowledge and performance of its management, experts in various positions and employees. Competition for skilled employees in the business in which the Group operates is huge, and the Group cannot be certain that it will be successful in managing, attracting and retaining the personnel required to successfully conduct its operations, also in the course of the Group's continued growth. New employees or management resources might not have sufficient or appropriate experience, skills and know-how as are required for the Group's business operations, products and projects and might therefore take wrong decisions or actions that cause damage and negatively affect the business and future prospects of the Group. The recruitment of new managers and employees with different backgrounds and business approaches could lead to a decline, erosion or loss of the Group's domain know how (i.e. the in-depth understanding of the processes, needs and requirements of the market- and customer-segments served by the Group) or its focus on mission-critical business operations. If one or more of these risks materialise, this could have a material adverse effect on the Group's business, financial condition or results of operations.

Frequentis Group can be adversely affected by a fluctuation of raw material prices and increasing labour costs

The costs of raw materials and components depend on the world market prices for electronic equipment, some of which have significantly fluctuated in recent years and which may be subject to significant increases in the future. Similarly, labour costs may increase over time, e.g. because of inflation adjustments or because of increased wage levels due to the intense competition for qualified personnel. If a contract provides for fixed prices, it is difficult for Frequentis to pass increased labour costs, raw material prices or other increased costs on to its customers. In contrast, dropped raw material and component prices in Frequentis Group's inventory or obsolescence of stock due to rapid technological progress lead to lower inventory value and losses in Frequentis Group's financial statements.

The Group can be adversely affected by increased cost pressure caused, for example, by competitors in low wage countries

Some of Frequentis Group's competitors may have a lower cost base and may be able to offer their products and services at more attractive prices. Frequentis Group may in such a situation not be able to lower its cost base. Cost disadvantages against competitors (e.g. competitors located in low wage countries) could lead to a decline in market share or to a decrease in the Group's earnings and financial performance.

Frequentis Group can be adversely affected by long term commitments

For certain of its projects Frequentis Group is obliged to replace system parts or to deliver spare parts for up to 15 years or longer and needs to keep available the corresponding products and knowhow; such undertakings could lead to unforeseen increased storing costs which bind Frequentis Group's funds or could cause complications if necessary suppliers fail to deliver such components in the required quantity and quality or discontinue the supply of such components at all. In this situation it could be expensive or even impossible for Frequentis to obtain such components from other suppliers or to produce them itself.

Non-performance of payment obligations of its customers can adversely affect the Group

In case of non-performance of payment obligations by a customer, particularly in major projects, Frequentis Group bears a significant credit risk. Such a non-performance of payment obligations could result from financial difficulties or an insolvency of the customer, from delays in the implementation of the project, from frictions in the co-operation or for other reasons. Payment delays of public or semi-public entities could also be caused by a delay in budget negotiations or by political uncertainties. In projects where Frequentis Group acts as a subcontractor for a third party main contractor, the cash flow to Frequentis can as well be dependent on the receipt of payments by the main contractor from its customer.

The Group can be adversely affected by a loss of suppliers or interruptions or shortages in supply of the Group's services, software programs, component parts, sub-assemblies or modules

A delay in the delivery of services or supplies by Frequentis Group's suppliers could result in delays in projects or the delivery of products, which could ultimately lead to withdrawn orders, cancelled projects, penalty claims, liquidated damages and the like, and could result in reduced output and lower sales. If Frequentis Group were permanently to lose a supplier of important components or services, such as hardware or software development services, it might be forced to alter the design of its products in order to use different services and it could be at least temporarily unable to proceed with a certain project or products.

If Frequentis Group fails to meet quantitative requirements, its know-how might not be sufficient to win new or retain existing customers

The projects offered and performed by Frequentis Group sometimes require both specialised know-how as well as in some circumstances substantial financial capacities and resources. Customers' tenders often have quantitative requirements for their projects, e.g. references of 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. Frequentis Group might in particular fail to comply with quantitative requirements such as financial capability and resources and might correspondingly be not successful in winning a new customer or unsuccessful in public tender procedures and not be awarded the respective contract.

The Group can be adversely affected by fluctuations of currency exchange rates and rising interest rates

Frequentis Group has offices, subsidiaries, suppliers and customers in many countries outside the Eurozone. A considerable part of the revenues and costs related to individual projects is settled in other currencies than Euro, particularly in US Dollar, British Pound, Swiss Franc, Canadian Dollar, Singapore Dollar and Australian Dollar, while the main part of Frequentis Group's cost base is in Euro. Fixed-price contracts in foreign currencies need to be hedged, or Frequentis Group has to cover the risk and base its calculations throughout the term of the contract on the then current exchange rate. Furthermore, currency fluctuations cannot be hedged between the time when the Group places an offer for a specific project and the time when the order is actually placed (usually over a period of up to twelve months), because there is no certainty that it will be awarded the contract. Further, exchange rate fluctuations can lead to a change of Frequentis Group's position relative to that of its competitors. Similarly, rising interest rates lead to increased financing costs including the costs of bank guarantees.

The Group can be adversely affected by growth through acquisitions

Acquisitions are associated with a general entrepreneurial risk. Frequentis Group 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 Frequentis Group could face new risks not evaluated in advance.

Frequentis Group can be adversely affected by not successfully dealing with the challenges of (organic) growth and the Group's organizational units may have excess capacities or capacity shortages

Frequentis Group's ability to achieve and to deal with further (organic) growth will depend, among others, on further improving its products, developing new products and services, controlling costs, maintaining effective quality assurance systems, marketing present and future products and services, securing an appropriate level of expert resources and adapting the internal management, technology and finance systems and processes to the expected growth. Depending on the development of the individual market and customer segments served by the Group, the Company may have excess capacities or capacity shortages in the respective organizational units or competence centres. Adjustment of capacities to the actual demand might not be possible or involve considerably management effort, time and cost.

Risks relating to lease agreements

All relevant administrative, production and other office space is used on the basis of customary medium or long-term lease agreements. Frequentis Group has also entered into a lease agreement for its headquarters, the early termination of which (by the lessor giving notice) may in particular cause additional costs for the Frequentis Group, which may have an adverse effect on the business, financial condition or results of operations of Frequentis Group.

Regulatory, Legal and Tax 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 bear several specific risks. It should be noted that, in particular, (i) competition is typically very intense in tender procedures, (ii) such procedures require considerable personnel and financial resources over a considerable period of time, (iii) public tenders sometimes contain significantly disadvantageous contract terms that are often not individually negotiable, (iv) public and semi-public organisations (which dominate Frequentis' customer structure) may prefer suppliers of certain other countries over Frequentis for reasons of protectionism or political influence, and (v) a tender awarded to Frequentis may be challenged by unsuccessful competitors.

The Group can be adversely affected by any failure to successfully protect its technology and proprietary know-how or to defend its intellectual property

The protection of Frequentis Group's intellectual property by way of patent and trademark registrations, non-disclosure agreements etc. might be insufficient; possible industrial espionage against Frequentis Group and the unauthorised disclosure or misappropriation of trade secrets cannot be ruled out. The laws of certain countries do not protect intellectual property rights to the same extent as the laws of Austria. The maintenance of patent protection is cost-prohibitive. Competitors of Frequentis Group, might own, acquire, or develop technologies relevant for Frequentis Group's business, protected by intellectual property rights; Frequentis Group might be unable to enter into adequate agreements with the legitimate owner to obtain the requisite rights to use. The enforcement and protection of intellectual property rights requires time- and cost-consuming legal proceedings, the outcome is often uncertain.

Frequentis Group can be adversely affected by faulty performance under its contracts (also if acting as subcontractor), which can include full non-fulfillment, less fulfillment or bad fulfillment, in terms of quality, time or budget

Frequentis Group is often required to contractually agree in its contracts to specific performance and time clauses (deadlines), also if acting as subcontractor; default under these clauses could lead to substantial penalty payments, purchase / service price reductions, the liability to effect changes in the supplied services, the assertion of consequential damage and/or contract termination. Additionally to those risks, acting as a subcontractor includes the risk of a payment default due to a bad financial situation of the main contractor, which may lead to losses for the Group.

The Group can be adversely affected by a faulty performance of its subcontractors, which can include full non-fulfillment, less fulfillment or bad fulfillment, in terms of quality, time or budget

In an increasing number of situations, if Frequentis Group assumes the position of the main contractor and/or system integrator, it also assumes responsibility for a third party suppliers which involves additional risks: If a subcontractor provides certain components which have to be integrated by the prime contractor into a complete solution, the latter faces technological and financial integration risks: It might not be possible to conclude the subcontract on terms and condition materially equivalent to those contained in the main contract with the customer. If a subcontractor does not meet its contractual performance obligations, Frequentis Group might face damage or penalty claims (which might not be recoverable from the defaulting or not performing subcontractor) or be compelled to re-assign the outstanding performance to a third party or to provide the remaining performance itself (both might imply higher cost than initially calculated).

Damages to assets of customers during on-site works

Employees of Frequentis Group or of a subcontractor of Frequentis Group working at the facilities of a customer might cause damages to the assets of the customer, which could lead to damage claims and

have an adverse effect on the business, financial condition and result of operations of Frequentis Group.

Transaction-related risks inherent in Frequentis' financings and other agreements

Some contracts with a Frequentis Group entity contain change of ownership or change of control clauses which, upon occurrence of such changes of ownership or change of control, grant the respective contractual counterpart additional rights such as information rights, the rights to claim collateral, or termination rights. Frequentis cannot exclude that some of its contracting partners in its safety-critical business could seek to terminate existing agreements, arguing that the Company as a listed entity with free-float shareholders is no longer a suitable contract partner or that the IPO endangers its security interests. Additionally, one loan agreement contains restrictions on the disposal of assets and a negative pledge covenant; one other contains clauses allowing the bank to declare the loan due and payable if certain financial ratios are no longer met. Such covenants may lead to financial difficulties, in particular if financings become due for immediate repayment or in cross default scenarios.

Compliance related risks

Frequentis management is currently not aware of material non-compliance of a Frequentis Group entity with applicable laws. However, given the constantly increasing complexity of the legal framework and the global activities of Frequentis Group (i.e. in a multitude of jurisdictions), it cannot be excluded that a Frequentis Group entity, or a third party acting on behalf of, or otherwise attributable to, Frequentis Group may be in breach or non-compliance with certain laws, regulations or governmental orders. Frequentis Group is in particular subject to anti-bribery laws and regulations in the countries in which it operates, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010, which prohibit companies and their intermediaries from making or receiving improper payments. Furthermore, many of the jurisdictions in which Frequentis Group does business, including the United States, United Kingdom, Germany and other member states of the European Union, issue regulations requiring that Frequentis Group refrains from doing business, or allowing its clients to do business through Frequentis Group, in certain countries or with certain organizations or individuals on a prohibited list maintained by such governments. Failure to adopt and enforce appropriate internal policies to ensure compliance with the law may result in criminal or civil sanctions, and Frequentis Group may be subject to other liabilities. Frequentis Group may also be held liable for the actions taken by its local, strategic or joint venture partners outside of Europe, even though such partners are not subject to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010 or similar regulations in other jurisdictions. Any breach of such laws and regulations may have a material negative impact on the business of Frequentis Group.

The Group's business activity can be adversely affected by changes in the legal and political framework or in the application or interpretation of laws, especially in regulatory, commercial, financial and tax law

Frequentis Group is active in numerous international markets. Typical risks involved include different economic situations and circumstances, many different jurisdictions and legal/tax systems, differing statutory regulations, currency fluctuations, achieving import/export licenses, customs, the worldwide transport of products, systems and equipment and the necessary work on site. In addition, enforceability, stability and reliability of the legal systems in the local jurisdictions may differ from country to country.

The structure of the Group is based on the current tax framework regulation. Due to changes in legislation, jurisdiction or administrative practice, the conclusion or implementation of double taxation agreements, the tax environment in general or certain reasons of the Group for the maintenance of its structure, the Group may be subject to a higher tax burden than expected. In some countries the risk of change in the tax framework is higher than e.g. in Germany or Austria. This causes considerable

uncertainty with regard to the continuity of the tax framework regulation, in respect of which no predictions can be made.

The companies of the Group are subject to a wide range of tax regulations, partly not being in force for long and being enforced by different regional authorities. There are hardly any precedents for the enforcement and administrative practice can be unpredictable. Taxpayers often have to take legal action to defend themselves against the tax authorities. The risk of unpredictable and burdensome taxation persists therefore for companies of the Group.

Changes in the legal and political framework (including, without limitation, the imposition of embargoes, blacklisting and other trade restrictions) can have adverse effects on the business, financial condition and result of operations of Frequentis Group.

Changes in accounting estimates and assumptions may lead to pressure on the Share price

Frequentis' management applies certain accounting policies as described in more detail below (see "*Operating and Financial Review of Frequentis—Key factors affecting the Group's results of operations—Critical accounting policies*"). Due to uncertainties inherent in the businesses' activities, management needs to make estimates and assumptions, requiring subjective and complex judgements. Different but equally reasonable judgements or estimates by management would have resulted in different result of operations. These estimates and assumptions may turn out to be false, e.g. in the course of revision of valuation methods or in the course of an impairment test, and therefore bear a significant risk of causing material adjustments of the relevant matters. Adjustments can lead to a material adverse effect on the Group's financial condition and results of operations.

Risks relating to the shareholder structure

The Selling Shareholder has and will continue to have on the basis of his shareholding and the ownership of Share No. 1, which offers certain delegation rights, control over the Company through his significant influence on matters requiring shareholder approval and may act in his own interest, which could differ from the interests of minority shareholders / investors

Following the Offering, the Selling Shareholder will, directly or indirectly, hold approximately 69.57% of Frequentis' shares if all New Shares and Reallocation Shares are sold in the Offering (or approximately 66.54% if additionally all Overallotment Shares are sold) and, hence, may be able to exercise a controlling influence (notwithstanding that the Austrian legal framework for the corporate governance does not provide for the right to directly instruct the Company's management board or *Vorstand*, the "**Management Board**").

The Selling Shareholder will directly and indirectly have the simple, and possibly also a qualified majority which allows adopting essential resolutions in the shareholders' general meeting or *Hauptversammlung* (the "**General Meeting**"), in case of a qualified majority also including, without limitation, amendments to the articles of association, capital measures and restructurings, the appointment and removal of members of the supervisory board or *Aufsichtsrat* (the "**Supervisory Board**"), who in turn appoints the members of the Management Board, and might have the ability to push through any resolution in the General Meeting that requires a simple (and possibly also those requiring a 75%-majority) of the share capital represented without being blocked by minority shareholders. Such resolutions include capital increases excluding existing shareholders' subscription rights, capital decreases, the creation of authorised or conditional capital, certain corporate transactions (such as corporate mergers or spin-offs), the liquidation of the Company and transformations of its legal form. In particular, the Selling Shareholder may prevent an increase of the Company's share capital.

Pursuant to the articles of association, the owner of the registered share No. 1, which is a no-par value registered share with restricted transferability (*vinkulierte Namensaktie*) ("**Share No. 1**") can delegate one third of the maximum number (stipulated in the Company's Articles of Association) of

shareholder representatives in the Supervisory Board. Share No. 1 is currently owned by the Selling Shareholder. The interests of this shareholder may conflict with the interests of the Company or the Company's other shareholders.

The concentration of share ownership could delay, postpone or prevent a change of control in the Company as well as a merger, consolidation, takeover or any other form of corporate acquisition which may be beneficial for investors.

Future sales of Company Shares may negatively affect the share price

After conclusion of the Offering, 13,200,000 Shares will have been issued (assuming the issuance of all New Shares). Approximately 66.54% (rounded) of these Shares will be held by the Selling Shareholder and Frequentis Group Holding GmbH (assuming that all Offer Shares are sold and the Greenshoe Option (as explained below, see "*The Offering—Subject matter of the Offering*") is fully exercised). Those Shares will be subject to lock-up agreements with the Managers, see "*Underwriting—Lock-up agreements*". Should the Selling Shareholder and Frequentis Group Holding GmbH after expiration of their lock-up obligation sell Shares in considerable quantities on the secondary market, or if the market becomes convinced that such sales will occur, it is possible that the Company's share price will decline. Furthermore, the lock-up agreements with the Selling Shareholder and the Frequentis Group Holding GmbH are subject to certain exceptions and the Managers may release all or any portion of the Shares subject to the lock-up agreement, which could also lead to a decline in the Company's share price.

In addition, the Company may have to obtain a considerable amount of additional capital in order to finance its operations and the further expansion of its business. If this capital is raised through the issuance of shares in a capital increase, the stock price of the Company could decline.

The Offering may not take place

The Offer Period may be shortened, extended or terminated in the discretion of the Company, the Selling Shareholder and the Managers at any time. The Managers will be entitled to terminate the underwriting agreement until the closing of the Offering, in particular in the event that certain conditions precedent are not fulfilled, including the conditions that the Managers receive customary documentation and that no force majeure event has occurred. The Offering may be terminated even after trading has commenced and until the offered Shares have been delivered. In case of a termination of the Offering, investors will not have a claim for delivery of the Shares of the Company. Claims for securities commissions already paid and other costs incurred by investors in connection with their purchase are solely subject to the legal relationship between the respective investor and the institution where the purchase order was placed. Allotments to shareholders already affected will be void. If an investor has engaged in so-called short selling, the investor bears the risk of suffering a loss from dispositions made in expectation of the delivery of New Shares, in particular from not being able to deliver the Shares in performance of its obligations thereunder.

The Shares have not yet been publicly traded, and there is no guarantee that a liquid market will develop or continue following the initial public offering

Prior to the Offering, there was no public trading for the Shares. The offer price will be set by the Company and the Selling Shareholder by way of a bookbuilding process jointly with the Managers. There is no guarantee that the offer price will correspond to the price at which the Shares are subsequently traded after the Offering, or that a liquid market in the Shares will develop and become established after the Offering. The fact that, upon completion of the Offering, the Selling Shareholder and Frequentis Group Holding GmbH will hold 6.54% and 60.00%, respectively, of the Shares (assuming full placement of the Reallocation Shares and the Overallotment Shares) limits the number of free float shares in the Company and could, therefore, adversely affect the development and maintenance of a liquid market in the Shares. Investors may not be able to sell the Shares at the offer price, at a higher price or at all under certain circumstances.

The price and trading volume of the Shares may fluctuate significantly, and investors could lose all or parts of their investments

Following completion of the Offering, the price of the Shares may be subject to substantial fluctuations. As a result, investors in the Shares could lose all or part of their investments. Fluctuations may especially follow from changes in the actual or forecast operating results of Frequentis Group or its competitors, changes in the profit forecasts or failure to meet profit expectations of investors and securities analysts, assessments by investors with regard to the success and the effects of the Offering and the strategy described in this Prospectus as well as the assessment of the related risks, changes in the general economic conditions, changes in the shareholder structure, random events as well as other factors. General fluctuations in share prices, especially the price of shares in other companies in the same industry Frequentis Group operates, or a general deterioration in capital markets, may lead to pressure on the price of the Shares, and these fluctuations in share price may not necessarily be based on its business operations or earnings prospects.

Future capital increases could be dilutive and lead to substantial reductions in the value of the Shares

In the case of any future capital increase of the Company by way of a rights issue, shareholders who have not exercised their subscription rights will no longer hold the same percentage of voting and dividend rights in the Company. Investors in certain jurisdictions could be precluded from participating in the rights offering altogether. If a shareholder fails to exercise its rights to subscribe for new shares or is precluded from participating in the rights offering, its percentage share in the Company would be diluted in proportion to the percentage by which the Company's capital is increased. Correspondingly, such a shareholder's portion of any dividend or other distribution or voting rights would decrease.

Pursuant to the Austrian Stock Corporation Act (*Aktiengesetz* or "**Stock Corporation Act**"), the ordinary General Meeting of the Company may, in certain cases, adopt a resolution on a capital increase that excludes shareholders' subscription rights. In such case, shareholders who are not offered any of the shares to be issued could not prevent the dilution of their shares in the Company unless they purchased additional shares in the secondary market, for example on the stock exchange, possibly at a higher price. This also applies where new shares are issued exclusively to holders of convertible instruments, e.g. convertible bonds or bonds with warrants, issued by the Company.

A capital increase may also lead to a decline of the price of the Shares, e.g., as a result of the market's dislike of the dilutive effect and/or a markdown of the subscription price.

The Company may not be able to pay dividends in future financial years so that any return on shareholders' investment may depend on an increase in the value of their Shares, if any

A dividend may only be distributed if and to the extent the Company has recognised a balance sheet profit available for distribution in its audited annual non-consolidated financial statements prepared in accordance with the Austrian Commercial Code. Accounting under these rules may differ materially from IFRS accounting. The balance sheet profit may be reduced for losses carried forward as well as for the formation or increase of reserves. While some reserves may be formed or increased (as the case may be) at the discretion of the Management Board of the Company, certain reserves must be formed or increased (as the case may be) by law. Any payment of dividends is to a certain degree also subject to the discretion of the Managing Board and the Supervisory Board. There can be no assurance that the Company will be able to pay dividends in the future and investors may, for any return on their investment, be dependent to a certain degree on increases in share prices, which may not occur. In addition, Frequentis may be subject to contractual restrictions or prohibitions in the future with respect to the payment of dividends. Finally, Frequentis Group may also decide to retain capital to finance acquisitions.

Frequentis Group will face additional administrative requirements and incur higher ongoing costs as a result of the Company's listing

After the listing, the Company will be subject to the legal requirements for Austrian stock corporations listed on a regulated market for the first time. These include requirements relating to corporate governance, periodic financial reporting and other public disclosures of information (including those required by the stock exchange listing authorities) and other required disclosures. Furthermore, the Company would be expected to make other common disclosures, including regular calls with securities and industry analysts. There is no guarantee that Frequentis Group's accounting, controlling and legal or other corporate administrative functions will be capable of responding to these additional requirements without difficulties and inefficiencies that cause it to incur significant additional expenditures and/or expose it to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conduct of ordinary General Meetings and the Company's regular communications with shareholders and potential investors will entail substantially greater expenses and risks. The management of the Company will need to develop the expertise necessary and, hence, to devote time to these additional requirements that it could have otherwise devoted to other aspects of managing its operations. These additional requirements could also entail substantially increased time commitments and costs for accounting, controlling and legal departments and other administrative functions in Frequentis Group. Any inability of Frequentis Group's administration to handle the additional demands placed on it by becoming a company with listed shares, as well as any costs resulting therefrom, could have a material adverse effect on Frequentis Group's business, financial condition, results of operations and prospects.

Investors with a reference currency other than euro will become subject to foreign exchange rate risk when investing in the Shares

The Shares are, and any dividends to be announced in respect of the Shares will be, denominated in Euro. An investment in the Shares by an investor whose principal currency is not Euro exposes the investor to currency exchange rate risk that may impact the value of the investment in the Shares or any dividends.

Rights of shareholders in an Austrian joint stock corporation may differ from rights of shareholders in a corporation organised under the laws of another jurisdiction

The Company is an Austrian joint stock corporation (*Aktiengesellschaft*) organised under the laws of Austria. The rights of the Company's shareholders are governed by the Company's articles of association and by Austrian law. These rights may differ in some respects from the rights of shareholders in corporations organised in jurisdiction other than Austria. In addition, it may be difficult for investors to enforce the securities laws of other jurisdictions, or to prevail with a claim against the Company based on those laws.

A suspension of trading in the Shares could adversely affect the share price

With respect to securities publicly traded on the Frankfurt Stock Exchange and the Vienna Stock Exchange, the respective competent authorities (BaFin for the Frankfurt Stock Exchange and FMA for the Vienna Stock Exchange) are authorised to suspend, or request the relevant regulated market on which securities are admitted to trading to suspend, such securities from trading, if, in its opinion, the respective issuer's situation is such that continued trading would be detrimental to investors' interests. The respective competent authorities are further authorised to instruct the relevant stock exchange to suspend trading in an issuer's securities in connection with measures taken against market manipulation and insider trading. The relevant stock exchange must suspend trading in securities which no longer comply with the rules of the regulated market unless such a step would likely cause significant damage to investors' interests or orderly functioning of the market. In addition, if the relevant stock exchange does not do so, the respective competent authorities could demand the suspension of trading in securities if it is in the interest of the orderly functioning of the market and does not impair investors' interests.

Existing orders are deemed void if trading is suspended. Any suspension of trading in the Shares (other than for protecting investors' interest) could adversely affect the price and the liquidity of the Shares and, consequently, could have a negative effect on investors' ability to sell the Shares at a satisfactory price.

The Company's shareholders could suffer total loss in the value of their Shares in the event of the Company's insolvency

Pursuant to Austrian law, in the event of insolvency of a company, its financial and trade creditors are entitled to receive payment from the company's assets before any assets are distributed to its shareholders. Thus, were the Company to be declared insolvent, it would be very likely that all or substantially all of the Company's assets would be used to satisfy the claims of its creditors, and investors in Shares would suffer a partial or complete loss of their investment.

THE OFFERING

Subject matter of the Offering

This offering consists of up to 3,100,000 no par value ordinary bearer shares (*auf Inhaber lautende Stammaktien ohne Nennbetrag in Form von Stückaktien*) in Frequentis, each such share representing a calculated notional amount of EUR 1.00 of the nominal share capital and with full dividend rights from, and including, the financial year starting from January 1, 2018 (the “**Offering**”) and consists of up to 1,200,000 New Shares, which will be newly issued by the Company following a share capital increase against cash contribution resolved by the Management Board with the approval of the Supervisory Board on or about May 8, 2019, based on the authorised capital created by the General Meeting on April 8, 2019, up to 1,500,000 Reallocation Shares offered by the Selling Shareholder, and up to an additional 400,000 Overallotment Shares borrowed from the Selling Shareholder to cover over-allotments.

The Offering consists of (i) a public offering to retail and institutional investors in Austria and Germany and (ii) a private placement in certain other jurisdictions outside Austria, Germany and the United States pursuant to Regulation S under the United States Securities Act as amended to selected institutional investors. The Offering and the Offer Shares have not been and will not be registered under the securities laws of any jurisdiction other than Austria and Germany, and, in particular, have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States. Accordingly, the Offer Shares may not be offered, sold, delivered, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S, as amended, and regulations thereunder), unless they are registered under the Securities Act, or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. No action has been or will be taken in any jurisdiction other than Austria and Germany that would permit a public offering of the Offer Shares. Prospective investors and depositary banks should inform themselves of applicable laws and regulations. The Offering will be made and trading in the Shares will take place in Euro. The Shares are denominated in Euro.

As of the date of this Prospectus, the share capital of the Company amounts to EUR 12,000,000.00 and is divided into 11,999,999 no par value ordinary bearer shares and Share No 1, a no par value ordinary registered share, each such share representing a calculated notional amount of EUR 1.00 of the nominal share capital of the Company.

On April 8, 2019, the General Meeting of Frequentis authorised the Management Board to increase the Company’s nominal share capital by up to EUR 6,000,000.00 by issuing up to 6,000,000 new no-par value bearer shares, see “*Description of the Share capital of Frequentis and the articles of association—Share capital—Authorised capital*”. The Selling Shareholder and the other existing shareholders have waived their subscription rights for the New Shares; these will be subscribed for by credit institutions and offered to the public in the course of the initial public offering of Shares of the Company and the listing of the Shares (*Börseinführung*). The New Shares will be issued based on the authorised capital pursuant to a resolution of the Management Board with the approval of the Supervisory Board, on or about May 8, 2019, to increase the Company’s share capital by up to EUR 1,200,000.00 to up to EUR 13,200,000.00 by issuing up to 1,200,000 no par value ordinary voting bearer shares (the “**Offer Capital Increase**”).

The Management Board will resolve, with the consent of the Supervisory Board on the number of New Shares to be issued. After registration of the resolution of the General Meeting relating to the Offer Capital Increase and registration of the Offer Capital Increase with the companies’ register of the commercial court Vienna (the “**Companies’ Register**”), the Shares, except for registered Share No. 1 will be represented by one or more global certificates, which will be deposited with OeKB CSD, Strauchgasse 1-3, 1010 Vienna, Austria on the same day: The Company will instruct the paying agent to have the New Shares from the Offer Capital Increase accredited to the global certificate deposited

with OeKB CSD or to issue a respective global certificate.

Assuming the issuance of the full amount of New Shares under the Offer Capital Increase, upon the implementation of the Offer Capital Increase, the Company's total share capital will amount to up to EUR 13,200,000.00. All Shares in the Company are and will be, respectively, fully paid-up.

Solely to cover overallocments, if any, in connection with the Offering, and potential stabilisation measures, the Selling Shareholder has granted the Stabilisation Manager an option (the "**Greenshoe Option**"), exercisable for 30 calendar days following the date on which the Shares commence trading on the Regulated Market (segment General Standard) of the Frankfurt Stock Exchange or the Regulated Market (segment Prime Market) of the Vienna Stock Exchange, to purchase up to 400,000 Overallotment Shares. Overallotment within this meaning is also possible if the New Shares offered are not fully placed with investors. In order to cover this overallocment, the Selling Shareholder will provide the Stabilisation Manager, prior to the allotment of the Offer Shares, with up to 400,000 existing Shares by way of a securities loan without charge (see in more detail "*--Stabilisation and Greenshoe Option*").

The Company will receive the proceeds from the sale of the New Shares (after deduction of commissions and expenses to be borne by the Company). The Company will not receive any proceeds from the sale of Reallocation Shares or Overallotment Shares. For further information see "*Major shareholders and related party transactions—Related party transactions*".

Prior to the Offering, the share capital of the Company was held by Mr. Johannes Bardach (30.58%) Frequentis Group Holding GmbH (66.00%) Mr. Christian Pegritz (2.04%), Mr. Hermann Mattanovic (1.38%) (together the "**Existing Shareholders**"), see "*Major shareholders and related party transactions—Major shareholders and controlling interests*".

At the beginning of 2019, Mr. Bardach in order to prepare, support and facilitate a going public of Frequentis, has sold 7.56% of the Shares to a group of pre-IPO investors (the "**Pre-IPO Investors**") at a price of EUR 18.00 per Share (the "**Pre-IPO Placement**"). The transfer of the Shares in the Pre-IPO Placement has been made conditional upon occurrence and successful completion of this Offering. Therefore, the Pre-IPO placement will be closed simultaneously with the Offering.

Investors will first be allotted the Reallocation Shares and the New Shares. Only in case more than the Reallocation Shares and the New Shares can be placed, the Company will allot Overallotment Shares to the investors. In case of an unfavourable book situation, the Stabilisation Manager, in coordination with the Company, reserves the right to reduce the number of Reallocation Shares and New Shares allocated to investors so that further up to 15% of the sum of the Reallocation Shares and the New Shares placed (and not the Overallotment Shares) can be allocated to investors as an Overallotment.

Following completion of the Offering, assuming full placement of the Offer Shares and full exercise of the Greenshoe Option and following closing of the Pre-IPO Placement, the Existing Shareholders will together hold approximately 69.64% of the Company's share capital. The Selling Shareholder will, to the extent the Greenshoe Option is exercised, receive the proceeds from the sale of the Overallotment Shares (after deduction of commissions and expenses to be borne by the Selling Shareholder).

The Offer Shares carry the same rights as all other Shares and confer no additional rights or benefits. All Shares, including the Offer Shares, are subject to and governed by the Stock Corporation Act.

The Joint Bookrunners and Joint Lead Managers COMMERZBANK Aktiengesellschaft and flatex Bank AG are acting as Managers of the Offering.

Price Range, Offer Period, submission of purchase orders

The Price Range within which purchase orders may be submitted is between EUR 18.00 and EUR 21.00 per Offer Share. The Offer Period during which investors may offer to purchase Offer

Shares in the Offering begins on April 27, 2019 and is expected to end on May 8, 2019. On the final day of the Offer Period, retail and institutional investors will be able to submit purchase orders until 14:00 Central European Summer Time. The Offer Period may be shortened, extended or terminated at the absolute discretion of the Company, the Selling Shareholder and the Managers at any time. In case of an amendment to the Offer Period, a supplement to this Prospectus will be published on the Company's website (www.frequentis.com), filed with FMA and is subject to approval by FMA. Orders are freely revocable until the respective Offer Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.

During the Offer Period, retail investors may submit purchase orders for the public offering in Germany and Austria at the branch offices of the Managers as well as at COMMERZBANK's subsidiary, comdirect bank Aktiengesellschaft or, possibly, via other banks or brokers of retail investors. Retail investors can also submit purchase orders during the Offer Period via the subscription functionality *DirectPlace* of the Frankfurt Stock Exchange. Retail investors wishing to acquire Offer Shares via the subscription functionality *DirectPlace* of the Frankfurt Stock Exchange must place their binding purchase orders via their respective custodian bank during the Offer Period for the public offering via the subscription functionality *DirectPlace* of the Frankfurt Stock Exchange. The use of the subscription functionality *DirectPlace* requires that the custodian bank (i) is admitted to trading on the Frankfurt Stock Exchange or has access to trading via a trading participant admitted to trading on the Frankfurt Stock Exchange, (ii) has a XONTRO connection and (iii) is authorised and able to use the subscription functionality on the basis of the terms and conditions for the use of the XONTRO subscription functionality (the "**Trading Participant**").

At the investor's request, the Trading Participant submits purchase orders via the subscription functionality *DirectPlace*. In terms of the subscription functionality *DirectPlace*, the order book manager records all purchase orders of Trading Participants in an order book, forwards these purchase orders to the Managers for inclusion in the central order book, and will accept them in whole, in part or not at all at the end of the Offer Period as part of the allotment. The acceptance of the purchase orders by the order book manager leads to the conclusion of a purchase contract for the respective number of shares. This purchase contract is conditional upon dissolution in the event that the New Shares are not legally created or not delivered. Neither the Company nor the Managers can guarantee that the New Shares will be registered with the Companies' Register and that the New Shares will be deposited with OeKB CSD.

Institutional investors may submit their purchase orders directly to the Managers.

Investors can set a price limit within the Price Range for each purchase order. However, purchase orders must be denominated in full Euro amounts or Eurocent figures of 25, 50 or 75 Eurocents. Multiple purchase orders are permitted. There is no minimum purchase order amount. There is no maximum amount for purchase orders. No expenses or taxes will be charged to purchasers of Offer Shares by the Company or the Managers. However, investors may be charged with customary banking fees by their financial institution. Prospective investors are advised to inform themselves about these costs.

Changes of the offer terms

Frequentis, the Selling Shareholder and the Managers, reserve the right to reduce Placement Volume, to lower or raise the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period (collectively referred to as the "**Offer Terms**") or to terminate the Offering. In case of an amendment to the Offer Terms other than a reduction of the Placement Volume, a supplement to this Prospectus will be published on the Company's website (www.frequentis.com), filed with FMA and after approval by FMA notified to BaFin.

Any changes of the Offer Terms will also be published by way of an ad-hoc announcement in accordance Article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse, as amended (the "**MAR**"), if so required under Article 17

MAR. Investors will not be notified individually. Changes to the Offer Terms will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and the Austrian Capital Markets Act, investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of such supplement. The revocation does not require any statement of grounds and is to be declared in written form to the person designated in the supplement as recipient of the revocation. Alternatively, investors which have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders.

In an underwriting agreement concluded between the Company, the Selling Shareholder and the Managers for the offer and sale of the Offer Shares in connection with the Offering expectedly on April 26, 2019 (the “**Underwriting Agreement**”), the Managers have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions. For information on cases involving a termination of the Offering in connection with the termination of the Underwriting Agreement by the Managers, see “*Underwriting—Termination and indemnification*”.

Determination of the Offer Price and the final number of Offer Shares to be placed

After the Offering Period, the Company, the Selling Shareholder and the Managers will use the central order book created in the bookbuilding process to jointly set the Offer Price and to determine the number of Offer Shares to be allocated to investors (“**Placement Volume**”).

This determination is expected to be made on May 8, 2019. The Offer Price and the Placement Volume will be set based on the purchase orders submitted by investors during the Offer Period and collected in the central order book. These orders will be evaluated according to the price per Offer Share offered by the investor and the expected investment horizon (i.e. the total period that an investor is expected to hold the Offer Shares). Allotments will be based, among other factors, on the price offered by investors and at the perceived quality and geographical spread of investors as well as on a reasonable expectation that the share price will demonstrate relatively steady performance in the aftermarket given the demand for the Company’s Shares reflected in the central order book. Accordingly the final allocation of Offer Shares will be based not only on the prices offered by investors and the number of investors wanting Shares at a particular price, but also on the composition of the group of shareholders in the Company (so-called investor mix). For further information regarding allotment criteria see “—*Allotment*”.

Publication of Offer Price and Placement Volume

The Offer Price and the Placement Volume is expected to be published on or about May 8, 2019 by way of an ad-hoc announcement and on the website of the Company (www.frequentis.com), and by short notice in the official gazette of the Wiener Zeitung (*Amtsblatt zur Wiener Zeitung*) shortly thereafter. Such information will also be deposited with the FMA in accordance with Section 7 para 5 of the Capital Markets Act. Investors who have submitted their orders directly to the Managers should be able to obtain the information from the Managers as to the Offer Price and the number of Shares they have been allotted at the earliest on the banking day following determination of the Offer Price, presumably on May 9, 2019.

The delivery of the allotted Shares in book-entry form against payment of the Offer Price is expected to take place on May 14, 2019. Particularly in the event that the Placement Volume proves insufficient to satisfy all purchase orders submitted at the Offer Price, the Managers, the Company and the Selling Shareholder, reserve the right not to accept orders or to accept only parts thereof.

The Company, the Selling Shareholder and the Managers reserve the right to withdraw the Offering at any time during the Offer Period without giving any reasons and even thereafter until the final

allotment of the Offer Shares to the investors, even if the trading with the Shares of the Company has already commenced. Investors who have made dispositions on the expected delivery of the Offer Shares may suffer a loss. In case of the withdrawal of the Offering, any subscription monies already paid by the investors will be refunded in full. No interest is payable.

Expected timetable for the Offering

The anticipated timetable for the Offering, which is subject to extension or shortening, is as follows:

April 26, 2019	Approval of the Prospectus by FMA, publication of the Prospectus on the website of the Company (www.frequentis.com), notification of the approval of the Prospectus to BaFin
April 27, 2019	Commencement of the Offer Period, the period in which investors can submit their purchase orders
April 30, 2019	Application for admission of the Company's Shares to trading on the Regulated Market (segment General Standard) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>)
April 30, 2019	Application for admission of the Company's Shares to trading on the Regulated Market (prime market) of the Vienna Stock Exchange (<i>Wiener Börse</i>)
May 8, 2019	End of the Offer Period at 14:00 (Central European Summer Time)
May 8, 2019	Determination of the Offer Price and of the Placement Volume, resolution on number of New Shares to be issued by the Management Board with approval of the Supervisory Board
May 9, 2019	Allotment of the Offer Shares to investors
May 9, 2019	Publication of the Offer Price and Placement Volume as well as the allotment criteria by way of an ad-hoc announcement, on the website of the Company (www.frequentis.com), and notification of FMA in accordance with Capital Markets Act
May 9, 2019	Application to register the Offer Capital Increase with the Companies' Register (<i>Firmenbuch</i>)
May 10, 2019	Publication of Offer Price and of the Placement Volume in the official gazette of the <i>Wiener Zeitung</i>
May 13, 2019	Admission decision of the Frankfurt Stock Exchange and publication of the admission decision on the Frankfurt Stock Exchange's website (www.boerse-frankfurt.com)
May 13, 2019	Admission decision of the Vienna Stock Exchange and publication of the admission decision on the Vienna Stock Exchange's website (www.wienerborse.at)
May 14, 2019	Commencement of trading of the Company's Shares on the Frankfurt Stock Exchange and the Vienna Stock Exchange
May 14, 2019	Closing: Expected book-entry delivery of the Offer Shares allotted to investors against payment of the Offer Price (expected value date)

Rights attached to, form and representation of the Shares

The New Shares will rank *pari passu* with the existing Shares (including the Overallotment Shares) and thus have subscription rights to future capital increases on the same terms and to the same extent as the existing Shares.

11,999,999 of the Company's Shares are and all future shares will be issued as no par value ordinary bearer shares (Share No. 1 is issued as registered share), each share representing a calculated notional amount of EUR 1.00 of the nominal share capital of the Company. The Shares are, and all future shares will be issued based on the provisions of the Stock Corporation Act.

The Shares are represented by one or more modifiable global certificates (*veränderbare Sammelurkunden*) without dividend coupons, deposited with OeKB CSD, as securities clearing and depository bank. The New Shares will be accredited to the global certificate deposited with OeKB CSD on or around May 13, 2019. The articles of association of the Company exclude the shareholders' claim to be issued with individual share certificates.

The Shares are freely transferable. With the exception of the restrictions set out in "*Underwriting—Lock-up agreements*", there are no lock-up requirements or restrictions on the transferability of the Company's Shares. The International Securities Identification Number (ISIN) is ATFREQUENT09, the German Securities Identification Number (WKN) of the Shares is A2PHG5, and the Ticker Symbol is FQT.

Allotment

The Company, the Selling Shareholder and the Managers reserve the right to allot to investors less than the maximum possible amount of Offer Shares that are being offered. No agreements exist between the Company, the Selling Shareholder and the Managers with respect to the allotment procedure prior to the commencement of the Offer Period.

The ultimate decision rests with the Company, the Selling Shareholder and the Managers. Allotments to institutional investors will be made on the basis of the quality (including expected holding strategy and order size) of the individual institutional investor, as well as individual orders and other allotment criteria to be determined.

The allocation to retail or private investors (individuals) including the allocation of offers made through the subscription functionality *DirectPlace* will be compatible with the German "Principles for the Allotment of Share Issues to Private Investors" published by the Commission of Stock Exchange Experts (*Börsensachverständigenkommission*). "**Qualified investors**" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as well as "**professional clients**" (*professionelle Kunden*) and "**suitable counterparties**" (*geeignete Gegenparteien*) as defined under the German Securities Trading Act (*Wertpapierhandelsgesetz*), are not viewed as "**private investors**" (*Privatanleger*) within the meaning of the allocation rules.

The Company, the Selling Shareholder and the Managers will determine and publish the specific details of the allotment procedure in accordance with the "Principles for the Allotment of Shares Issues to Private Investors" once the Offer Period has expired. Trading in the Company's Shares may commence before investors are notified of the number of Offer Shares they have been allotted.

Any minimum allotment will be determined once the order book has been closed and will be published in accordance with the allotment principles. No right to allotment exists.

Target Market Information

The following disclosure is directed to distributors of the Offer Shares: Solely for the purpose of fulfilling the requirements of Article 24(2) MiFID II, the following criteria characterizing the target market for shares in the Company have been identified: (i) target clients include retail clients, professional clients and eligible counterparties, (ii) who should be able and willing to carry losses of up to the total amounts invested, (iii) who have any type of investment horizon bearing in mind that acquisition costs reduce the potential earnings, (iv) who have a medium to high-risk tolerance and are willing to accept price fluctuations, (v) who have an investment strategy focused on asset accumulation or disproportionate participation, (vi) who possess basic knowledge and experience with respect to capital markets or shares, and (vii) who exploit any type of distribution strategy (e.g.

investment advice, portfolio management, non-advised sales and pure execution services). The shares are deemed incompatible for clients which are fully risk averse. Distributors of the Offer Shares should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

For the avoidance of doubt, this assessment does not constitute an assessment of the suitability or appropriateness of an investment in shares of the Company, or a recommendation to any investor to purchase, sell or take any other action with respect to the Company's shares.

Payment, delivery and settlement

The Offer Shares allotted will be made available to investors as co-ownership interests in the modifiable global certificate (*veränderbare Sammelurkunde*) deposited with OeKB CSD. The Shares will be included into the cross-border securities clearing (*grenzüberschreitender Effektengiroverkehr*) and thus will also be available via CBF. Delivery of the Offer Shares allotted against payment of the Offer Price is expected to take place on or about May 14, 2019. Shares purchased in the Offering will be credited to the securities account of a credit institution at CBF or OeKB for the account of such investor in each case against payment of the Offer Price. Amounts in excess of the final amount to be paid advanced by investors will be repaid via electronic bank transfer.

Stock exchange admission and commencement of trading

An application for admission of the Shares (including the New Shares) to trading on the Regulated Market (segment General Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the Regulated Market (prime market) of the Vienna Stock Exchange (*Wiener Börse*) will be filed on or around April 30, 2019. The Company's Shares are expected to be admitted to trading on the Regulated Market (segment General Standard) of the Frankfurt Stock Exchange and on the Regulated Market (prime market) of the Vienna Stock Exchange (*Wiener Börse*) on May 13, 2019. The decision on the admission of the Company's Shares to trading will be made solely in the discretion of the respective stock exchanges. Trading in the Shares on the Frankfurt Stock Exchange and on the Vienna Stock Exchange is expected to commence on or about May 14, 2019.

Stabilisation and Greenshoe Option

In connection with the placement of the Offer Shares and to the extent permitted by Article 5 (4) MAR in conjunction with the regulatory technical standards issued under the MAR, flatex Bank AG, Frankfurt am Main, or persons acting on its behalf, acting as Stabilisation Manager in the name and for the account of the Managers, may make overallotments or effect transactions aimed at supporting the stock exchange or market price of the Shares in order to counteract any selling pressure that may exist.

The Stabilisation Manager is under no obligation to take stabilisation measures. Therefore, there is no guarantee that any stabilisation measures will be effected. Where stabilisation measures are taken, these may be terminated at any time without prior notice. Such measures may be taken from the date the Shares of the Company are traded for the first time on the Regulated Market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or the Regulated Market of the Vienna Stock Exchange (*Wiener Börse*) and must be terminated no later than 30 calendar days after such date ("**Stabilisation Period**"). Stabilisation measures may cause the stock exchange or market price of the Shares to be higher than it would otherwise have been. In addition, the stock exchange or market price may temporarily be at a level that is not sustainable. The Stabilisation Manager may undertake stabilisation measures on the Frankfurt Stock Exchange, the Vienna Stock Exchange, in the OTC market or otherwise.

With regard to potential stabilisation measures and to the extent permitted by law, investors may, in addition to the New Shares being offered, be allocated up to 400,000 (already existing) Overallotment Shares in the Offering (the “**Overallotment**”). In connection with a potential Overallotment, the Stabilisation Manager will be provided in the form of a securities loan (*Wertpapierdarlehen*) with up to 400,000 existing Shares of the Company from the holdings of the Selling Shareholder without charge. The total number of Overallotment Shares will not exceed 15% of the sum of the final number of placed New Shares and Reallocation Shares. In this context, the Selling Shareholder will grant the Stabilisation Manager the Greenshoe Option to acquire the Overallotment Shares from the Selling Shareholder at the Offer Price, less agreed commission, in order to satisfy the retransfer obligation under the securities loan which will expire 35 calendar days after stock exchange trading in the Shares commences and may only be exercised to the extent that Shares have been placed by way of an Overallotment.

Within one week following the end of the Stabilisation Period, an announcement will be published as to whether or not any stabilisation measures were taken, when price stabilisation started and finished, the date on which the last stabilisation measure was taken and the price range within which stabilisation measures were taken (for each date on which a stabilisation measure was taken). Any Overallotments and exercise of the Greenshoe Option, the date hereof and the number and type of the Shares concerned will also be published promptly in the manner previously stated.

Designated Sponsor

flatex Bank AG, through its representative office BankM, will assume the function of a designated sponsor (the “**Designated Sponsor**”) for the Company’s Shares trading on the Frankfurt Stock Exchange. Pursuant to the Designated Sponsor agreement expected to be entered into between the Designated Sponsor and the Company, the Designated Sponsor will, among other things, place limited buy and sell orders for Shares in the electronic trading system of the Frankfurt Stock Exchange during regular trading hours. This is intended to achieve greater liquidity in the market for the Shares. The Designated Sponsor will receive an annual remuneration for those services in accordance with market standards.

Interests of parties participating in the Offering

In connection with the Offering and admission to trading of the Shares, the Managers will pay the Offer Price for the Shares offered corresponding to the Placement Volume (less agreed commissions, costs and expenses, as well as the part of the issue price already paid for the New Shares placed) to the Company or the Selling Shareholder on the respective settlement date. The commission and other payments the Managers will receive depend on the successful completion of the Offering, the Placement Volume and the Offer Price. The Managers therefore have an interest that as many Shares as possible are placed at the highest price possible. In addition, the flatex Bank AG has been appointed to act as designated sponsor for the Shares and will receive an annual remuneration for those services in accordance with market standards.

Furthermore, in connection with the Offering, the Managers and any of their respective affiliates, acting as an investor for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, the Managers or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Managers (or their affiliates) may from time to time acquire, hold or dispose of Shares in the Company.

The Managers or their affiliates may have business relations with the Frequentis Group, including financing, or may perform services for the Frequentis Group in the ordinary course of their business. For example, COMMERZBANK Aktiengesellschaft, through its Austrian branch, has entered into a framework credit and guarantee facility with the Company allowing drawdowns in Euro or USD and the issue of letters of credit. In the event of a successful Offering the Managers may also be selected as financial advisor in future transactions or act as lender or arranger of future financing transactions or

trade for their own account or the accounts of customers, in debt or equity securities or loans of the Company.

As of the date of this Prospectus, the Selling Shareholder directly and indirectly holds approximately 96.58% of the existing Shares and as such has an influence on the decisions which the Company will take with respect to the Offering. The Selling Shareholder will receive proceeds resulting from the Offering. Consequently, the Selling Shareholder has an interest in the success of the Offering on the best possible terms.

Mr. Haslacher has received a cash bonus and agreed to purchase 15,000 Shares in the Pre-IPO Placement; this bonus will be upheld as incentive in case of a successful IPO. Mr. Haslacher therefore has an interest in the success of the Offering (for details on his long-term incentive plan see “*Management and Employees—Management Board—Management Board compensation*”).

DILUTION

Assuming a full placement of the Offer Shares with persons who are not yet shareholders of the Company, and following closing of the Pre-IPO Placement the participation in the capital stock / voting rights of the Existing Shareholders will be reduced by around 30.36% to around 69.64% of the increased share capital.

The net book value of the Company as of December 31, 2018 amounts to approximately EUR 84.3 million in total and EUR 7.02 per share, calculated based on the number of shares existing at the date of this Prospectus. The net book value per share is calculated by deducting the total liabilities from the total assets and dividing this amount by the number of outstanding shares (EUR 84.3 million divided by 12,000,000). If all 1,200,000 New Shares were placed at an assumed Offer Price of EUR 19.50 per share, being the mid-point of the Price Range, based on the estimated issue costs of EUR 1.6 million, the Company would accrue net proceeds of EUR 21.8 million. Had this happened already on December 31, 2018 and had at the same time the number of shares been increased by the New Shares, the net book value of the Company would have been around EUR 106.1 million, i.e. around EUR 8.04 per share (the number of shares of the Company would have been 13,200,000 in total, comprising the current share capital of 12,000,000 shares and the 1,200,000 New Shares. The net book value of EUR 106.1 million is calculated by adding to the net book value of EUR 84.3 million as of December 31, 2018 the estimated net proceeds of EUR 21.8 million). This would have meant an immediate increase of the net book value of approximately EUR 1.02 (14.5%) per existing share and a dilution for the subscribers of the New Shares of EUR 11.46 (58.8%) per New Share.

DOCUMENTS INCORPORATED BY REFERENCE

Financial statements - documents incorporated by reference

English translations of the audited consolidated financial statements of Frequentis as of, and for the financial year ended December 31, 2018 and 2017 and the German language audited consolidated financial statements of Frequentis as of, and for the financial year ended December 31, 2016 (all the before mentioned, including the notes thereto, the “**Audited Annual Consolidated Financial Statements**”), together with the respective auditor’s report (for 2018 and 2017 including the German language auditor’s report (*Bestätigungsvermerk*), and for 2016 only the German language auditor’s report) thereon, are incorporated by reference into this Prospectus as specified in detail in the “*Cross reference list of Documents Incorporated by Reference*” below and are defined as “**Documents Incorporated by Reference**”. This Prospectus should be read in conjunction with all Documents Incorporated by Reference which have been published and filed with the FMA and constitute a part of this Prospectus.

The Company has prepared the German language Audited Consolidated Financial Statements in accordance with International Financial Reporting Standards, as adopted by the European Union (“**IFRS**”), and the additional requirements pursuant to § 245a Austrian Company Code.

The Prospectus does not contain any other financial information than the Audited Consolidated Financial Statements that has been audited by an auditor. All financial information which is reflected in this Prospectus, in particular the information under the heading “Presentation of Financial and other Information” was extracted and derived from the Consolidated Financial Statements, unless explicitly indicated in this Prospectus.

Cross reference list of Documents Incorporated by Reference

Any information not listed in the cross reference list but included in the Documents Incorporated by Reference is given for information purposes only. The Documents Incorporated by Reference may be inspected on the Company’s website under www.frequentis.com. The following sections of the Frequentis German and English language Annual Reports 2018, 2017 and 2016, respectively are incorporated by reference into this Prospectus:

- Frequentis Annual Report 2018: English translation of the audited annual consolidated financial statements as of, and for the financial year ended, December 31, 2018 (the “**Audited Annual Consolidated Financial Statements 2018**”): consolidated income statement, page 66; consolidated statement of comprehensive income, page 67; consolidated balance sheet, pages 68-69; consolidated cash flow statement, page 70; consolidated statement of changes in equity, page 71; notes to the consolidated financial statements, pages 72-87; notes to the consolidated income statement, pages 88-92; notes to the consolidated balance sheet, pages 93-110; other information, pages 113-120; declaration by the Executive Board, page 125; auditor’s report, pages 121-124; the Frequentis Annual Report 2018 may also be inspected on the Company’s website https://www.frequentis.com/sites/default/files/support/2019-04/Frequentis_AnnualReport_2018_e_web.pdf ;
- German language Annual Report 2018: Auditor’s report (*Bestätigungsvermerk*), pages 125-128; the Frequentis German language Annual Report 2018 may also be inspected on the Company’s website https://www.frequentis.com/sites/default/files/support/2019-04/Frequentis_GB_2018_d_0804_web_0.pdf ;
- Frequentis Annual Report 2017: English translation of the audited annual consolidated financial statements as of, and for the financial year ended, December 31, 2017 (the “**Audited Annual Consolidated Financial Statements 2017**”): consolidated income statement, page 58; consolidated statement of comprehensive income, page 59; consolidated balance sheet, pages 60-61; consolidated cash flow statement, page 62; consolidated statement of changes in equity,

page 63; notes to the consolidated financial statements, pages 64-71; notes to the consolidated income statement, pages 72-76; notes to the consolidated balance sheet, pages 77-92; other information, pages 93-100; declaration by the Executive Board, page 101; auditor's report, pages 102-104; the Frequentis Annual Report 2017 may also be inspected on the Company's website https://www.frequentis.com/sites/default/files/support/2018-05/00_COR_Annual_Report_2017_E_0518.pdf;

- German language Annual Report 2017: Auditor's report (*Bestätigungsvermerk*), pages 102-104; the Frequentis German language Annual Report 2017 may also be inspected on the Company's website https://www.frequentis.com/sites/default/files/support/2018-09/00_COR_GB_D_0418_web.pdf;
- German language audited annual consolidated financial statements 2016: the audited annual consolidated financial statements as of, and for the financial year ended, December 31, 2016 (the "**German language Audited Annual Consolidated Financial Statements 2016**"): consolidated income statement, page 3; consolidated statement of comprehensive income, page 3; consolidated balance sheet, page 2; consolidated cash flow statement, page 4; auditor's report (*Bestätigungsvermerk*), pages 67-70; the German Audited Annual Consolidated Financial Statements 2016 may also be inspected on the Company's website https://www.frequentis.com/sites/default/files/support/2019-04/Frequentis_Konzernbericht_2016.pdf.

CAPITALIZATION AND INDEBTEDNESS

The following tables set forth the Group’s capitalization and net indebtedness as at March 31, 2019 (i) as derived from the Group’s internal accounting records and (ii) adjusted for the issuance of the New Shares, as if it had taken place on March 31, 2019.

The information presented below has been derived from internal data and is unaudited. With regard to balance sheet data, investors should therefore rely on the information provided in the sections “*Operating and Financial Review of Frequentis*” as well as the Audited Annual Consolidated Financial Statements incorporated in this Prospectus.

Capitalization and indebtedness

The table below presents the Group’s capitalization as at March 31, 2019. The information included in the right-hand column shows the hypothetical adjustment of the Group’s capitalization as of March 31, 2019 as adjusted based on the assumption that, after the issuance of the maximum number of 1,200,000 New Shares at an assumed offer price of EUR 19.50 per New Share, the Company will receive net proceeds amounting to approximately EUR 21.8 million.

	As at March 31, 2019	
	Unaudited, in EUR million	
	(actual)	(as adjusted for the issuance of the New Shares)
Current debt		
Guaranteed.....	0.0	0.0
Secured	0.0	0.0
Unguaranteed/Unsecured.....	96.2	96.2
Total current debt.....	96.2	96.2
Non-current debt (excluding current portion of long-term debt)		
Guaranteed.....	0.0	0.0
Secured	0.0	0.0
Unguaranteed/Unsecured.....	66.2	66.2
Total non-current debt	66.2	66.2
Total debt.....	162.5	162.5
Shareholder’s equity		
Share capital	12.0	13.2
Legal reserves	1.8	22.4
Other reserves	-5.5	-5.5
Total equity (not including profit and loss reserve).....	8.3	30.1
Total capitalization	170.8	192.6

(Source: Internal data.)

Net indebtedness

The table below presents the net financial debt of the Group as at March 31, 2019. The information included in the right-hand column shows the hypothetical adjustment of the Group’s net financial debt as of March 31, 2019 based on the assumption that, after the issuance of the maximum number of 1,200,000 New Shares at an assumed offer price of EUR 19.50 per New Share, the Company will receive net proceeds amounting to approximately EUR 21.8 million.

	As at March 31, 2019	
	Unaudited, in EUR million	
	(actual)	(as adjusted for the issuance of the New Shares)
A. Cash	49.3	71.1
B. Cash equivalent.....	10.0	10.0
C. Trading securities	8.0	8.0
D. Liquidity (A) + (B) + (C).....	67.2	89.0
E. Current financial receivables	41.2	41.2
F. Current bank debt	0.7	0.7

	As at March 31, 2019	
	Unaudited, in EUR million	
G. Current portion of non-current debt	1.0	1.0
H. Other current financial debt.....	16.3	16.3
I. Current financial indebtedness (F) + (G) + (H).....	18.0	18.0
J. Net current financial indebtedness (I) – (E) – (D).....	-90.5	-112.3
K. Non-current bank loans	6.2	6.2
L. Bonds issued.....	0.0	0.0
M. Other non-current loans	0.0	0.0
N. Non-current financial indebtedness (K) + (L) + (M)	6.2	6.2
O. Net financial indebtedness (J) + (N).....	-84.3	-106.1
P. Indirect and contingent indebtedness	0.0	0.0
Q. Total financial and contingent indebtedness (O) + (P)...	-84.3	-106.1

(Source: Internal data.)

No material change

Other than set out above, there has been no material change in the Group's capitalization, indebtedness or net indebtedness since March 31, 2019.

SELECTED CONSOLIDATED FINANCIAL DATA OF FREQUENTIS

The selected historical financial information of the Group as at and for the years ended December 31, 2018, 2017 and 2016 as set out below has been extracted or derived from the Audited Annual Consolidated Financial Statements, which are incorporated in this Prospectus by reference. The Audited Annual Consolidated Financial Statements were prepared in accordance with IFRS.

The following selected consolidated financial data should be read in conjunction with, and are qualified by reference to, the Operating and Financial Review and the Audited Annual Consolidated Financial Statements contained in this Prospectus.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except otherwise noted)		
(audited, except otherwise noted)			
Consolidated Income Statement Data			
Revenues.....	285.8	266.9	241.2
Change in inventories of finished goods and work in progress ⁽¹⁾	0.7	n.a.	n.a.
Own work capitalized.....	0.0	0.1	0.2
Other operating income.....	7.4	7.6	10.7
Total operating performance	293.9	274.5	252.2
Cost of materials and purchased services.....	-76.8	-75.5	-64.8
Staff expenses.....	-142.9	-134.5	-124.9
Depreciation and amortization.....	-6.0	-5.7	-5.3
Other operating expenses.....	-52.5	-44.5	-44.8
Earnings before interest and taxes (EBIT)	15.6	14.3	12.4
Financial income.....	0.5	0.5	0.5
Financial expenses.....	-0.4	-0.5	-0.8
Other financial results.....	0.0	-0.1	0.0
Financial results	0.1	-0.1	-0.3
Income from associated companies.....	0.2	0.2	0.1
Profit before tax	15.9	14.4	12.2
Income taxes.....	-4.1	-3.7	-3.0
Profit for the financial year	11.8	10.7	9.2
attributable to equity holders of the company.....	11.3	9.9	9.0
attributable to non-controlling interests.....	0.6	0.8	0.2
Consolidated Cash Flow Data			
Net cash flow from operating activities.....	4.6	16.7 ⁽¹¹⁾	38.8
Net cash flow from investing activities.....	-4.4	-4.4	-15.8
Net cash flow from financing activities.....	-14.2	-3.7 ⁽¹¹⁾	7.7
Net change in cash and cash equivalents.....	-14.1	8.6	30.8
Cash and cash equivalents at end of period.....	45.5	77.7	69.1
Consolidated Balance Sheet Data			
Non-current assets.....	28.8	22.4	24.9
Current assets.....	169.2	172.3	158.8
Total assets.....	198.0	194.6	183.7
Total equity.....	85.6	90.1	81.0
Non-current liabilities.....	30.0	28.8	31.0
Current liabilities.....	82.4	75.7	71.7
Total equity and liabilities.....	198.0	194.6	183.7
Non-IFRS Measures and Other Financial Data			
EBIT margin ⁽²⁾ (in %).....	5.3%	5.2%	4.9%
Equity ratio ⁽³⁾ (in %).....	43.2%	46.3%	44.1%
Net balance cash / (debt) ⁽⁴⁾	55.4	70.0	59.5
Free cash flow ⁽⁵⁾ (unaudited).....	0.1	12.3	23.1
Order intake ⁽⁶⁾ (unaudited).....	306.3	287.8	259.5
Increase in order intake ⁽⁷⁾ (in %, unaudited).....	6.4%	10.9%	n.a.
Research and development ("R&D") to revenue ratio ⁽⁸⁾ (unaudited).....	14.0%	15.9%	17.8%
Increase in total operating performance ⁽⁹⁾ (in %, unaudited).....	7.0%	8.9%	n.a.
Order backlog ⁽¹⁰⁾	355.2	335.3	n.a.

(Source: Audited Annual Consolidated Financial Statements and internal data.)

- (1) Change in inventories of finished goods and work in progress is reported separately in the Audited Annual Consolidated Financial Statements 2018, while in previous years such change was included in revenues.
- (2) The following table shows the calculation of the EBIT margin, which is a measure of the profitability of a company. The EBIT margin is earnings before interests and taxes (EBIT) divided by total operating performance for the respective period.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except percentages)		
	(audited)		
Earnings before interest and taxes (EBIT).....	15.6	14.3	12.4
Total operating performance	293.9	274.5	252.2
EBIT margin (in %).....	5.3%	5.2%	4.9%

(Source: Audited Annual Consolidated Financial Statements.)

- (3) The following table shows the calculation of the equity ratio, which is a measure of a company's own capital resources. The equity ratio is total equity divided by total assets at the respective reporting date.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except percentages)		
	(audited)		
Total equity	85.6	90.1	81.0
Total assets.....	198.0	194.6	183.7
Equity ratio.....	43.2%	46.3%	44.1%

(Source: Audited Annual Consolidated Financial Statements.)

- (4) The following table shows the calculation of net balance cash / (debt), which is a measure of a company's liquidity status as of a specific date. The net balance cash / (debt) is cash and cash equivalents plus time deposits (current and non-current) less liabilities to banks (non-current) and liabilities to banks (current) at the respective reporting date.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million)		
	(audited)		
Cash and cash equivalents.....	45.5	77.7	69.1
Time deposits	18.0	n.a.	n.a.
Liabilities to banks (non-current)	6.5	7.5	9.5
Liabilities to banks (current)	1.7	0.2	0.1
Net balance (debt).....	55.4	70.0	59.5

(Source: Audited Annual Consolidated Financial Statements.)

- (5) The following table shows the calculation of the free cash flow, which is a measure of a company's cash generation ability. The free cash flow is net cash flow from operating activities plus net cash flow from investing activities for the respective period.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million)		
	(audited, except otherwise noted)		
Net cash flow from operating activities.....	4.6	16.7 ⁽¹⁾	38.8
Net cash flow from investing activities	-4.4	-4.4	-15.8
Free cash flow (unaudited)	0.1	12.3	23.1

(Source: Audited Annual Consolidated Financial Statements and internal data.)

- (6) Order intake refers to firm orders placed by a customer and gives an indication of the short-term development of future revenues.
- (7) Increase in order intake refers to the annual change of order intake compared to the order intake during the preceding year expressed as a percentage rate.
- (8) The following table shows the calculation of the R&D to revenue ratio, which is a measure of a company's spending on research and development. The R&D expenditures including order-related work are divided by revenues for the respective reporting period.

	Year ended December 31,		
	2018	2017	2016
	(in EUR million, except percentages)		
	(audited, except otherwise noted)		
R&D expenditures (unaudited for 2018)	39.9 ⁽¹²⁾	42.5	42.9
Revenues	285.8	266.9	241.2
R&D to revenue ratio (unaudited)	14.0%	15.9%	17.8%

(Source: Audited Annual Consolidated Financial Statements and internal data.)

- ⁽⁹⁾ Increase in total operating performance means the annual change of total operating performance compared to the total operating performance during the preceding year expressed as a percentage rate.
- ⁽¹⁰⁾ Order backlog refers to order intake which has not been cancelled or recognised as revenues as at the respective reporting date and gives an indication of the short-term development of future revenues.
- ⁽¹¹⁾ In the Audited Annual Consolidated Financial Statements 2018 dividends received were regrouped from net cash flow from financing activities to net cash flow from operating activities. This change was also effected for dividends received in the amount of EUR 0.1 million in the financial year 2017. Therefore, net cash flow from financing activities and net cash flow from operating activities deviate from the figures included in the Audited Annual Consolidated Financial Statements 2017. The change was not effected for the financial year 2016.
- ⁽¹²⁾ R&D expenditures as reported in the Audited Annual Consolidated Financial Statements 2018 did not take into account R&D expenditures for customer projects. Total R&D expenditures were not included in the Audited Annual Consolidated Financial Statements 2018, therefore this information is unaudited.

The following table sets forth certain income statement and other data broken down according to the business domains of the Group:

	2018	% Change	2017	% Change	2016
	(in EUR million, except percentages)				
	(audited, except percentages and as otherwise indicated)				
Air Traffic Management					
Revenues	202.5	11.0%	182.4	18.6%	153.8
Other operating income	4.9	42.7%	3.4	-34.6%	5.2
Own work capitalized	0.0	0.0%	0.0	-100.0%	0.1
Total operating performance	207.8	11.8%	185.8	16.8%	159.1
Earnings before interests and taxes (EBIT)⁽¹⁾	11.8	61.2%	7.4	n.a.	n.a.
Order backlog ⁽²⁾	215.7	-2.9%	222.1	n.a.	n.a.
Public Safety & Transport					
Revenues	83.1	-1.5%	84.4	-3.2%	87.1
Other operating income	1.4	-41.5%	2.4	-36.2%	3.7
Own work capitalized	0.0	-	0.0	-100.0%	0.0
Total operating performance	84.7	-2.3%	86.7	-4.6%	90.9
Earnings before interests and taxes (EBIT)⁽¹⁾	3.4	-49.5%	6.8	n.a.	n.a.
Order backlog ⁽²⁾	139.5	23.1%	113.2	n.a.	n.a.

(Source: Audited Annual Consolidated Financial Statements and internal data.)

- ⁽¹⁾ Earnings before interests and taxes (EBIT) are reported for the first time in the Audited Annual Consolidated Financial Statements 2018. Comparative figures have been calculated for 2017, but not for 2016.
- ⁽²⁾ Order backlog refers to order intake which has not been cancelled or recognised as revenues as at the respective reporting date.

There has been no significant change in the Frequentis Group's financial condition and operating results since December 31, 2018.

OPERATING AND FINANCIAL REVIEW OF FREQUENTIS

This operating and financial review is based on the Audited Annual Consolidated Financial Statements as of and for the years ended December 31, 2018, 2017 and 2016 as well as internal data. The Audited Annual Consolidated Financial Statements are incorporated by reference in this Prospectus and have been prepared in accordance with EU-IFRS. The following operating and financial review contains certain forward-looking statements that are based on assumptions about the Group and its business. The Group's actual results could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly under "Risk Factors". With regard of the use of non-IFRS measures to evaluate the Group's operations see "Presentation of Financial Information—Non-IFRS Measures".

Overview

The Frequentis Group is a globally operating provider of Communication and information solutions for control centres that perform safety-critical tasks. Frequentis control centre solutions are used in the areas of Air Traffic Management (civil and military air traffic control), public safety (police, fire brigades, emergency medical services), public transport (railways) and maritime (coast guard, port authorities). In the year ended December 31, 2018, Frequentis generated revenue of EUR 285.8 million (EUR 266.9 million in 2017), EBIT of EUR 15.6 million (EUR 14.3 million in 2017) and profit after income tax of EUR 11.8 million (EUR 10.7 million in 2017). The Air Traffic Management business domain accounted for 70.9% of the Group's revenues in 2018, with the Public Safety & Transport business domain accounting for the remaining 29.1% of the Group's revenues. As of December 31, 2018, the Group had 1,843 employees (thereof 990 in Frequentis AG, Vienna) and a network of subsidiaries, sales offices and sales representatives in more than fifty countries.

Segment reporting

Frequentis is the parent company of the Group's 27 consolidated subsidiaries as of December 31, 2018, in which it directly or indirectly owns a majority of shares or exercises management control.

The Group's operations are divided into two reporting segments, referred to as business domains: (i) the air traffic management business domain and (ii) the public safety & transport business domain. In addition, the Group also provides information on the geographical allocation of the Group's order intake.

For a more detailed description of the business domains, please refer to "*Business—Control centre solutions—Air Traffic Management*" and "*Business—Control centre solutions—Public Safety & Transport*"

Air Traffic Management business domain

The business domain ATM comprises ATM civil and defence. In 2018, ATM civil accounted for approximately three quarters of the ATM business domain's revenues and defence approximately accounted for the remaining quarter of the ATM business domain's revenues.

In ATM civil, the Group offers voice communication, virtual tower solutions, air traffic control, air traffic management, aeronautical information management, system-wide information management as well as message handling.

In defence, the products and services offered by the Group are similar to those offered in ATM civil, but provide some additional military-specific features. Special systems for example relate to mission-critical communication, air defence networks and joint forces command.

The control centre solutions required by customers and offered by the ATM business domain are relatively standardised and the Group encounters only a limited number of competitors worldwide. With only one potential ATM civil customer per country also the number of customers is limited, which means that the Group's growth potential primarily refers to the sale of new products.

For a more detailed description of the ATM business domain, see “*Business—Control centre solutions—Air Traffic Management*”.

Public Safety & Transport business domain

The business domain public safety & transport (“**PST**”) comprises the business units public safety, public transport and maritime. In 2018, public safety accounted for the majority of the PST business domain's revenues, transport accounted for almost one quarter of the PST business domain's revenues while maritime and other business units accounted for a less significant portion of the PST business domain's revenues.

In public safety, the Group provides control centre solutions, voice communication systems, command and control system, logging systems and public safety-critical infrastructure.

In public transport, the Group offers railways control, operations communication management and incident and crisis management solutions.

In maritime, the Group offers control centre solutions for maritime search and rescue, a maritime communication system for coastal surveillance and vessel traffic management solutions.

The control centre solutions offered by the PST business domain are often tailor-made for the Group's customers and the Group encounters different competitors in different geographical areas. Other than in the ATM business domain, its competitors are often local service providers, which are active only regionally. With the number of potential customers in each country being more or less unlimited, the Group considers that there is substantial growth potential and possibility to increase the Group's market share.

For a more detailed description of the PST business domain, see “*Business—Control centre solutions—Public Safety & Transport*”.

Geographic allocation of order intake

The following table sets forth the Group's order intake by geographic area for each of the years ended December 31, 2018, 2017 and 2016:

	2018	Change in % points	2017	Change in % points	2016
(in percentages)					
(unaudited)					
Europe.....	55.2	-11.8	67.0	0.2	66.8
Americas.....	16.9	1.4	15.5	1.6	13.9
Asia.....	11.2	-2.4	13.6	8.0	5.6
Australia/Pacific.....	16.4	13.6	2.8	-6.6	9.4
Africa.....	0.3	-0.8	1.1	-3.3	4.4

(Source: Internal data.)

The Group does not monitor the geographic allocation of its revenues in terms of location of the Group's customers.

Key factors affecting the Group's results of operations

Project driven organization

The Group's business, in both the ATM and the PST business domain, is characterized by a large number of (small, medium-sized and large) projects carried out for its customers. The Group does rather not produce on stock but usually work is commenced after a respective order is placed by a customer.

As a general rule, the Group receives payments from the customer in accordance with a payment plan agreed upon in the contract for the respective project. Usually, the Group receives a down payment upon conclusion of the contract and commencement of the work thereunder. Subsequent payments in most cases depend on the achievement of contractually defined milestones, which are conditions for the Group to invoice further progress payments. The Group's total operating performance therefore depends on the achievement of milestones and finalization of projects. Naturally, large projects have a more significant impact on the total operating performance of the Group compared to smaller projects. Larger projects may, therefore, lead to considerable fluctuations concerning order intake and total operating performance.

Invoicing of project payments also affects the Group's liabilities as conditions agreed with subcontractors usually provide for a payment obligation of the Group only after it has invoiced and/or received the corresponding payment from the client. Consequently, as long as the Group has not invoiced a project to the customer and unless otherwise agreed with the Group's suppliers, procured services and materials purchased increase the Group's liabilities.

Therefore, the project business and imminent fluctuations in order intake and project completions affects not only the Group's results of operations, but also its balance sheet structure.

Development of air traffic

As the Group currently generates the majority of its revenues in the ATM business domain, changes and developments in air traffic may significantly affect the Group's operations. Generally, the Group believes that an increase in air traffic in the long run positively affects the demand for its products and consequently the Group's results of operations. However, also a lower level of air traffic might have a positive impact on the demand for the Group's products as operators may strive to cut their costs by a higher degree of automatization. Therefore, it is difficult to predict whether a decrease in air traffic would actually lead to lower demand for the Group's products.

Installed base business sales

Generally, the Group either provides its services and products to new customers or improves products already sold to its customers. Such follow-up projects are referred to as installed base business and in connection with such follow-up projects the Group has a competitive advantage compared to any competitors who are not familiar with the Group's product already operated by the customer. Therefore, installed base business sales offer higher margins to the Group compared to the sale of products to new customers. Additionally, installed base business sales offer a relatively stable source of income for the Group as customers often rely on the Group's products and services for a long period of time. Sales to new customers may of course be subject to higher volatility.

Seasonal Fluctuations

The Group's results of operations during any interim period may fluctuate due to various factors; quarterly results are, therefore, rather volatile. Historically and due to the seasonality of the Group's business, the Group has generated most of its order intakes and operating performance in the fourth quarter of the calendar year. This effect is partly caused by the customer structure of the Group since these customers often tend to make their procurement decisions and utilise their investment budgets at

the end of the calendar year.

Usually, due to the seasonal fluctuations described above, the Group's results in the first half of a calendar year are negative, which is then compensated by the strong order intake, operating performance and earnings development in the second half year.

Fluctuations in earnings due to the impact of major contracts

In project business, revenues for any period may fluctuate significantly based on the timing of projects. The Group's business can be significantly impacted by one-off high volume contracts. If such contract causes a significant revenue contribution in one year, and no similar sized contract can be obtained in the following year, operating performance and results from operating activities may vary from year to year. Furthermore, the start and the end of larger projects may be delayed, which would also have an effect on the operating performance and on the results from operating activities of a certain accounting period.

Foreign currency fluctuations and exchange rate effects

As the Group operates globally, the Group is subject to foreign currency fluctuations with respect to certain projects and business transactions. It is also exposed to currency conversion risks in connection with the preparation of the Group's Consolidated Financial Statements.

The Group generates a considerable part of its revenues in foreign currencies. While it primarily hedges foreign currency effects evolving after an order has been placed, it is fully exposed to currency fluctuations between the time when the Group places an offer for a specific project and the time when the order is actually placed. This time period, during which the Group has no security that it will secure the contract and consequently cannot effectively hedge its respective currency exposure, usually extends over a period of up to twelve months.

Global development towards increased mobility and safety requirements

The Group considers that the 21st century is characterized, among others, by a development towards a mobile and globalised society, which in turn creates particular safety risks and needs and leads to stronger public efforts to master these new safety challenges. The Group estimates that this generates increased need and willingness to invest into safety-critical areas.

At the same time and in line with increased mobility, the Group senses a sustained demand for cost reductions and efficiency gains by introducing modern technologies to optimise control centres in the traffic and public safety areas. The Group considers that increased mobility and safety requirements as well as new technological developments are the key drivers for an increasing demand for the control centre solutions offered by the Group.

Customers

While most of the Group's customers are public entities with a relatively low credit risk exposure, the Group also provides services as a subcontractor, which means that it invoices to a general contractor, who may not have an equally profound credit rating.

In general, the Group strives to increase the volume of projects directly delivered to final customers.

Personnel

It can be difficult for the Group to hire well-trained personnel at the times and in the number required by it. In the past, scarceness of well-trained personnel has already led to delays in the completion of projects and the Group observes that finding appropriate personnel becomes even more challenging in its primary markets. Particularly taking into account the project driven business of the Group, lack of appropriate personnel becomes evident when large orders are placed and the timetable for completion

of the project requires that the project is adequately staffed already from the commencement of the project.

Critical accounting policies

In the preparation of the Audited Annual Consolidated Financial Statements, management selects and applies certain accounting policies that it believes are important to the portrayal of the Group's financial condition and results of operations. As a result of the uncertainties inherent in the Group's business activities, management needs to make estimates and assumptions that require subjective and complex judgments. Different but equally reasonable judgments or estimates by management would have resulted in different results of operations. For a discussion of these and other accounting policies, please see the notes to the respective Audited Annual Consolidated Financial Statements.

Period-by-period comparison for the Frequentis Group

Overview

This operating and financial review is presented (i) at the Group level, at which the most detailed discussion is presented on the basis of the Group's consolidated results and changes in all line items in the consolidated income statement, as well as EBIT are discussed; and (ii) at the business domain level, which includes a period-by-period discussion and analysis of the respective business domain's revenues and total operating performance.

Explanation of certain line items used in the Group's income statement and other financial data

"Revenues" is recognised in accordance with IFRS 15, pursuant to which revenue is recognised in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the performance obligations, i.e. the transfer of goods or the provision of services.

"Change in inventories of finished goods and work in progress" refers to the change in unfinished hardware produced by the Group.

"Own work capitalised" refers to capitalised self-developments of test and demo systems of the Group.

"Other operating income" includes, among others grants and subsidies for research and development costs, revenue from a government research premium and currency exchange effects.

"Cost of materials and purchased services" includes raw materials, supplies, purchased parts and merchandise as well as services purchased specifically in connection with revenues.

"Staff expenses" mainly relates to salaries and social security contributions, but also includes severance payments, pensions and voluntary social welfare expenses.

"Depreciation and amortization" primarily relates to the depreciation of property, plant and equipment and amortisation of intangible assets but also includes depreciation and amortisation of low-value assets

"Other operating expenses" includes a variety of expenses, such as travel, rental, legal and consulting, external personnel, advertising, maintenance, fleet and telephone expenses.

"EBIT" (earnings before interest and tax) is profit before tax, income from associated companies and net of finance costs.

"Financial income" mainly relates to interest and similar income, but also includes income from securities, income from the disposal of financial assets and write-ups of securities.

“Financial expenses” include interest and similar expenses as well as impairment of securities.

“Other financial results” means impairment of goodwill and expenses for the disposal of financial assets, as these were reported in 2017.

“Income from associated companies” comprises the attributable profit less divided payments from non-consolidated subsidiaries: GroupEAD Europe S.L. (the Group holds a 28% interest and the company operates the European aeronautical information system database), Mission Embedded GmbH (the Group holds a 20% interest and the company develops hardware and hardware-related software for safety-critical applications) and AIRNAV Technology Services Inc. (the Group holds a 40% interest and its operations comprise testing, installation and maintenance services and on-site testing for international customer projects, particularly in the Asian and Arab region).

“Income taxes” includes current income taxes and the change in deferred tax assets/liabilities.

Comparison of Group results

Group results for 2018 compared with 2017, and for 2017 compared with 2016

	Year ended December 31, 2018	% Change	Year ended December 31, 2017	% Change	Year ended December 31, 2016
(in EUR million, except percentages)					
(audited, except percentages)					
Consolidated income statement					
Revenues.....	285.8	7.1%	266.9	10.7%	241.2
Change in inventories of finished goods and work in progress.....	0.7	n.a.	n.a.	n.a.	n.a.
Own work capitalized.....	0.0	-68.2%	0.1	-73.4%	0.2
Other operating income.....	7.4	-1.7%	7.6	-29.7%	10.7
Total operating performance.....	293.9	7.0%	274.5	8.9%	252.2
Cost of materials and purchased services.....	-76.8	1.7%	-75.5	16.5%	-64.8
Staff expenses.....	-142.9	6.3%	-134.5	7.7%	-124.9
Depreciation and amortisation.....	-6.0	5.0%	-5.7	8.5%	-5.3
Other operating expenses.....	-52.5	18.0%	-44.5	-0.8%	-44.8
Earnings before interest and taxes (EBIT).....	15.6	9.0%	14.3	15.3%	12.4
Financial income.....	0.5	8.0%	0.5	-12.0%	0.5
Financial expenses.....	-0.4	-17.4%	-0.5	34.0%	-0.8
Other financial results.....	0.0	-86.9%	-0.1	-	0.0
Financial results.....	0.1	-158.2%	-0.1	-56.2%	-0.3
Income from associated companies.....	0.2	37.5%	0.2	>100%	0.1
Profit before tax.....	15.9	10.6%	14.4	17.6%	12.2
Income taxes.....	-4.1	10.6%	-3.7	22.3%	-3.0
Profit for the financial year.....	11.8	10.6%	10.7	16.0%	9.2
attributable to equity holders of the company.....	11.3	14.3%	9.9	9.0%	9.0
attributable to non-controlling interests.....	0.6	-32.9%	0.8	>100%	0.2

(Source: Audited Annual Consolidated Financial Statements and internal data.)

Revenues

Revenues for the year ended December 31, 2018 were EUR 18.8 million or 7.1% higher at EUR 285.8 million compared to EUR 266.9 million in 2017. This increase was entirely attributable due to higher revenues generated in the ATM business domain. These effects were partly offset by slightly lower revenues generated in the PST business domain and the initial application of IFRS 15, which adversely affected revenues in the amount of EUR 2.9 million.

In 2017, revenues increased by EUR 25.7 million, or 10.7%, to EUR 266.9 million from EUR 241.2 million in 2016. This increase was due to higher revenues generated in the ATM business domain, especially driven by the acquisition of the material assets of the insolvent German COMSOFT GmbH by Comsoft Solutions GmbH (later renamed into FREQUENTIS COMSOFT GmbH), which is a fully owned subsidiary of the Issuer, in 2016 (the “Comsoft Acquisition”). The Comsoft Acquisition already contributed to the 2016 result of the Group but its impact increased

substantially in 2017. These effects were partly offset by slightly lower revenues generated in the PST business domain.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress for the year ended December 31, 2018 was at EUR 0.7 million. Change in inventories of finished goods and work in progress is reported separately in the Audited Annual Consolidated Financial Statements 2018, while in previous years such change was included in revenues.

Own work capitalized

Own work capitalized for the year ended December 31, 2018 were EUR 0.0 million or 68.2% lower at EUR 0.0 million compared to EUR 0.1 million in 2017. This decrease was primarily due to lower capitalization of test and demo systems developed by the Group.

In 2017, own work capitalized decreased by EUR 0.2 million, or 73.4%, to EUR 0.1 million from EUR 0.2 million in 2016 due to lower capitalization of test and demo systems developed by the Group.

Other operating income

Other operating income for the year ended December 31, 2018 were EUR 0.1 million, or 1.7%, lower at EUR 7.4 million compared to EUR 7.6 million in 2017. This decrease was primarily due to slightly lower subsidies received for research and development costs.

In 2017, other operating income decreased by EUR 3.2 million, or 29.7%, to EUR 7.6 million from EUR 10.7 million in 2016. This development was primarily due to lower currency exchange effects, which in 2016 were affected by a one-off gain from the repayment of an intercompany financing in USD and the subsequent conversion into EUR, which led to a foreign exchange rate gain of EUR 0.6 million in 2016. Additionally, in 2017 there was also lower income from the reversal of provisions (decrease of EUR 1.6 million), which was primarily due to the reversal of a project provision for a major project in the Arab region in 2016. These effects were partly offset by higher subsidies received for research and development costs.

Cost of materials and purchased services

Cost of materials and purchased services for the year ended December 31, 2018 were EUR 1.3 million or 1.7% higher at EUR 76.8 million compared to EUR 75.5 million in 2017. This increase was primarily attributable to higher cost of purchased services and was partly offset by lower cost of materials, which decreased as the projects carried out in 2018 were less material-intensive but required higher purchased services than those carried out in 2017.

In 2017, cost of materials and purchased services increased by EUR 10.7 million, or 16.5%, to EUR 75.5 million from EUR 64.8 million in 2016. This increase, which slightly exceeded the increase in revenues, was primarily attributable to a large number of projects in 2017 (with four projects in Africa, South Eastern Europe, China and Australia in particular), which made intensive use of materials and outsourced services.

Staff expenses

Staff expenses for the year ended December 31, 2018 was EUR 8.4 million, or 6.3%, higher at EUR 142.9 million compared to EUR 134.5 million in 2017. This increase was primarily attributable to an increased number of employees as the average number of employees increased from 1,697 in 2017 to 1,763 in 2018. Staff expenses increased in almost all of the Group's subsidiaries but specifically in Austria, Romania and the U.S.

In 2017, staff expenses increased by EUR 9.6 million, or 7.7%, to EUR 134.5 million from EUR 124.9 million in 2016. This increase, which was less pronounced than the increase in revenues, was primarily due to an increasing number of employees as the average number of employees increased from 1,606 in 2016 to 1,697 in 2017. Staff expenses increased in almost all of the Group's subsidiaries but specifically in Romania, Australia and Austria as well as at FREQUENTIS COMSOFT GmbH.

Depreciation and amortization

Depreciation and amortization for the year ended December 31, 2018 was EUR 0.3 million, or 5.0%, higher at EUR 6.0 million compared to EUR 5.7 million in 2017. This increase was primarily attributable to investments made in 2017 and consequently an increasing asset base for 2018.

In 2017, depreciation and amortization increased by EUR 0.4 million, or 8.5%, to EUR 5.7 million from EUR 5.3 million in 2016. This increase was primarily due to office software investments made in 2016 and consequently an increasing asset base for 2017.

Other operating expenses

Other operating expenses for the year ended December 31, 2018 were EUR 8.0 million, or 18%, higher at EUR 52.5 million compared to EUR 44.5 million in 2017. This increase was attributable to higher legal and consulting expenses, partly incurred in connection with the Offering and higher project provisions, which increased by EUR 3.3 million, primarily in connection with three new projects in Europe, America and Australia, where the remaining implementation costs exceeded outstanding revenues. Additionally, also travel expenses and insurance expenses increased significantly (by EUR 0.8 million and EUR 0.7 million, respectively).

In 2017, other operating expenses decreased by EUR 0.3 million, or 0.8%, to EUR 44.5 million from EUR 44.8 million in 2016. This relatively stable development was primarily due to higher travel expenses, higher advertising costs and higher transportation costs being more than offset by lower currency exchange rate effects and significantly lower devaluation of receivables and bad debt losses, which were incurred in 2016 due to financial difficulties of two prime contractors in relation to small projects in Brazil and Qatar.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for the year ended December 31, 2018 were EUR 1.3 million, or 9.0%, higher at EUR 15.6 million compared to EUR 14.3 million in 2017. This increase was primarily attributable to higher revenues, which were only partly offset by higher expenses, in particular staff expenses and other operating expenses.

In 2017, EBIT increased by EUR 1.9 million, or 15.3%, to EUR 14.3 million from EUR 12.4 million in 2016. This increase was primarily due to higher revenues, which were only partly offset by higher staff expenses and higher cost of materials and purchased services.

Financial income

Financial income for the year ended December 31, 2018 were EUR 0.0 million, or 8%, higher at EUR 0.5 million compared to EUR 0.5 million in 2017 and consequently remained relatively stable.

In 2017, financial income decreased by EUR 0.1 million, or 12%, to EUR 0.5 million from EUR 0.5 million in 2016. This decrease was primarily due to lower interest rates, the effect of which was partly offset by higher cash and cash equivalents held in 2017.

Financial expenses

Financial expenses for the year ended December 31, 2018 were EUR 0.1 million, or 17.4%, lower at EUR 0.4 million compared to EUR 0.5 million in 2017. This decrease was primarily attributable to lower outstanding liabilities (on average in 2018 compared to 2017) to banks.

In 2017, financial expenses decreased by EUR 0.3 million, or 34%, to EUR 0.5 million from EUR 0.8 million in 2016. This decrease was primarily due to lower interest rates and decreasing financial liabilities to banks.

Other financial results

Other financial results for the year ended December 31, 2018 were EUR 0.1 million, or 86.9%, lower at EUR 0.0 million compared to EUR 0.1 million in 2017. This decrease was primarily attributable to extraordinary expenses for the disposal of financial assets in 2017.

In 2017, other financial results were negative in the amount of EUR 0.1 million, while there was no other financial result in 2016. This development was due to the impairment of goodwill resulting from the initial consolidation of AIRNAV Technology Services Inc. and expenses for the disposal of financial assets.

Income from associated companies

Income from associated companies for the year ended December 31, 2018 was EUR 0.1 million or 37.5% higher at EUR 0.2 million compared to EUR 0.2 million in 2017. This increase was primarily attributable to higher profit attributable to the Group from its participations in GroupEAD Europe S.L., Mission Embedded GmbH and AIRNAV Technology Services Inc.

In 2017, income from associated companies increased by EUR 0.1 million, or 160.6%, to EUR 0.2 million from EUR 0.1 million in 2016. This development primarily related to dividend payments received from GroupEAD Europe S.L.

Income taxes

Income taxes for the year ended December 31, 2018 was EUR 0.4 million or 10.6% higher at EUR 4.1 million compared to EUR 3.7 million in 2017. This increase was primarily attributable to higher profit before tax as the effective tax rate again remained stable at 25%.

In 2017, profit before tax increased by EUR 0.7 million, or 22.3%, to EUR 3.7 million from EUR 3.0 million in 2016. This increase was primarily due to higher profit before tax as the effective tax rate remained stable at 25%.

Period-by-period comparison for the ATM business domain

Results for the ATM business domain for the financial years ended December 31, 2018, 2017 and 2016

	2018	% Change	2017	% Change	2016
	(in EUR million, except percentages)				
	(audited, except percentages and as otherwise indicated)				
Revenues.....	202.5	11.0%	182.4	18.6%	153.8
Change in inventories of finished goods and work in progress.....	0.4	n.a.	n.a.	n.a.	n.a.
Other operating income.....	4.9	42.7%	3.4	-34.6%	5.2
Own work capitalised.....	0.0	n.a.	0.0	-100%	0.1
Total operating performance	207.8	11.8%	185.8	16.8%	159.1
Earnings before interests and taxes (EBIT)	11.8	61.2%	7.4	n.a.	n.a.

(Source: Audited Annual Consolidated Financial Statements and internal data.)

Revenues

In the ATM business domain, revenues for the year ended December 31, 2018 were EUR 20.1 million or 11% higher at EUR 202.5 million compared to EUR 182.4 million in 2017. This development was, among other factors, primarily due to projects in Australia as well as the market entry in four new countries.

In 2017, revenues increased by EUR 28.6 million, or 18.6%, to EUR 182.4 million from EUR 153.8 million in 2016. This development was primarily driven by the Comsoft Acquisition carried out in 2016 as the results of FREQUENTIS COMSOFT GmbH are fully allocated to the ATM business domain.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress for the year ended December 31, 2018 was at EUR 0.4 million. Change in inventories of finished goods and work in progress is reported separately in the Audited Annual Consolidated Financial Statements 2018, while in previous years such change was included in revenues.

Other operating income

Other operating income in the ATM business domain for the year ended December 31, 2018 was EUR 1.5 million or 42.7% higher at EUR 4.9 million compared to EUR 3.4 million in 2017, mainly driven by higher subsidies for research and development activities attributable to the ATM business domain.

In 2017, other operating income, which mainly consisted of subsidies for research and development activities, decreased by EUR 1.8 million, or 34.6%, to EUR 3.4 million from EUR 5.2 million in 2016. This development was primarily driven by the declining research and development activities. Additionally, the Group's lower currency exchange gains in 2017 compared to 2016 led to a lower allocation to the ATM business domain.

Own work capitalised

Own work capitalized in the ATM business domain for the year ended December 31, 2018 was negligible in 2018 and no own work was capitalized in 2017.

In 2017, own work capitalized decreased by EUR 0.1 million, or 100%, to EUR 0.0 million from EUR 0.1 million in 2016. This development was primarily driven by a reduced capitalization of own test and demo systems.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for the year ended December 31, 2018 were EUR 4.4 million, or 61.2%, higher at EUR 11.8 million compared to EUR 7.4 million in 2017. This increase was primarily attributable to higher revenues, which were only partly offset by higher staff and other expenses. EBIT on a segment level has not been reported for 2016.

Period-by-period comparison for the PST business domain

Results for the PST business domain for each of the financial years ended December 31, 2018, 2017 and 2016

	2018	% Change	2017	% Change	2016
	(in EUR million, except percentages)				
	(audited, except percentages and as otherwise indicated)				
Revenues	83.1	-1.5%	84.4	-3.2%	87.1
Change in inventories of finished goods and work in progress	0.2	n.a.	n.a.	n.a.	n.a.
Other operating income	1.4	-41.5%	2.4	-36.2%	3.7
Own work capitalised	0.0	n.a.	0.0	100%	0.0
Total operating performance	84.7	-2.3%	86.7	-4.6%	90.9
Earnings before interests and taxes (EBIT)	3.4	-49.5%	6.8	n.a.	n.a.

(Source: Audited Annual Consolidated Financial Statements and internal data.)

Revenues

In the PST business domain, revenues for the year ended December 31, 2018 were EUR 1.3 million or 1.5% lower at EUR 83.1 million compared to EUR 84.4 million in 2017. This development was primarily driven by late incoming orders and project delays.

In 2017, revenues decreased by EUR 2.8 million, or 3.2%, to EUR 84.4 million from EUR 87.1 million in 2016. This development was primarily driven by a decrease in the public safety business.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress for the year ended December 31, 2018 was at EUR 0.2 million. Change in inventories of finished goods and work in progress is reported separately in the Audited Annual Consolidated Financial Statements 2018, while in previous years such change was included in revenues.

Other operating income

Other operating income in the PST business domain for the year ended December 31, 2018 was EUR 1.0 million or 41.5% lower at EUR 1.4 million compared to EUR 2.4 million in 2017, due to lower subsidies for research and development activities attributable to the PST business domain.

In 2017, other operating income decreased by EUR 1.3 million, or 36.2%, to EUR 2.4 million from EUR 3.7 million in 2016. This development was primarily due to lower currency exchange gains on a Group basis and consequently a lower allocation of such gains to the PST business domain as well as lower income from the reversal of provisions, which was primarily due to the reversal of a project provision for a major project in the Arab region in 2016. These effects were partly offset by higher subsidies received for research and development costs.

Own work capitalised

No work was capitalized in the PST business domain for the years ended December 31, 2018, 2017 and 2016.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes (EBIT) for the year ended December 31, 2018 were EUR 3.4 million, or 49.5%, lower at EUR 3.4 million compared to EUR 6.8 million in 2017. This decrease was the result of decreasing revenues, while at the same time staff and other expenses increased compared to 2017. EBIT on a segment level has not been reported for 2016.

Liquidity and capital resources

Working capital statement

The Issuer is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months following the date of this Prospectus.

Liquidity

As of December 31, 2018, the consolidated balance sheet of the Group showed liabilities to banks in the amount of EUR 8.2 million. The Group's unused, immediately available lines of credit totalled EUR 53.4 million (thereof EUR 43.7 million committed) as of December 31, 2018.

Investments

The following table sets forth the Group's investments in tangible and intangible assets (irrespective of when such investments were cash-effective) in the financial years ended December 31, 2018, 2017 and 2016:

	2018	% Change	2017	% Change	2016
	(in EUR million, except percentages)				
	(audited)				
Investments in tangible assets	4.2	3.0%	4.0	-21.0%	5.1
Investments in software and licences	0.8	25.1%	0.6	-93.8%	10.0

(Source: Audited Annual Consolidated Financial Statements and internal data.)

Investments mainly relate to maintenance investments. Only in 2016 a significant amount of investments was attributable to the Comsoft Acquisition.

The Group does not report the geographical allocation of investments specifically. However, in terms of investing entity, the biggest part of investments is carried out by Frequentis AG (EUR 3.4 million of total investments of EUR 4.9 million in 2018, EUR 3.3 million of total investments of EUR 4.6 million in 2017 and EUR 6.1 million of total investments of EUR 15.1 million (including the Comsoft Acquisition) in 2016). As of the date of the Prospectus and other than as disclosed under "Recent Developments", there are no major investments on which the Group's management has already made firm commitments or which would be outside of the Group's ordinary course of business.

Cash flow

	Year ended December 31,		2016
	2018	2017	
	(in EUR million)		
	(audited)		
Profit before tax	15.9	14.4	12.2
Adjustments for non-cash items:			
Currency differences	0.2	-0.9	-0.1
Profit/loss from disposal of assets	0.0	0.0	0.2
Depreciation of property, plant and equipment and amortisation of intangible assets	6.0	5.8	5.3
Income from associated companies	-0.2	-0.2	-0.1
Other non-cash income/expenses	0.0	n.a.	n.a.
Changes in assets and liabilities:			
Changes in inventories, trade accounts receivable and other assets not related to investing or financing activities ..	-17.0	-3.5	3.6
Change in provisions	-5.6	0.6	2.6
Changes in trade accounts payable and other liabilities not related to investing or financing activities	9.0	5.2	19.7
Net interest income	0.2	0.1	0.6
Interest paid	-0.4	-0.5	-1.1
Interest received	0.2	0.4	0.5

	Year ended December 31,		2016
	2018	2017	
	(in EUR million)		
	(audited)		
Dividends received	0.2	0.1 ⁽³⁾	n.a.
Income taxes paid	-3.9	-4.9	-4.5
Net cash flow from operating activities	4.6	16.7⁽³⁾	38.8
Cash inflows from intangible assets, property, plant and equipment	0.1	0.1	0.2
Cash inflows from securities and equity investments.....	0.9	0.3	0.0
Cash outflows from intangible assets, property, plant and equipment	-4.8	-4.7	-16.0
Cash outflows from securities and equity investments.....	-0.6	-0.1	0.0
Cash outflows for the acquisition of associated companies..	0.0	0.0	0.0
Net cash flow from investing activities	-4.4	-4.4	-15.8
Dividends received	n.a.	n.a. ⁽³⁾	0.0
Dividends paid (to owners) ⁽¹⁾	-14.4	-1.4 ⁽⁴⁾	-1.7
Dividends paid to non-controlling interests.....	-0.5	-1.0 ⁽⁴⁾	n.a.
Payments from non-controlling interests.....	0.0	0.7	0.0
Cash inflows from loans and other financing	13.7	5.0 ⁽⁵⁾	9.5
Cash outflows for repayment of loans and other financing ..	-13.0	-6.9 ⁽⁵⁾	-0.1
Net cash flow from financing activities.....	-14.2	-3.7⁽³⁾	7.7
Change in cash and cash equivalents:			
Net cash flow from operating activities.....	4.6	16.7 ⁽³⁾	38.8
Net cash flow from investing activities	-4.4	-4.4	-15.8
Net cash flow from financing activities.....	-14.2	-3.7 ⁽³⁾	7.7
Cash-flow related change in cash and cash equivalents	-14.1	8.6	30.8
Cash and cash equivalents as at January 1	77.7	69.1	38.3
Non-cash change in cash and cash equivalents	-18.0 ⁽²⁾	0.0	0.0
Currency differences.....	-0.1	0.0	0.0
Valuation allowance	-0.0	0.0	0.0
Cash and cash equivalents as at December 31	45.5	77.7	69.1

(Source: Audited Annual Consolidated Financial Statements and internal data.)

- (1) Dividends paid (to owners) in the financial years ended December 31, 2018 and 2017 relates to dividends paid to owners only as dividends paid to non-controlling interests are reported separately. In the financial year ended December 31, 2016 it relates to overall dividends paid (to owners and non-controlling interests).
- (2) The non-cash change in cash and cash equivalents of EUR 18.0 million results from a change in the purpose of some fixed-term deposits. As at 31 December 2017, these were still earmarked for operational liquidity management and mainly originated from advances for a major project. During 2018, it became clear that the cash outflows for the performance of this project were far lower than had originally been calculated (the EBIT margin from this project increased significantly) and a substantial portion of the advances received were therefore no longer required to cover operational processes and were therefore available for investment. Consequently, these fixed-term deposits were no longer contained in cash and cash equivalents as at 31 December 2018.
- (3) In the Audited Annual Consolidated Financial Statements 2018 dividends received were regrouped from net cash flow from financing activities to net cash flow from operating activities. This change was also effected for dividends received in the amount of EUR 0.1 million in the financial year 2017. Therefore, net cash flow from financing activities and net cash flow from operating activities deviate from the figures included in the Audited Annual Consolidated Financial Statements 2017. The change was not effected for the financial year 2016.
- (4) In the Audited Annual Consolidated Financial Statements 2018 dividends paid to non-controlling interests were reported separately. This change was also effected for dividends paid in the financial year 2017. Therefore, dividends paid (to owners and non-controlling interests) deviate from the figures included in the Audited Annual Consolidated Financial Statements 2017. The change was not effected for the financial year 2016 (see footnote ⁽¹⁾ above).
- (5) In the Audited Annual Consolidated Financial Statements 2018 cash inflow from loans and cash outflow for the repayment of loans, each for the financial year 2017, were increased by EUR 5.0 million, which related to short-term financings which were repaid before the balance sheet date. Therefore, both items deviate from the figures included in the Audited Annual Consolidated Financial Statements 2017.

Net cash flow from operating activities

In 2018, net cash flow from operating activities was EUR 12.1 million or 72.7% lower at

EUR 4.6 million compared to EUR 16.7 million in 2017. This development was primarily driven by higher trade accounts receivable as customers of several projects paid after the balance sheet date, higher inventories and particularly higher contract assets from contracts with customers. In general, the reduction in net cash flow from operating activities is due to ordinary fluctuations in the Group's project driven business. As a result of traditionally high client milestone acceptances in the fourth quarter, the amount invoiced by the Group and the amount of invoices paid by its clients until the balance sheet date is subject to significant fluctuations, which normally flatten out in the first months of the following year.

In 2017, net cash flow from operating activities decreased by EUR 22.2 million, to EUR 16.7 million compared to EUR 38.8 million in 2016. This development was due to an extraordinarily high increase of customer advances in 2016. This increase in customer advances in 2016 was attributable to a large project in the Commonwealth of Independent States region which required the customer to make significant down payments in 2016 and to a lesser extent also in 2017.

Net Cash flow from investing activities

In 2018, net cash outflow from investing activities was EUR 4.4 million compared to EUR 4.4 million in 2017. In both periods there were no extraordinary investments and investments mainly related to maintenance investments.

In 2017, net cash outflow from investing activities decreased by EUR 11.4 million, to EUR 4.4 million compared to EUR 15.8 million in 2016. This development was due to the Comsoft Acquisition carried out in 2016.

Net Cash flow from financing activities

In 2018, net cash outflow from financing activities was EUR 10.6 million or more than 100% higher at EUR 14.2 million compared to EUR 3.7 million in 2017. This development was primarily due to a special dividend payment in 2018 as a result of which dividend payments increased from EUR 1.4 million in 2017 to EUR 14.4 million in 2018.

In 2017, net cash outflow from financing activities was EUR 3.7 million compared to a positive cash flow from financing activities of EUR 7.7 million in 2016. Cash outflow from financing activities in 2017 was primarily related to dividend payments and the repayment of loans in the amount of 1.9 million while in 2016 a loan was taken out in the amount of EUR 9.5 million.

Debt

Liabilities to banks and other financial institutions

As of December 31, 2018, the Group's total liabilities to banks and other financial institutions totalled EUR 8.2 million.

As of December 31, 2018, 79.7% or EUR 6.5 million of the financial liabilities had a term of more than five years; the remaining 20.3% or EUR 1.7 million were due in less than one year.

Description of the Group's main financing contracts as of December 31, 2018

Long-term loan

In connection with the Comsoft Acquisition in 2016, Frequentis has entered into a EUR 10.0 million long-term financing arrangement with Raiffeisen Bank International AG and Raiffeisenlandesbank Niederösterreich-Wien AG as lenders. With a final maturity in 2026 and a repayment in 20 equal semi-annual instalments EUR 7.5 million were outstanding as of December 31, 2018 (EUR 7.5 million as of December 31, 2017 as the repayment due in 2018 was already made in 2017). The facility agreement provides for an adjustment of the original margin (1.0%) in case of a deterioration of (i) income cash flow (calculated as defined in the agreement) as a percentage of total assets and (ii) the

equity ratio. If any of these ratios decreases under a certain threshold (2.0% in case of the income cash flow / total assets ratio and 20.0% in case of the equity ratio), the loan may also be declared due and payable. Additionally, the loan agreement also contains restrictions on the disposal of assets and a negative pledge covenant.

The Group does not have any other long-term financing arrangements outstanding.

Cash credit lines

Frequentis has entered into several (revolving) credit facilities, with total credit lines amounting to EUR 53.4 million as of December 31, 2018 (EUR 55.4 million as of December 31, 2017). As of December 31, 2018, these credit lines were utilised in the amount of EUR 0.0 million (EUR 0.0 million as of December 31, 2017). The fact that credit lines were not utilised is due to relatively high amounts of cash held by Frequentis in banks.

Guarantee credit lines

Frequentis regularly makes use of guarantee credit lines as various forms of guarantees are required in connection with tender proceedings and projects. For this purpose Frequentis has entered into a number of guarantee credit agreements, with total guarantee credit lines amounting to EUR 85.6 million as of December 31, 2018 (EUR 85.6 million as of December 31, 2017). Thereof, guarantee credit lines in the amount of EUR 33.9 million were utilised as of December 31, 2018 (EUR 37.0 million as of December 31, 2017).

Other liabilities

Other liabilities are exclusively due to third parties and comprise primarily (i) deferred revenues (to the extent down payments received from customers exceed costs incurred by the Group), (ii) advances received in connection with grants and subsidies as well as (iii) subsidies received in the form of loans.

The following table shows the nominal value of other liabilities included in the Group's consolidated balance sheet as of December 31, 2018:

	Total	Remaining term		
		Up to 1 year	2 to 5 years	Over 5 years
(in EUR million) (audited)				
Loans in connection with grants and subsidies for research and development	2.6	0.0	2.6	0.0
Accruals for holidays not yet taken	3.4	3.4	0.0	0.0
Negative fair values of cash flow hedges and MTM valuation	1.0	1.0	0.0	0.0
Advances received in connection with grants and subsidies...	0.6	0.6	0.0	0.0
Accruals for consultancy costs	0.5	0.5	0.0	0.0
Accruals for overtime.....	0.3	0.3	0.0	0.0
Other	4.0	3.1	0.9	0.0
Other liabilities.....	12.3	8.8	3.5	0.0

(Source: Audited Annual Consolidated Financial Statements 2018.)

Provisions

General

The calculation of provisions for severance payments as well as the calculation of provisions for pensions requires certain assumptions, particularly with regard to assumed interest rates, to be made by the Company. The respective considerations and calculations are set forth below.

Provisions for severance payments

The provisions for severance payments, which increased from EUR 12.2 million in 2016 and EUR 12.0 million in 2017 to EUR 12.9 million in 2018, relate exclusively to employees who joined Austrian Group entities before December 31, 2002 because there was a switch from defined benefit to defined contribution payments on January 1, 2002 due to a change in Austrian law.

Employees who joined the Group before December 31, 2002 have claims to receive one-off severance payments, which may arise due to termination by the employer, unjustified 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 respective employer and the remuneration applicable when the employee leaves the respective employer.

Pension obligations

Provisions for pension obligations relate to defined benefit obligations, which the Group has in place only to a limited extent. Therefore, the respective provisions are considerably lower than provisions for severance payments.

The following table sets forth the details on the calculation of required provisions for pension obligations:

	Year ended December 31,		2016
	2018	2017	
	(in EUR million)		
	(audited)		
Interest rate	2.0%	1.85%	1.85%
Retirement age	60/65 years	60/65 years	60/65 years
Present value of the pension benefit obligations (DBO) as at January 1	5.0	4.9	4.1
Fair value of plan assets	-4.4	-4.3	-4.1
+ Provisions/credit as at January 1	0.6	0.6	-0.0
Total change	-0.4	0.0	0.6
+ Provisions/credit as at December 31	0.2	0.6	0.6
Provisions as at December 31:			
Present value of the pension benefit obligation (DBO)	2.6	5.0	4.9
Fair value of plan assets	-2.4	-4.4	-4.3
+ Provisions/credit as at December 31	0.2	0.6	0.6

(Source: Audited Annual Consolidated Financial Statements and internal data.)

Contingent liabilities

The Group does not report contingent liabilities as it is not aware of any such off-balance liabilities.

Risk management

In carrying out its business, the Group is exposed to a variety of risks, particularly operating risks (inherent in project business), foreign currency risk, credit risk, market risk and liquidity risk. Therefore, the Group has implemented a risk management system, which is based on an internal control system (ICS) and seeks to minimise potential adverse effects on the Group's financial performance. For a discussion of these risks, please see the notes to the respective Audited Annual Consolidated Financial Statements.

Recent Developments

The Company currently considers to acquire a provider of products used in air traffic control solutions which would be complementary to and thus supplement Frequentis' products and services and extend the Group's value chain. The target company is located in the European Economic Area ("EEA") and fits into the Group's acquisition strategy to buy entities with less than approximately 10% of the Group's own revenues. If agreement on purchase price and further details can be reached, the transaction could be signed still in the second quarter, 2019.

The development of sales and order-intake in 2019 until the date of this Prospectus has been in line with the Company's planning and expectations.

BUSINESS

Overview

The Frequentis Group is a globally operating provider of communication and information solutions control centres that perform safety-critical tasks. Frequentis control centre solutions are used in the areas of Air Traffic Management (civil and military air traffic control), public safety (police, fire brigades, emergency medical services), public transport (railways) and maritime (coast guard, port authorities).

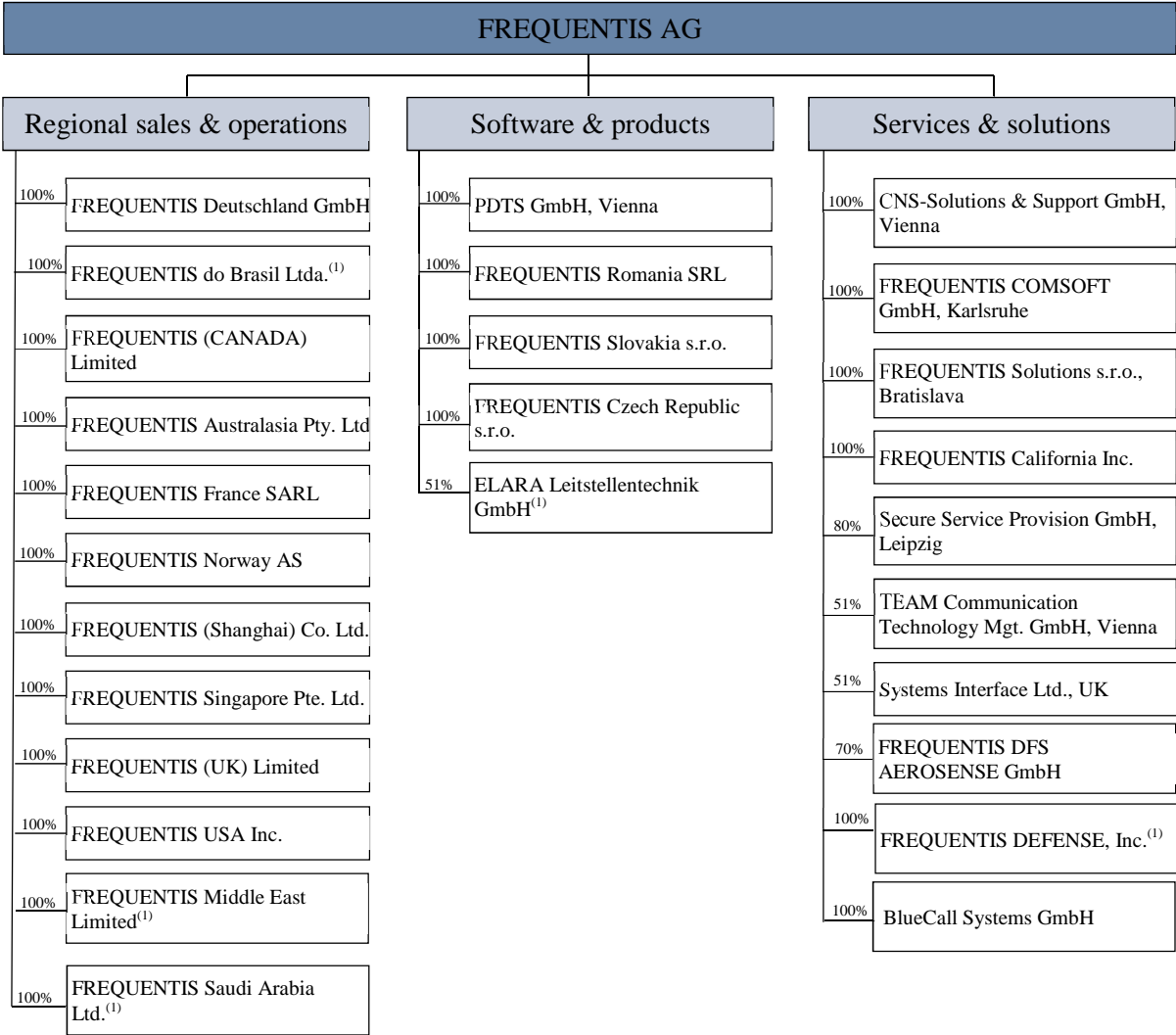
“Control Centre” is a generic term describing command and control facilities responsible for the operational management and coordination of workflows and processes. This includes the observation and analysis of a given situation, the collection and receipt of information, the evaluation and interpretation of such information, and, where required, the decision on as well as the planning and initiation of (counter-)actions, such as the mobilization, coordination, support and observation of tasks and service forces with the objective to optimize a certain flow of processes or to (re-)establish the desired status for a specific situation. Control Centres and similar facilities can be found in various fields; Frequentis, however, only addresses the highly specialized niche of Control Centres operating in safety-critical environments. The purpose of these mission-critical Control Centres is not just to coordinate standard day-to-day activities, but their prime responsibility is to ensure and to support the proper operation of safety-critical processes and to protect individuals and goods from harm or injury. As a consequence of their mission-critical purpose, the components deployed in safety-critical Control Centres must meet strict requirements, especially with respect to accuracy, usability, velocity, reliability, availability and failure safety. Examples of mission-critical Control Centres include air traffic control centres, military command centres, police, fire brigades and ambulance dispatch and control centres, railway control centres as well as naval communications and harbour control centres.

Founded in 1947 with its initial core competence in voice communication systems for civil air traffic control, the Company since then further diversified its portfolio and now offers a broad range of technical systems and solutions for various industries.

Frequentis operates in specialised segments of the global markets for transport and safety infrastructure: Its customers are public authorities and organisations and companies with safety-critical tasks. The Company reports its segment results based on two strategic business domains: The business domain Air Traffic Management, comprising the business units civil ATM (its main customers are air traffic control organisations and airports) and defence (its main customers are military air traffic controls and homeland security organisations), as well as Public Safety & Transport comprising the business units public safety (its main customers are fire brigades, police and ambulance services), public transport (its main customers are railway organisations) and the maritime business-unit (its main customers are coastguards, port operators and inland waterway authorities). Frequentis' total operating performance 2018 breaks down to EUR 207.8 million for the business domain ATM and EUR 84.7 million for the business domain PST.

The Frequentis Group is headquartered in Vienna with a central management allowing swift group-wide implementation of organisational and structural changes. Frequentis AG is the lead company and the largest company in the Frequentis Group. Frequentis AG is the (direct or indirect) parent company to the companies within the Frequentis Group and holds most of Frequentis Group's IP rights. In addition, Frequentis performs several administrative support functions for its subsidiaries and provides financing services to some subsidiaries. As of December 31, 2018, the Frequentis Group had 1,843 employees (thereof 990 employed at Frequentis AG, Vienna). Together with a network of 27 consolidated subsidiaries and local sales representatives in more than 50 countries, the Group serves over 500 customers in about 140 countries worldwide.

The following (simplified) chart shows subsidiaries in which the Company holds (directly or indirectly) a share of 20% or more, grouped into subsidiaries with a focus on regional sales and operations, on the development of software and product, and on the provisions of services and solutions:



(Source: Internal data.)

(1) (Partially) held via a holding entity.

Market overview and competitive landscape

Market segmentation. The Group operates in highly specialised segments of the global markets for transport and security-infrastructure. As an international provider of communications and information systems for command centres with safety-critical tasks, Frequentis develops and sells custom-tailored control centre solutions in the areas of ATM (for civil and military air traffic control, AIM, air defence) and PST (for police, fire brigades, emergency medical services, shipping and railways).

Overall market volume. The Company estimated in a strategic review process 2017 the total addressable market for safety-critical control centre solutions at a volume EUR 13.1 billion per year with an annual growth rate of approximately 3-6%. Out of this market, the Group currently penetrates a fraction with an annual volume of approximately EUR 2.0 billion. In 2017, the Group generated a total operating performance of EUR 274.5 million, corresponding to a market share of approximately 12-13%.

Geographic market segmentation. The detailed market breakdown by order intake may vary over the years due to the acquisition of large scale contracts. As a general rule, however, the regional breakdown shows the continued importance of the Group's European home market. In 2018, Europe accounted for 55.2% of the Group's total annual order intake, while the Americas contributed some 16.9%. Approximately 11.2% of the total order intake 2018 were generated in Asia and approximately 16.4% in Australia/Pacific and, while Africa accounted for a fraction of approximately 0.3%. This breakdown is partly also due to different regional focus areas in the various market segments. The Group serves the global market in the ATM civil and maritime business units, whereas activities in the defence business unit are focused on Europe and the USA. Public safety concentrates on Western Europe (German-speaking areas, Norway and Great Britain), while public transport focuses on Europe.

Market dynamics. One dominant parameter of the 21st century is its being shaped by the characteristics of a mobile and globalised society. The Group believes that increasing mobility and globalisation create particular safety risks and needs, and lead to stronger efforts to master these new safety challenges. In the understanding of the Group, this generates increased need and willingness to invest into safety-critical areas. At the same time, the Company senses a sustained demand for cost reductions and efficiency gains by introducing modern technologies to optimise command centres in the traffic and public safety areas. As a consequence, the Group believes that the markets currently addressed will show continued growth, driven, among others, by the following aspects:

- Mobility: Increased mobility leads to capacity bottlenecks in air traffic and increasing pressure to enhance efficiency and to a growing importance of rail transport and shipping.
- Technology: New technologies (e.g. social media, long term evolution ("LTE"), or drones) are of relevance for control centres, and lead to new operating concepts (e.g. remote operation).
- A rising need for safety and security due to altered risks and threats.

Competitive landscape. The markets served by the Group constitute highly specialized segments of global markets and are characterized in the first instance by their mission-critical and safety-relevant nature. This implies strict requirements for services and supplies with respect to technology, business processes and service quality. Due to these specific requirements, new competitors face high barriers to market entry. Given the mission-critical and safety-relevant nature of the market niches addressed by the Company, the Company usually finds itself not in competition with providers of "commercial" and "industry-standard" communications and information equipment. The Groups competitors include large global players such as Harris, Thales, Saab or Motorola, as well as comparably small niche providers, such as Comsuisse, Kappacher or Sitti. The Group observes that global players often address the overall transportation and/or security industry markets, but rather do not place a particular focus on the comparably low-volume market segments in which the Group operates. The Group believes, that – compared to these global players – it is lean enough to respond rapidly to market changes and to penetrate specialist market segments. Smaller niche providers (mostly with annual revenues of less than EUR 100 million) with a limited portfolio, are often focused on certain regions and/or market segments only. The Group believes that it is currently the only specialist mid-sized player with a global presence that is able to provide a wide range of control centre solutions to a broad number of customer segments (civil and military air traffic management, public safety, public transport and maritime).

Competitive position

The Group believes that it benefits from a number of competitive strengths that place it amongst the leading suppliers of communication and information solutions for mission critical applications. In the Group's understanding the following strengths distinguish the Frequentis Group from its competitors and provide it with competitive advantages in the markets in which it operates:

- **High innovative capacity:** The Group believes that it is characterized by an above-average ability to innovate. Frequentis consistently screens for new technological trends and, where possible and appropriate, quickly integrates new technologies into its control centre solutions for safety-critical operations. On a regular basis, Frequentis participates in (EU) innovation projects and seconds its (technology) experts to trans-regional initiatives and standardisation bodies such as NG911, EENA or EUROCAE (for a more detailed description of some of these initiatives see "*Research and Development, Patents and Licences—Research & Development*"). In 2018, the Frequentis Group has spent some 14.0% of its revenues on research & development.
- **Worldwide presence:** Over the last years, the Frequentis Group has built up a global sales network comprising subsidiaries, regional offices and sales representatives in more than 50 countries. The global presence allows the Group to closely monitor local markets for upcoming tenders and project opportunities and to serve more than 500 customers in almost 140 countries worldwide.
- **Long-term Customer Relations:** The Frequentis Group places particular focus on customer satisfaction and strives for long-term co-operation with its clients. The Group believes that it has a comprehensive understanding for the demands of its customers and a thorough know-how relating to the customers' safety-critical operations. The Group believes that its domain know-how and awareness for the requirements of safety-critical systems are valued by its customers.
- **Management and staff with proven track record:** The Group believes that it has a characteristic corporate culture, and that this corporate culture supports the Group's ability to both, acquire and retain an – in the Group's assessment – excellent workforce. Currently approximately one third of the Frequentis' staff is employed in R&D, and a further third in project management. Frequentis' staff is trained to always consider, and to act in accordance with, the responsibility that comes with the Group's operations in the safety-critical environment. The Group encourages its staff to follow its slogan "Together for a Safer World"; the Group believes that this mindset has significantly contributed to the Groups' consistent profitable growth for the last 30 years.

Vision and business strategy

With, according to own calculations, market shares of up to 30% and more, Frequentis regards itself as world market leader e.g. for air traffic control communication, aeronautical message handling and aeronautical information management in ATM civil as well as for dispatcher terminals in public transport based on global system for mobile railway communication ("**GSM-R**"). The vision is to build a most comprehensive product portfolio for safety-critical control centres and to achieve a leading market position with all products within that portfolio. The Group pursues its vision "Number One in Control Centre Solutions" by a broad set of strategic measures, including:

Utilisation of the global (sales) network for regional expansion and further market penetration in all business domains and business units. While some business units have been operating globally since years (in 2018, 140 countries with Frequentis ATM and 40 with defence systems), the regional coverage of other units is still focused on specific areas (in 2018, 22 countries with Frequentis public safety, 28 with public transport and 28 with maritime systems). The Group pursues the strategy to efficiently use the existing global network for these units' regional diversification into currently underpenetrated countries with growth potential.

Extension of the product and service portfolio through inhouse development and strategic acquisitions. To support its vision and strategic priorities, Frequentis applies a capability driven buy and build approach. The Group plans to achieve additional volume through complementary products to round off its existing portfolio, through access to strategy relevant resources, e.g. domain-expertise and to achieve further market access and local presence in underpenetrated focus regions. Acquisition criteria are – amongst others – a sound and sustainable business model, an experienced management team and a relevant market footprint. Based on the Group’s innovation process, further organic growth should be achieved by developing components complementary to the existing product and service portfolio for safety-critical control centre solutions. The Group plans to accompany and to accelerate its organic growth by selective acquisitions to supplement the product and service portfolio, to establish local presence in focus markets and to raise its market share.

Expansion and utilisation of the installed base. The Group implements approximately 400 projects per year and has installed control centre solutions with more than 25,000 working positions with its customers in around 140 countries. Each system so installed opens up the opportunity for (long-term) service contracts and for follow-up orders, resulting in a steady flow of business with existing customers. Currently, on average the Group generates approximately 90% of its total annual order intake with existing customers, approximately 40% of its business volume from installed base business, and expands its customers’ base by targeting the acquisition of approximately 15 new customers per year.

Control centre solutions

Air Traffic Management		Public Safety & Transport		
Civil Air Traffic Management	Defence	Public Safety	Public Transport	Maritime
<ul style="list-style-type: none"> - Civil air traffic control - Airports 	<ul style="list-style-type: none"> - Military air traffic control - Homeland Security Organisations 	<ul style="list-style-type: none"> - Fire departments - Police departments - Emergency teams 	<ul style="list-style-type: none"> - Railway operators 	<ul style="list-style-type: none"> - Coast guards - Port operators - Inland waterways

Safety-critical control centres comprise various components: A tactical situation tool displays the current situation, showing the position of the objects to be controlled (e.g. aircrafts, ships, emergency services) and the operational environment. It is supplemented by relevant background information such as maps, floor plans, weather data and hazard data. Based on the information available, operators take decisions on coordinating traffic or the deployment of emergency services. Planning and management tools assist them in this task, e.g. electronic flight strips for civil and military ATM, emergency and incident management systems for railway or aeronautical information databases for air traffic, and are used to document the decisions taken. Voice and data communication is the backbone of operational control. All external information and queries are channelled to the control centre and all instructions from the control centre are transmitted via the network to the relevant objects. Voice communication connects operators to the operational situation while data communication links external sensors to the control centre via networks to generate situation reports. Further components include back-up systems, operational management software, (voice) recording systems, mobile data solutions, call, data and information management solutions, and video surveillance systems. New technologies such as, most recently, LTE or the integration of social media or drone videos complement control centres if relevant for safety-critical communication and are an important growth driver.

Air Traffic Management

The ATM business domain comprises the ATM civil (including aeronautical information management (“AIM”), aeronautical message handling services (“AMHS”) and surveillance) as well as the defence business unit. Mission and purpose of ATM is to secure the safe and efficient movement of aircrafts.

ATM comprises all functions and services of airspace management, air traffic flow management and air traffic services, including air traffic control (“**ATC**”) services.

ATM main customers are civil and military air traffic control organisations, airports and homeland security authorities. These organisations are responsible for managing air traffic in their national airspaces or share responsibility for overall monitoring and coordination tasks.

ATM civil: Frequentis estimates the annual volume of the currently addressed market in ATM civil at approximately EUR 975 million and assumes a growth rate of approximately 5% for this market. The Group estimates to hold a market world share of approximately 12-16%.

Usually, civil ATM and ATC are provided by organisations designated and empowered by a state to render such services in the respective national airspace. As a consequence, generally, there is one civil air traffic control provider in each country, most of which are state-owned. The ATM and ATC market is a mature global market, widely following internationally harmonized and consistent global standards issued by international authorities and organisations. Frequentis serves and delivers its control centre solutions to civil air traffic control organisations and air navigation service providers, increasingly also to airport authorities and airlines all over the world.

In civil ATM, **voice communication** and data solutions for airlines and airports are provided. The safety-critical communication services enable both ground-ground and air-ground communication. Strongly focusing on innovation, the Company started to offer voice over internet protocol (“**VoIP**”) communication solutions. VoIP radio network is already used by more than 25,000 air traffic controllers. The Company also offers complete network solutions with a special architecture, allowing an application-aware network with traffic management based on the service quality. The network has to be resilient to multiple simultaneous failures and unpredictable anomalies.

Furthermore, Frequentis offers remote **virtual tower solutions** which support the controller to safely operate an airport by providing the needed situational awareness through a variety of information, e.g. from local sensors, including visual and infrared cameras and surveillance solutions based on conventional radar. One flagship project is the Saarbrücken remote airport, managing approximately 15,000 traffic movements per year, which is connected to the remote tower centre in Leipzig, more than 400km away. Frequentis also provides **air traffic control** tower solutions to more than 100 airports globally, comprehensive communication and automation solutions that are both highly integrated and modular, enabling airports of any size to order from a targeted upgrade through to the replacement of their entire tower system.

Surveillance is another important part of ATM. Optimised surveillance infrastructure allows routes to be brought closer together, resulting in an increase of capacity. The Frequentis Group supplies innovative surveillance solutions in particular through its subsidiary FREQUENTIS COMSOFT GmbH, e.g. by providing cost-efficient sensors used in addition to conventional radars without costly technological investments, or improved position measurement based on multilateration, i.e. measuring the difference in distance to two stations at known locations by broadcast signals at known times. Furthermore, the Company offers surveillance data distribution and processing systems which integrate and interconnect all types of surveillance data sources and establish a coherent and accurate air situation picture and surveillance displays, designed by controllers for controllers and split into a main traffic window (enabling the controllers to stay focused on the traffic in the area assigned to it) and supportive sub-windows.

Furthermore, Frequentis provides AIM support in a modular concept, fully integrated and with third-party components to ensure interoperability, which allows improved management and integration of all kinds of information, e.g. pilot briefings, flight plans, meteo data, reporting, geographic information system components, terrain and obstacle data. The components are scalable from small teams up to solutions for large multinational organisations and are also available as stand-alone systems, as hub platforms, as hub-services or in specific cloud environments.

Message handling is used by air navigation services providers for the exchange of messages pertaining to the safety of air navigation. Frequentis has developed a messaging standard with end-to-end message security and enhanced functionality such as the possibility to exchange messages with attachments to replace the former aeronautical text message systems of limited size using character-oriented procedures.

Defence: Frequentis estimates the annual volume of the currently addressed market in defence at approximately EUR 330 million and assumes a growth rate of approximately 3% for this market. The Group estimates to hold a world market share of approximately 12-15%

Analogue to civil air traffic management, the core task of military ATM is to coordinate the safe and efficient movement of military aircrafts and to manage the tactical control of military flights. In addition to the requirements that apply for civil ATM equipment, military ATM systems must allow not only failsafe but often also encrypted communications between the pilot and the ground station as well as between different ground units. Furthermore, mobile equipment is requested that can be used not only at fixed control centres but that can be transported to various areas of operations.

Military air defence and air traffic management is performed by military organisations, including national forces as well as military alliances. Frequentis' main customers are national air forces, specifically military air navigation service providers. Currently, Frequentis focuses mainly on the fields of voice & data communications and voice/data recording and has a growing presence in the tower automation systems and network centric capabilities segments. Additionally, solutions for tactical situation awareness are gaining importance. The regional focus is currently on Europe and the United States.

In the military ATM field, products and services offered are similar in nature, but more sophisticated in detail. E.g. **mission-critical communication** needs secure voice and data exchange based on field-proven technology with 24/7 zero-fail availability which allow the segregation of signals with sensitive or classified plaintext information from those that carry encrypted information. Similarly, the needs of **air defence networks** go beyond the classic requirements of an ATM system: Operators, weapons platforms and other military units need to exchange tactical data securely to allow coordinated and informed decision making based on fast, reliable, usable information and communication systems. Frequentis also combines various network technologies from different providers where some of these networks are stationary and others deployable in a single **hybrid network backbone**.

Frequentis' **joint forces command** products allow scalable, easy-to-use and secure collaboration and sharing across air, land or maritime commands at both tactical and operational levels, in particular with one common operational picture with visibility across all forces, a joint command tool with force tracking and integrated voice communications, and workflow support and incident management. The integration of civil aviation authorities is possible as well.

But also other Frequentis products require adaptations to military requirements, such as improved situational awareness to face more and more challenging demands associated e.g. with drone operations, aeronautical information management utilised within air defence centres which are capable to identify aircraft in the customers' area of operation and to generate a recognised air picture, and offer new opportunities, such as remote virtual tower solutions located in secure environments keeping controllers out of harm's way.

Public Safety & Transport

The PST business domain comprises the public safety, public transport, and maritime business units. The main customers for public safety are "flashing blue-light organisations", fire and rescue services, police, and emergency medical services, as well as authorities and organisations that deal with public safety tasks. The principal customers in the public transport business unit include railway

infrastructure organisations; for maritime it is coast guards and organisations operating canals, ports, and inland waterways.

Public safety: Frequentis estimates the annual volume of the currently addressed market in public safety at approximately EUR 500 million and assumes a growth rate of approximately 6.0% for this market. The Group estimates to hold a world market share of approximately 10-12%.

Public safety involves the protection of population from all manners of significant danger, injury, damage or harm, including crime, terrorism and natural disaster, as well as the prevention of the same. This protection is typically provided by emergency service organisations such as police, fire brigades, and ambulance services. The main task of a public safety control centre is to manage safety operations, to gather and to receive relevant information, to evaluate and to interpret such information, and to alarm and to coordinate the responsible emergency services.

Main customers in the public safety business unit include emergency services (fire, police and ambulance services) and other organisations and authorities involved in relevant activities. Due to an often regionally oriented operational area of public safety organisations, public safety control centres and processes are to a large degree characterised by specific regional requirements. In the public safety business unit, Frequentis currently mainly addresses the voice communication, voice/data recording, and command and control system business areas. The regional focus is on the European market, particularly on Western Europe.

In public safety, Frequentis provides emergency management **control centre solutions** with a capacity needed to withstand the demands of a worst-case disaster scenario for rescue services and the police force, and serves some of the largest and most demanding public safety institutions in the world.

Frequentis' **voice communication system** supports several means of voice communication such as telephony over ISDN and internet protocol, analogue and digital radio systems, as well as air and coastal radio. The system also supports several messaging services, allowing the transmission of location details and images. Furthermore, the system **records** audio signals as well as all meta data, information provided by the automatic emergency call system for motor vehicles and all other available information. For example in 2015, the Company's voice communication solution integrating analogue and digital radio was used to support the G7 Summit at Schloss Elmau, the largest operation in the history of the Bavarian Police with up to 18,000 emergency services personnel protecting heads of governments while controlling demonstrations.

The Company provides integrated **command and control system** which support seamless patching between voice, video and different emergency service data standards, designed as a control centre and complemented on demand by sensors, cameras, video and data analytics, and mobile applications. Frequentis' **logging system** collects and archives phone and radio communication, while also capturing screens. This enables operators and investigators to get access to this data, which is securely stored by the system, in retrospect. Frequentis also supports the **virtualisation** of control centre operation, i.e. data is presented across multiple systems and multiple agencies in a uniform and intuitive form to the user, using standard web-client technology and enabling key information to be presented on any mobile device with proper security authorisation, dissolving the physical borders of a control room. This helps to reduce costs for organisations and allows – specifically for special events – to scale up or down the user clients on demand.

Frequentis' public safety-**critical infrastructure** needs to satisfy safety and transparency demands of safety centre operators with a flexible, modular, software-based concept meeting the requirements of small to large industrial fire brigade and rescue control stations. It is based on pure IP communication of all voice and signalling information, runs entirely on standard hardware on both the server and client side, enables integration into existing and future infrastructures (alarm systems, sensors, etc.) and provides transparent documentation of all processes.

Public transport: Frequentis estimates the annual volume of the currently addressed market in public transport at approximately EUR 135 million and assumes a growth rate of approximately 4% for this market. The Group estimates to hold a world market share of approximately 15-17%.

In its public transport business unit, Frequentis currently focuses on, and supplies control centre solutions to, the railway sector. The mission of railway control centres is to guarantee secure and efficient railway operations, in particular by utilising terrestrial line communications systems including voice communication facilities and dispatching systems.

Usually, railways control centres are procured and operated by state-owned or private railways infrastructure providers. Currently, the Company focuses on the European market but also serves non-European customers who have chosen the GSM-R standard as the basis for their communication systems. An increasing demand is created by incident and crisis management solutions. The regional focus currently is on Europe.

Railways control has developed from individual controllers at local train stations and signal boxes to consolidated control centres, enabling controllers based on up-to-date operational data to manage operational resources, make informed decisions and communicate precisely in every situation. Frequentis offers **operations communication manager** (or OCM), a fixed-terminal system platform for railway controllers which allows an integration of the control centre with existing ecosystems, an implementation with minimal disruption to live systems, and facilitates any digital radio network for unified communication. The system allows rail controllers to communicate through different mobile and fixed networks and by this optimises communication between command and control centres, train drivers, shunting personnel, maintenance staff, neighbourhood dispatchers and local train stations. Both, existing communication systems and analogue infrastructures can be integrated. Furthermore, the solution offers voice recording as well as other management tools.

Frequentis' **incident and crisis management solution** allows operators in the control centre and staff onsite to efficiently handle planned events, operational and technical incidents, as well as emergency and crisis situations of more than 10.000 trains daily. When an incident occurs, the solution navigates the operator through the resolution process using a (partial) automation. The system allows triggering of defined communication and alerting procedures. The systems' workflow is able to adapt as events unfold and can display additional data – such as train composition, hazardous goods information or impact on the daily working timetable – when needed based on the incident situation. Furthermore, the system offers simultaneous editing capabilities, which allows the operator to shift workload to support staff members. Digital telephony, voicemail and other communication services can be integrated in the system. The system also collects and provides data for risk assessment and internal auditing and ensures documentation and reporting of incidents to satisfy legal requirements

Maritime: Frequentis estimates the annual volume of the currently addressed maritime market at approximately EUR 220 million and assumes a growth rate of approximately 3% for this market. The Group estimates to hold a world market share of approximately 4-6%.

Control centres in the maritime business unit are generally responsible for ensuring the safe and efficient passage of waterborne traffic. This includes the coordination of and support to maritime navigation as well as the management of inland waterways navigation and harbour operations. To perform these tasks, control centres need to guarantee failsafe communication with ships and provide central operational coordination should a crisis situation arise. Given this context, they need to receive relevant data (such as name and position) for each ship located in their area of responsibility, via a radio based automatic identification system (“AIS”). The availability of additional dynamic data, such as a ship's speed and direction, allows control centre operators to predict the potential for collisions and take appropriate action.

Frequentis' maritime solution thus forms an essential part of global maritime distress and safety systems (“GMDSS”), an internationally agreed-upon set of safety procedures, types of equipment, and

communication protocols used to increase safety and make it easier to rescue distressed ships, boats and aircraft.

Control centres in the maritime business unit are procured and operated by state-owned as well as by private organisations, including government ministries, coastguard services, river police and customs authorities, canal owners, waterways and shipping authorities and port authorities.

Frequentis provides mainly voice communication systems, tracking and tracing hardware and software, sensors and system integration services to customers and is acting globally.

Frequentis offers control centre solutions for **maritime search and rescue**. The first few minutes in an emergency scenario are critical to the final outcome. In order to save lives, search and rescue operators must extract a clear view of the incident from the initial uncertainty and then use established collaborative workflows to take and manage appropriate actions. The system delivers quickly a concise operational picture and provides context-sensitive information and intelligent assistance to search and rescue operators via intuitive graphical user interfaces and implements incoming and outgoing voice and data feeds, enabling the operator to focus entirely on making timely decisions. Furthermore, the solution offers the operator to share selected information via social media channels to inform or to collaborate with the public.

Frequentis also offers a maritime communication system for **coastal surveillance** which uses information based on a sensor layer (inputs from such sources as radar, AIS, which improve safety and traffic management through the exchange of navigation and other vessel data, and optical or infrared devices), a network layer with an integrated backbone network, and the communication layer, an integrated platform for all communication technologies which supports almost infinite voice resources. The system supports the GMDSS, digital radio, telephony and many other voice resources. Furthermore, the Company offers control centre solutions for **coastal radio** and global maritime distress and safety systems. The solution can be integrated into existing surroundings, can cover multi-side scenarios, including mobile solutions and provides remote control, monitoring and maintenance capabilities in either one or in as many centres as needed.

Both international sea or inland ports are complex logistics centres with robust infrastructures with a growing demand for integrating different information and communication technologies in one port communication platform. For port authorities, Frequentis offers **vessel traffic management** solutions which integrate in real time amongst others data from radar, AIS, communication radios and from closed circuit television and can be accessed from any operator position, be it local or remote.

Sales organisation and product delivery

Frequentis' sales organisation is based on an interaction between the regional and the business level and is accompanied by various sales support functions: Regional sales units act as regional hubs with specialized sales teams on a regional level to extend the global spread. Additionally, the sales organisation has a domain sales expert for each business unit who is introduced to the customer during the sales process as needed.

The Company's operations are performed via three sales channels: The basic sales channel is direct sales, where Frequentis is the sole supplier or channels parts of the delivery via subcontractors. Another frequent sales channel is sales via prime contractors (Frequentis is subcontractor to a big international prime contractor) or partners (Frequentis uses a local partner to sign the contract and delivers substantial parts of the project). Occasionally, sales are made via consortia, where Frequentis forms a consortium with one or more partners to deliver the project. The sales cycle involves both the regional sales units and the business units and includes the key phases of identification of and winning the client, followed by the product delivery phase (serving the client) and the support service phase to gain the client's loyalty.

This is achieved in Frequentis' sales process: the Company first develops a lead from an initial idea to a concrete opportunity. Following opportunity approval as first quality gate, this opportunity is further developed to a go/no-go decision phase. Following the bid invest approval as second quality gate where the decision is made whether it is worth to prepare an offer, the offer documentation and calculation is prepared, taking into account the particular technical requirements as well as commercial conditions and delivery capabilities. If the offer was approved (as third quality gate) and submitted to the customer, the contract is negotiated; once concluded, the project will be carried out and delivered to the client. It is intended that throughout this whole process the customer's trust is gained and the customer's needs are fulfilled.

In the project delivery phase, the project management, which knows the contract, takes over the project, completes planning and obtains release of the budget; once the solution specifications and design are accepted by the customer, the solution is manufactured, i.e. purchased, built or developed, and subsequently integrated and tested. In the following on-site integration the project solution is integrated into the customers' environment. In the transition phase the responsibility is handed over to the customer and the internal support service process is established; this formally closes the project. The project is periodically controlled against the plan.

History of the Company

The Company was founded in 1947 and began its business operations with its founders Mr. Emanuel Strunz and Mr. Walther Hamm by constructing a radio transmitting station in Vienna. The Company started in its future core business area with the development of solutions for communication between traffic controllers and pilots. In 1955, it constructed an air traffic control station of Austria at the Vienna airport in Schwechat.

In 1981, a fully decentralized voice communication system was implemented in an ATC, the first technological milestone in this area. In 1983, Mr. Bardach joined and took over the management of the Company; in 1986 he acquired the Company. In 1993, Frequentis developed a fully digitized voice communication system for Eurocontrol, the European organisation for the safety of air navigation ("Eurocontrol"). Due to further successes in Asia and America, the Company believes that in 1998 it became world market leader in the field of voice communication systems for civil air traffic control with a market share of 30% (according to own estimates) and that it remained in that position since then.

In 2001, Frequentis together with the German *Flugsicherung GmbH* and the Spanish *Aeropuertos Españoles y Navegación Aérea* (now: *ENAIRE*) founded GroupEAD Europe S.L., an aeronautical information management and navigation service provider which was awarded the contract for centralised service provision (Data Operations, Training and IT) of by Eurocontrol. In 2002, the Company entered the railway business in the UK and Germany. In 2003, the Company entered the American market with the award of the Federal Aviation Administration command centre in Herndon, Virginia. In 2005 The Group implemented a PST solution for the London metropolitan police. 2008, Frequentis joined the Single European sky air traffic management research ("SESAR") modernization programme, It was awarded the largest maritime project in the Company's history in 2010, a major renewal of the Canadian coastal radio control system, covering all three coast guard regions and over 240,000 km of coastline. Most recent milestones were the voice communication solution to support the G7 Summit in Germany in 2015 and the implementation of a nationwide IP-based ATM-optimised network solution for voice and data integration for the Brazilian air traffic control in 2016. For a further description of the history of the acquisition of FREQUENTIS COMSOFT GmbH see "— *Significant Subsidiaries*".

Research and development, patents and licences

Research & Development

Approximately 75% of the 1,843 FTEs which have worked for Frequentis Group as at December 31, 2018, were qualified experts (leading also to a multicultural team with employees from 34 different nations). The Frequentis Group has a distinctive focus on technology and invests on average 14% of its annual revenues in R&D to increase its innovative capacity.

This led to Frequentis becoming an important member in standardization bodies such as the Next generation 9-1-1 (or NG911), an initiative aimed at updating the 9-1-1 public safety answering point infrastructure in the U.S. and Canada, the European emergency number association (or EENA), an NGO with 1,300 members including emergency call centres, international organisations and academics in 80 countries worldwide, and the European organisation for civil aviation equipment (or EUROCAE), a non-profit organisation developing a reference architecture for a globally harmonised standard for VoIP-based voice communication, whose members are regulators, manufacturers, services providers, users (such as airlines and airports) and academics.

In many cases, corporate initiatives are driven by a customer need or a promising technological concept. Thus, research projects are often a joint undertaking with a customer or carried out within the framework of an international research programme.

Frequentis is part of international research projects, e.g. concerning the seamless exchange of information between public safety and security services and their interaction in the event of a crisis, called “Establish a pan-European information space to enhance security of citizens” (or EPISECC) and is involved in “SESAR 2020” which focuses on product and solution-specific research, in particular a system-wide information management concept for exchanging information in air traffic management which ensures improved situation awareness and information management.

In addition to the providers of safety relevant services, organisations responsible for national cyber security and cyber crisis management and cyber defence are having responsibilities on a national level by new legal provisions. They are responsible for defending the infrastructures and for managing crisis situations in case of an attack with severe consequences. As control room vendor for many different domains in the physical world, the Company is using its knowledge to contribute in this area. Together with selected customers, specialised research and industry partners, the Company focus is on research of solutions for national cyber crisis management and defence. Following attacks on customers’ IT (however on commercial areas, not on security-critical systems) and the requirements of the EU Directive concerning measures for a high common level of security of network and information systems (NIS), Frequentis in November 2017 introduced the position of a chief security manager to provide full service to customers.

In 2018, the Group incurred R&D expenses of EUR 39.9 million. Thereof EUR 19.4 million relate to R&D, which was not attributable to order-related work and the remainder to R&D expenses for order-related work. The Group received grants and subsidies of EUR 5.5 million for R&D-related costs. The Group’s most important R&D initiatives in 2018 included, among others, the migration of data and voice communication to joint internet protocol networks, the virtual centre concept of the European research programme for reshaping of air traffic control, SESAR, and concepts for drone management with Frequentis technology connecting air traffic management and unmanned traffic management.

In 2017, the Group incurred R&D expenses of EUR 42.5 million and thereof EUR 22.2 million related to R&D, which was not attributable to order-related work. The Group received grants and subsidies of EUR 5.6 million for R&D-related costs. The Group’s most important R&D initiatives in 2017 included, among others, MosaiX, an integrated voice and data platform for air traffic control, system wide information management (or SWIM), the newly developed concept for exchanging information in air traffic management, or developing a common European information space within the framework of the European EPISECC research project.

In 2016, the Group incurred R&D expenses of EUR 42.9 million and received grants and subsidies of EUR 4.9 million for R&D-related costs. The Group's most important R&D initiatives in 2016 included, among others, the public safety multimedia collaboration platform 3020 LifeX, the new service delivery platform for public transport, and the concept for remote virtual tower in air traffic control.

Most of the R&D initiatives described above are long term projects, lasting several financial years, and some of which are not concluded yet.

Patents and trademarks

The Company and mainly its subsidiary FREQUENTIS COMSOFT GmbH are owners of several intellectual property rights in the form of patents, trademarks and a design. The patent and trademark registrations cover various countries worldwide (mainly member states of the EU) and relate to the services relevant for the business operations conducted. Innovations at Frequentis are protected by patents wherever possible.

The Frequentis Group has obtained more than 20 patents and filed applications for additional patents, which the Frequentis Group expects to form the basis for the patent protection of the technologies and products developed by the Frequentis Group, as well as current and expected product developments. Management believes that, where possible and appropriate, the main know-how of the Frequentis Group's current business is covered and protected by patents. Frequentis also has one design right registered for screen displays. The Frequentis Group manages its portfolio with the aim of ensuring the best possible protection for its current and future activities and technological improvements based on the Frequentis Group's patents and patent applications at reasonable costs.

The Group also relies on trade secrets and know-how, particularly if patent protection is not appropriate or unattainable. The Group's policy in this regard is to conclude confidentiality agreements with customers, external consultants and cooperation partners, where necessary and appropriate. These agreements oblige the relevant customer, consultant or cooperation partner not to disclose the Group's confidential information to anyone.

With great importance for indication-of-origin and with a quality function, trademarks are an essential part of the Company's business. The Frequentis Group holds various Austrian and community trademarks and has applied for the registration of additional trademarks. Furthermore, Frequentis management believes that it has those domain names registered which are relevant for its business, including "frequentis.at", "frequentis.com", "frequentis.de", "comsoft.de", "frequentis-comsoft.de" or "frequentis-comsoft.com".

Frequentis' management is not aware of active or passive infringements of intellectual property rights.

Licences

The conclusion of licence agreements with customers and suppliers is commonplace in the business of the Frequentis Group and is part of almost any project agreement. In general, the Frequentis Group only grants non-exclusive licences with regard to its software and does not disclose the source code. With regard to the development of customer-specific individual software the Frequentis Group grants in very limited cases an exclusive licence, if such products cannot be used in other projects or can be used in a modified form. Furthermore, the Frequentis Group has entered into licensing agreements with third parties regarding commercial-off-the-shelf and standard software usually subject to standard terms and with the right to sublicense the software to its customers.

Trade permits, regulatory environment

Frequentis Group holds all material trade and other permits required for the operation of its business. This includes permits for automatic data processing and information technology services, Radio/broadcasting engineering, electrical engineering, in particular e.g. the production and repair of

products of industrial electronics such as chip card interfaces for access and computer login control, special printed circuit boards for radio control by computers, for the operation of mass storage devices in high-security environment, or for the process control via bus systems, and business consultancy including corporate structuring.

In particular in the defence business unit, military ATM systems require encrypted communication and the export of such systems requires additional regulatory permits: The Group therefore holds a gunsmith licence for the production, processing and maintenance of military weapons und military ammunition, limited to specially developed and produced electronic or optronic communication devices. Such licence and a permit under the Austrian war materials Act (*Kriegsmaterialgesetz*) are required for the import, export, transit and the commission of goods defined to be war materials. War materials include, among others, electronic or optronic devices specially developed and produced for military use for messaging, target acquisition, illumination, marking, tracking, fire control, reconnaissance, observation and surveillance.

Similarly, dual-use items (including software and technology) covered by Council Regulation (EC) 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items, e.g. telemetry and telecontrol equipment and ground equipment designed or modified for 'missiles' (which term includes unmanned aerial vehicle systems capable of a range exceeding 300 km), technology for the development of digital cellular radio base station receiving equipment whose reception capabilities (that allow multi-band, multi-channel, multi-mode, multi-coding algorithm or multi-protocol operation) can be modified by changes in software, or receiving equipment for global navigation satellite systems ("GNSS" such as GPS or Galileo) employing decryption, designed or modified for military or governmental services, to gain access to GNSS secured signal/data, should be subject to effective control when they are exported from the European Community. Therefore, the export out of the European Union and in some cases the brokering of such products requires prior authorisation granted by the Austrian Federal Ministry for digital and economic affairs.

Property, plants and equipment

Frequentis Group does not own any real estate. All relevant administrative, development, production, technical, warehouse and sales office space is used on the basis of customary medium or long-term lease agreements. Certain of these lease agreements are concluded with lessors which are controlled by or otherwise affiliated with Mr. Bardach, including the lease agreement for the headquarters of Frequentis in Innovationsstrasse. According to management's view, all lease agreements were concluded at arm's length terms.

Approximately half of the lease agreements the Group has entered into for its operations, including the premises in Innovationsstrasse, provide for an indefinite lease term; nearly all lease agreements concluded contain index-linked annual rent, double net lease terms, and have no bank guarantee / cash deposit requirement as rent security.

Suppliers and project partners

The Group is in continuous business relations with suppliers of e.g, software programs, hardware, component parts, sub-assemblies or modules and with project partners. Most of this supply is standard parts and software, and project partners can change depending on the project.

Material contracts

None of the supply agreements entered into by Frequentis Group are material in the sense that a termination of any of such contracts would in the opinion of the Company have a material adverse effect on the business, financial condition and result of operations of the Group.

Frequentis' products and services delivered to public organisations are usually subject to public tender procedures, where competition is typically high, participation requires considerable personal and

financial resources over a considerable period of time, contract terms are often significantly disadvantageous and not individually negotiable, public organisations often prefer other suppliers for reasons of protectionism or political influence, and tender awards may be challenged by unsuccessful competitors.

While it is therefore not unusual that Frequentis is unsuccessful in a tender procedure, and the customer dependency cluster risk should be manageable, a non-award or termination of one or more of the high volume customer contracts, although not fatal on a Group level, could in particular materially adversely influence the results of individual subsidiaries of Frequentis, if a large proportion of the turnover of such subsidiary is generated based on only one or just several key contracts.

The Company has obtained and maintains liability, property, transport, casualty, business trip health and other insurance coverage in accordance with sound market practice and to the extent it believes necessary to operate its business, also for public tender and procurement processes. Frequentis' insurance policies typically run for short terms (on an annual basis with an option to renew annually). Upon renewal, Frequentis asks the insurance providers and agents for new quotes in order to select the most competitive offers. In relation to the specific projects, Frequentis makes use of an external insurance broker actively assisting in the discussions with client as to the insurance coverage available and its potentials for optimization. There have not been in the last three years nor are there currently any pending material claims or disputes between the Company and its insurance providers. The Company cannot assure, however, that it will not incur losses beyond the limits of, or outside the relevant coverage of, its insurance policies.

The Company has entered into numerous lease agreements (see "*Business—Property, plants and Equipment*") that are material.

For a description of the Group's most important financing agreements see "*Operating and financial review of Frequentis—Liquidity and capital resources—Debt—Description of the Group's main financing contracts as of December 31, 2018*".

Legal and arbitration proceedings

Frequentis believes that the fact that in most circumstances, fault cannot be clearly allocated to the one or the other party, typically prevents legal disputes. Apart from the proceeding described below, Frequentis Group is not and has not been party to any governmental, legal or arbitration proceedings (including any pending or threatened proceedings) during the previous 12 months, which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

In the first quarter of 2019, an audit of wage-related duties and taxes (*Gemeinsame Prüfung der lohnabhängigen Abgaben* or *GPLA*) of Frequentis was initiated for the audit period 2014-2017. The Company expects the audit to be finalized soon. Pending a final audit report, Frequentis expects that an additional payment not exceeding TEUR 450 (including late payment surcharge), equalling approximately 0.15% of the aggregate wages paid out during the audit period, might become due and payable.

One pending legal proceeding has a significant dispute amount: The governorate Kirkuk in Iraq claimed technical breaches by Frequentis in connection with an USD 15.9 million integrated control centre solution awarded to Frequentis in 2012. Following Frequentis' termination of the contract in 2016, the governorate initiated a case before Kirkuk courts; the political situation then became volatile and the governor was replaced. The outcome of the court case is unknown; Frequentis assesses the risk of successful damage claims against it to be low, in particular because a Kirkuk court decision could not be enforced in the EU; on the other hand, it is similarly unlikely that Frequentis will be able to collect its USD 6.9 million counterclaim.

Trend information

The Frequentis Group's results of operations and financial condition are affected by a number of factors, some of which also impact the (air) traffic industry in general. Management believes that the following key factors have affected the Frequentis Group's results of operations and financial condition and are likely to continue to have a significant influence on the Frequentis Group's results of operations and financial condition: (i) Mobility (increased mobility leads to capacity bottlenecks in air traffic and increasing pressure to enhance efficiency and to a growing importance of rail transport and shipping), (ii) technology (new technologies (e.g. social media, LTE, or drones) are of relevance for control centres, and lead to new operating concepts (e.g. remote operation)), and (iii) a rising need for safety and security due to altered risks and threats.

Significant subsidiaries

Frequentis considers the following entities to be significant subsidiaries:

	Country of incorporation	Registered seat	Percentage of ownership and voting power
CNS Solutions & Support GmbH	Austria	Innovationsstraße 1 1100 Vienna	100%
PDTS GmbH.....	Austria	Moeringgasse 20 1150 Vienna	100%
FREQUENTIS COMSOFT GmbH.....	Germany	Wachhausstraße 5a 76227 Karlsruhe	100%
Frequentis Deutschland GmbH.....	Germany	Ohmstrasse 12 63225 Langen (Hessen)	100%
FREQUENTIS USA Inc.	United States	661 Robert Fulton Drive Columbia, MD 21046	100%

(Source: Internal data.)

CNS-Solutions & Support GmbH is an Austrian entity providing solutions for incident and crisis management, a complementary product to Frequentis' core products; it is a product developer mostly active for Frequentis, but to a minor extent also having direct contracts with customers.

PDTS GmbH is an Austrian entity providing contract software development services exclusively active for the Group; the reason for outsourcing development functions to this subsidiary (and CNS-Solutions & Support GmbH) is to enable to pursue these developments irrespective and independent from the business line structure established within Frequentis (i.e. these developments may be used for all business lines alike).

FREQUENTIS COMSOFT GmbH has its registered seat in Karlsruhe, Germany; its portfolio covers a vast proportion of the modern ATM industry, including an aeronautical integrated data exchange agent (next generation), innovative surveillance and communication solutions, and multilateration sensors. Frequentis has acquired the material assets of the insolvent COMSOFT GmbH in January, 2016 in the course of the Comsoft Acquisition. This acquisition followed COMSOFT GmbH's drifting into its crisis in August, 2015, an analysis of the strategic fit and a potential combined product portfolio, retaining/retrieving key employees (which gave notice following COMSOFT GmbH's insolvency) and securing the consultancy support of the former COMSOFT GmbH managing shareholder later in 2015. Frequentis also transferred and renegotiated COMSOFT GmbH's existing customer orders, and following the acquisition, restructured and integrated COMSOFT GmbH's distribution system. The acquisition strengthened the Frequentis Group's position on the world ATM market thanks to the complementary product portfolio. In February 2018, COMSOFT GmbH was renamed FREQUENTIS COMSOFT GmbH.

Frequentis Deutschland GmbH has its corporate seat in Langen (Hessen), Germany and serves as regionals sales unit for the Group's business domains and business units in Germany and provides (sometimes acting as a prime contractor) project management, engineering and support services for the Group's projects in Germany. Frequentis Deutschland GmbH owns a 51% share in ELARA

Leitstellentechnik GmbH, Aachen (“**ELARA**”) and supplies ELARA’s communication systems for small to mid-sized control centres to public safety customers in Germany.

FREQUENTIS USA Inc. supports the further penetration of the large US market.

One of the more relevant of the Company’s non-significant subsidiaries is Frequentis Slovakia s.r.o., Bratislava, which contributes substantial software development resources and know-how to the Group.

MANAGEMENT AND EMPLOYEES

The Company has a two-tier board structure, consisting of the Management Board and the Supervisory Board. The Management Board is responsible for the executive management and represents the Company vis-à-vis third parties. The Supervisory Board is responsible for supervising the business and internal controls of Frequentis. Members of the Management Board are appointed by the Supervisory Board. Members of the Supervisory Board are elected by the shareholders general meeting or *Hauptversammlung* (the “**General Meeting**”). According to the co-determination rules of the Austrian Labour Constitutional Act (*Arbeitsverfassungsgesetz*), Frequentis’ works council (*Betriebsrat*) has the right to delegate one third of the Supervisory Board members. The corporate bodies of Frequentis are bound in particular by the Stock Corporation Act, the articles of association (*Satzung*), the rules of procedure for the Management Board (*Geschäftsordnung für den Vorstand*), the rules of procedure for the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) (each as adopted by the Supervisory Board) and the Austrian Corporate Governance Code (the “**CGC**”), to which the Company intends to adhere after the first day of trading of the Shares on the Regulated Market of Frankfurt Stock Exchange or the Vienna Stock Exchange. The members of the Management Board and the Supervisory Board are required to exercise their duties with the diligence of a prudent business person. To comply with this standard of care, they must take into account a broad range of considerations, in particular the interests of the shareholders, employees and the public.

The members of the Management Board and the Supervisory Board may be contacted at the registered seat of Frequentis AG, Innovationsstraße 1, 1100 Vienna, Austria. The following is an overview of the most important provisions of Frequentis’ corporate legal framework.

Management Board

Appointment, duties and procedures of the Management Board

In accordance with the provisions of the Stock Corporation Act, the members of the Management Board are appointed by the Supervisory Board for a maximum term of five years; the Supervisory Board appoints a chairman. Under applicable law, members of the Management Board may be re-elected. The Supervisory Board may revoke the appointment of members on significant grounds, such as gross negligence or deliberate breach of duties.

If only one Management Board member is appointed, he solely represents the Company. If more members are appointed, the Supervisory Board determines the power of representation. In general, the Management Board shall pass resolutions with a simple majority of the votes cast. In case of parity of votes, the chairman has a casting vote (*Dirimierungsrecht*).

Members of the Management Board, positions

The Management Board may consist of one or several members appointed by the Supervisory Board for a term of up to five years. The Management Board currently consists of three members:

Name	Area of responsibility	Year of birth	Year first appointed	Year current term expires
Norbert Haslachner	Chairman, chief executive officer (“ CEO ”) and chief strategy officer (“ CSO ”), sole representation power	1970	2015	2023
Hermann Mattanovich.....	Chief technical officer (“ CTO ”) and chief operating officer (“ COO ”), (sole representation power	1960	2009	2020
Sylvia Bardach.....	Chief financial officer (“ CFO ”), sole representation power	1962	2000 ⁽¹⁾	2022

⁽¹⁾ Mrs. Bardach was appointed chief financial officer in 2000 in Frequentis GmbH, which was transformed into Frequentis AG in 2007.

Norbert Haslacher joined the Management Board of the Company in 2015. Prior his appointment as CEO of the Company in April 2018, Mr. Haslacher was responsible for the sales and marketing division. Previously, Mr. Haslacher was chief executive officer for Austria and Eastern Europe for the US based IT company CSC. During his tenure at CSC, Mr. Haslacher held senior positions in business development and sales for the banking industry in Germany and the Middle East. He holds a diploma in Business Economics from the Business School St. Gallen.

Hermann Mattanovich was appointed to the Management Board of the Company in 2009 and entrusted with the technology remit. He began his professional career as a technical consultant for companies such as Philips, Elin, voestalpine and the Company. He also worked as a lecturer at the Vienna University of Technology where he studied. In 1988, he was co-founder of PPTS, a software development company based in Vienna. PPTS was taken over by the Company. As its managing director, he was (and still is) responsible for the successful development of the business. Between 1999 and 2004, Mr. Mattanovich was also responsible for the TETRA development portfolio at the Company. In 2005, the Company's TETRA activities were spun off into a separate specialist company, where Mr. Mattanovich as managing director gained additional expertise in radio solutions for the private mobile radio market (the company was acquired by SEPURA Ltd. in May 2012). Mr. Mattanovich graduated from the Vienna University of Technology in 1985 with a degree in electrical engineering.

Sylvia Bardach is a member of the Company's Management Board and has served as managing director of the Company from 2000 until July 2007 when she was appointed to the Management Board as Chief Financial Officer upon the Company's conversion into a stock corporation. Ms. Bardach started her business career as bookkeeper at CDS computer and data systems, where she also took care of the design and implementation of a general cost and project cost accounting system. She joined the Company in 1989 where she became head of the finance and controlling department. Since 1992 she also serves as managing director of the software subsidiary of the Company in Bratislava/Slovakia. Ms. Bardach underwent extensive education in the field of accounting and controlling, comprising a multiplicity of management and controlling courses and seminars. Additionally, she attended courses in human development and project portfolio and risk management.

Management Board compensation

The total remuneration of the members of the Management Board comprises a fixed salary and variable, performance-linked components. In the financial year ended December 31, 2018, the total remuneration including social security taxes for the members of the Management Board amounted to EUR 2.7 million.

The members of the Management Board are contractually entitled to receive direct pension payments from the Company. The pension promises made by the Company include an old-age pension and a survivor's pension, including a widow's/widower's pension and an orphan's pension. The obligation of the Company to make pension payments is secured by a pension insurance entered into by the Company. Expenses of TEUR 339 were incurred in 2018 for contributions to pension insurance and the establishment of pension provisions for members of the Management Board. In 2018, the Company's pension provision for the pension obligations for the members of its Management Board amounted to EUR 0.4 million. Contributions of TEUR 150 to pension insurance will also be incurred in 2019. For the year 2018, the Company has, in accordance with IAS 19, netted off the pension provision in the amount of the already accrued pension insurance. The resulting over-coverage amounts to EUR 0.2 million. In the event of termination of employment, there are claims for severance payments under Austrian law for employees who joined the Austrian companies until 2002. Additions to the corresponding provisions for severance payments amounted to TEUR 100 in 2018.

It is intended that the CEO will be granted a long-term incentive plan. Under the 2019 plan (it is intended to subsequently conclude further annual plans, subject to the approval of the General Meeting), he will receive up to 14,000 Shares, limited to maximum double the annual gross fixed salary (based on the average share price of a reference period), and subject to meeting certain

performance criteria in a three-year performance record period. The performance criteria may include e.g. key accounts' portion in order intake and operating performance, successfully concluded acquisition projects, EBIT targets, the share price development, successful strategy development, or customer satisfaction, and may be varied in forthcoming plans. In order to receive the maximal number of Shares, the CEO needs to fully meet these criteria, measured over the entire record period. The number of Shares granted decreases gradually to the extent the goals are not reached; in case the goals are reached only by 25% or less, no Shares are granted. The performance is determined by the Supervisory Board. The CEO must not dispose of the Shares during his membership to the Management Board. Additionally, Mr. Haslacher has received a cash bonus and agreed to purchase 15,000 Shares in the Pre-IPO Placement; this bonus will be upheld as incentive in case of a successful IPO.

Alternative incentive schemes

The Company also considers introducing further alternative incentive schemes available to the management (Management Board, upper management level and Supervisory Board) and/or the employees of Frequentis. It is not yet decided whether such scheme(s) will offer the right to purchase Shares at a certain price, the right to obtain free Shares upon meeting certain performance criteria and/or in connection with necessary own investments in Shares, by way of an option programme, or by way of other instruments, what the necessary holding or vesting period will be, and whether the required Shares will be created from authorised or conditional capital, or from treasury shares to be acquired by the Company.

Supervisory Board

Appointment, duties and procedures of the Supervisory Board

Pursuant to the articles of association, the Supervisory Board consists of three to six members elected by the General Meeting or appointed by the shareholders as shareholders' representatives (*Kapitalvertreter*), plus the representatives delegated by the works council. The owner of Share No. 1, who is currently the Selling Shareholder, is entitled to delegate one third of the maximum number (as stipulated in the Company's articles of association, currently six members) of shareholder representatives in the Company's Supervisory Board. Presently, only four members serve on the Supervisory Board as shareholder representatives. The number of these representatives is determined by the General Meeting (up to six).

Members of the Supervisory Board, positions

The current members of the Supervisory Board are:

Name	Position	Year of birth	Year first appointed	Year current term expires
Dipl.-Ing. Dr. h.c. Johannes Bardach	Chairman ⁽³⁾	1952	2018	n.a.
DDr. Karl Michael Millauer.....	Deputy Chairman	1958	2002 ⁽¹⁾	2020
Dipl.-Ing. Dr. Boris Nemsic	Member	1957	2002 ⁽¹⁾	2020
Mag. Reinhold Daxecker.....	Member ⁽³⁾	1970	2018	n.a.
Dipl.-Ing. Gabriele Schedl	Member ⁽²⁾	1968	2015	n.a.
Dipl.-Ing. Siegfried Meisel.....	Member ⁽²⁾	1955	2019	n.a.

⁽¹⁾ Initially appointed to the supervisory board of Frequentis GmbH which was transformed into Frequentis AG in 2007.

⁽²⁾ Delegated by the works council.

⁽³⁾ Delegated by the owner of Share No 1.

Members elected by the General Meeting or delegated by the Selling Shareholder

Johannes Bardach is chairman of the Supervisory Board of the Company. Prior to his appointment to the Supervisory Board of the Company in April 2018, Mr. Bardach served as managing director of the

Company starting in July 1983, bought the Company in 1986 and continued to serve as managing director until July 2007 when he was appointed to the Management Board as Chief Executive Officer upon the Company's conversion into a stock corporation. He served as Chief Executive Officer until his appointment to the Supervisory Board of the Company. He held a position as assistant professor at the Institute for Computer Sciences, Vienna and was university lecturer on microprocessor technologies. He began his professional career as technical consultant for system engineering in the field of microprocessors where he worked for several renowned high-tech companies in Austria and Germany. In 1979, he founded his own engineering and technical consulting office in Vienna. Mr. Bardach received his engineering degree from the Vienna University of Technology in 1976 and completed first degree business studies at the Vienna University of Economics and Business Administration. In 2006, he received an honorary doctorate of technology from the Vienna University of Technology.

Karl Michael Millauer is deputy chairman of the Supervisory Board since 2018. He has been a member of the Supervisory Board since 2002. Since 2002 he is a member of the Management Board of Christ Water Technology Group with seat in Switzerland and from 2005 to 2008 of CWT Holding. He also served as CFO at Rath AG and Wolford AG, both of which he accompanied until their successful initial public offering. Mr. Millauer holds a master degree from the diplomatic academy of Vienna, graduated with a Ph.D. in business administration from the University of Economics Vienna and obtained a doctorate law degree from the University of Law in Vienna.

Boris Nemsic has been a member of the Supervisory Board since 2002. He was CEO of Telekom Austria Group and of mobilkom Austria and is currently chairman of the board at Delta Partners Group Limited, an advisory and investment firm, and managing director at Time-Tech GmbH. Mr. Nemsic holds a master degree in electrical engineering from the University of Technology in Sarajevo and graduated with a Ph.D. from the Vienna University of Technology.

Reinhold Daxecker has been a member of the Supervisory Board since April 2018. He joined Frequentis in 1999 and was responsible as an authorised officer with power of sole representation (*Einzelprokurist*) for the Group's corporate development and M&A activities until March 2018. Since April 2018, Mr. Daxecker is managing director of Frequentis Group Holding GmbH. Reinhold Daxecker holds a master degree in law from the University Salzburg.

Members delegated by the works council

Gabriele Schedl has been a member of the Supervisory Board of the Company since 2015. She joined the Company in 1999 and is currently employed as safety and quality director. Ms Schedl graduated from the Vienna University of Technology with a degree in electrical engineering in 1997.

Siegfried Meisel has been a member of the Supervisory Board of the Company since 2019. Holding a degree from the Vienna University of Technology, he joined the Company in 1998 and has since then been a member of the department responsible for providing technical documentation to the Frequentis customers. Since 2018, Mr. Meisel also acts as Frequentis' data protection officer.

Supervisory Board committees

According to the articles of association, the Supervisory Board may establish committees that may be granted decision powers. Committees can be established permanently or for specific tasks.

The Supervisory Board has established an audit committee and a management committee for Management Board matters.

Works council delegates are entitled to representation in committees in proportion to their representation on the Supervisory Board except for meetings of the personnel and nominating committee which deal with the relations between the company and the members of the Management

Board other than the appointment and revocation of Management Board members and the granting of options for Shares of the Company.

The current members of the Supervisory Board committees are:

Audit Committee	DDr. Karl Michael Millauer (Chairman) Mag. Reinhold Daxecker Dipl.-Ing. Gabriele Schedl
Committee for Management Board Matters	Dipl.-Ing. Johannes Bardach (Chairman) Dipl.-Ing. Dr. Boris Nemsic

Supervisory Board compensation

Members of the Supervisory Board receive reimbursement of actual expenses including reasonable travel expenses, a fixed allowance per year and attendance fees for each Supervisory Board session. In addition, the Supervisory Board members are insured under the Company's directors & officers insurance policy. The total compensation for the members of the Supervisory Board amounted to TEUR 37 for the financial year 2018. Beginning in 2019 and conditional upon listing of the Shares, the compensation for supervisory board members will comprise a fixed amount, attendance fees and a premium payment. The fixed amount has a range of EUR 12,000 to EUR 15,000, the attendance fees from EUR 2,000 to EUR 2,500 per meeting, both are distributed depending on the position of the individual member. Members of committees receive an additional attendance fee in the amount of EUR 2,000 per meeting. Supervisory board members were entitled to a minor premium payment, which was calculated in accordance with a performance indicator (*Aufsichtsratskennzahl*), which was determined by applying a formula to measure the Group's economic success and refers to the development of the Group's turnover and profit. Beginning with the listing of the Shares, supervisory board members will be entitled to a premium payment, depending on the development of the Share price. The premium payment will be calculated by multiplying the annual change in Share price in percent with a base amount. If the Share price has decreased compared to the previous year, no such premium will be paid. The fixed allowance, the attendance fees and the premium payments are subject to a resolution of the General Meeting.

Duty of loyalty and care

Members of the Management Board and the Supervisory Board owe a duty of loyalty and care to Frequentis. In carrying out their duties they must exercise the standard of care of a prudent and diligent business person. They are required to take into account a broad range of considerations when making their decisions, including Frequentis' interests and those of the shareholders, employees, creditors, and the public.

Generally, a shareholder has no direct recourse against members of the Supervisory Board or the Management Board for a breach of their duty. Only Frequentis itself has a direct recourse against the members of the Management Board and the Supervisory Board.

Certain additional Information about the members of the Management Board and the Supervisory Board

Activities performed outside the Group

The following table sets out the names of all companies and partnerships of which each of the members of the Company's Management Board, Supervisory Board and senior management has been a member of the administrative, management or supervisory bodies or a partner, as the case may be, in the five years prior to the date of this Prospectus (excluding the Company and any of its direct and indirect subsidiaries):

Name	Name of company	Function	Current function (yes/no)
Management board			
Norbert Haslacher	n.a.	n.a.	n.a.
Dipl.-Ing. Hermann Mattanovich	n.a.	n.a.	n.a.
Sylvia Bardach	TechInvest BeteiligungsGmbH	Managing Director	yes
Supervisory Board			
Dipl.-Ing. Dr. h.c. Johannes Bardach	MTB Beteiligungen AG	Member of the supervisory board	yes
	FFG	Member of the supervisory board	yes
	Frequentis Group Holding GmbH	Managing Director	yes
	Österr. Digitalisierungsagentur (DIA)	Member of the advisory board	yes
	MBA Vermietungs- und Verwaltungs KG	General Partner	yes
DDr. Karl Michael Millauer	Aquarion Group	CEO	Yes
	Huber Holding AG	Chairman of the Board of Directors	
Dipl.-Ing. Dr. Boris Nemsic	Delta Partners Group Limited	Chairman of the Board	yes
	Time-Tech GmbH	Managing Director	yes
Mag. Reinhold Daxecker	Frequentis Group Holding GmbH	Managing Director	yes
	TechInvest BeteiligungsGmbH	Managing Director	yes
Dipl.-Ing. Gabriele Schedl	n.a.	n.a.	n.a.
Dipl.-Ing. Siegfried Meisel	n.a.	n.a.	n.a.

Conduct of board members and conflicts of interest

None of the members of the Management Board or the Supervisory Board has, at any time in the five years prior to the date of this Prospectus:

- been convicted of any offences relating to fraud;
- been associated with any bankruptcy, receivership or liquidation in his capacity as a director or senior manager;
- been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Certain board members have family relationships with individuals who will have indirect interests in the issued share capital of the Issuer following the Offering: CFO Sylvia Bardach is the spouse of the Selling Shareholder, who is also the chairman of the Supervisory Board and controls the Company and will, after the Offering, as principal shareholder of the Company still be able to significantly influence matters requiring shareholder approval (see “*Major shareholders and related party transactions—Related party transactions—Family ties*”). Furthermore, Mr. Daxecker is managing director at Frequentis Group Holding GmbH, a shareholder of the Company, which might lead to conflicting interests. Other than that, there are in respect of the members of the Management Board or the Supervisory Board, no conflicts of interest or potential conflicts of interest between any duties that they have towards the Company and any private interests and/or other duties that they may also have save for (potential) conflicts of interest arising from other positions they have within the Group or its direct and indirect shareholdings. See “*—Activities performed outside the Group*”.

The Company is not aware of any interest of any member of the Supervisory Board or the Management Board relating to unusual business transactions with the Company. For information on related party transactions, see “*Major Shareholders and related party transactions—Related party transactions*” below. The Company has no outstanding loans to and no guarantees on behalf of any members of the Company’s Supervisory Board or Management Board.

Shares held by members of the Management Board and the Supervisory Board

The following table sets forth the number of Shares and options in Shares in Frequentis held by the members of the Management Board and the Supervisory Board as of the date of this Prospectus:

	<u>Shares held</u>	<u>Options held</u>
Management Board		
Norbert Haslacher	0 ⁽¹⁾	0
Dipl.-Ing. Hermann Mattanovich	165.306	0
Sylvia Bardach	0	0
Supervisory Board		
Dipl.-Ing. Dr. h.c. Johannes Bardach	3.669.796	0
DDr. Karl Michael Millauer	0 ⁽²⁾	0
Dipl.-Ing. Dr. Boris Nemsic	0	0
Mag. Reinhold Daxecker	0	0
Dipl.-Ing. Gabriele Schedl	0	0
Dipl.-Ing. Siegfried Meisel	0	0
Total	3.835.102 ^(1,2)	0

⁽¹⁾ Mr. Haslacher has received a cash bonus and agreed to purchase 15,000 Shares in the Pre-IPO Placement; this bonus will be upheld as incentive in case of a successful IPO. The transfer of these Shares is conditional upon completion of the Offering.

⁽²⁾ Mr. Millauer will purchase 23.000 Shares in the Pre-IPO-Placement via an acquisition vehicle. The transfer of these Shares is conditional upon completion of the Offering.

Employees

Number of employees

The following table shows the number of active full-time equivalent employees (“FTE”) of the Group included in the Financial Statements (through full consolidation) as at and for the years ended December 31, 2018, 2017 and 2016.

	As of December 31,		
	2018	2017	2016
			(unaudited)
Employees (FTE)	1,843	1,741	1,637
Average employees (FTE)	1,763	1,697	1,606

(Source: Internal data)

Currently, the Company has not issued any stock option plan for its employees.

Unions, work’s council, collective bargaining agreements and shop arrangements

Beside applicable labour law, the Group is bound by several collective bargaining agreements agreed upon between the competent employers’ associations (*Arbeitgeberverbände*) and unions pertaining to the respective industry sector. In particular, the employment relationship of the employees of the Group is covered by the collective bargaining agreement for white collar employees in the metal business (*Kollektivvertrag für Angestellte im Metallgewerbe*) as well as by the collective bargaining agreement for white collar employees in IT services and automatic data processing (*Kollektivvertrag für Angestellte von Unternehmen im Bereich Dienstleistungen in der automatischen Datenverarbeitung und Informationstechnologie*). Collective bargaining agreements usually provide, for example, a maximum normal working time and remuneration of overtime.

As a form of employee representation at Frequentis Group, works councils have been formed at the Company’s and local level, as well as in some of the subsidiaries. According to the Austrian Labour Constitution Act (*Arbeitsverfassungsgesetz*) the works council has several rights to information, intervention and consulting (*Informations-, Interventions- und Beratungsrechte*). In general, the works

council may request to be informed about all Company matters related to the economic, social, health, and cultural interests of employees.

If applicable law or a collective bargaining agreement expressly so permits, shop agreements (*Betriebsvereinbarungen*) may be applicable. Shop agreements are collective agreements concluded between the employer and the works council on issues permitted by the Austrian Labour Constitution Act. Such shop agreements provide, for example, for a flexible working time model and the invoicing of provided parking spaces.

The Group's management believes that there is a good working environment and that its current relations with its employees are very good. In addition, management believes its relationships with its works councils and the unions to be very good. The Group has not suffered any material work stoppage or strike in its history.

Health, safety and environment

Frequentis' internal health & safety, environment (“HSE”) system is firmly established and implemented in the Company. HSE provisions cover e.g. the size, lighting, and ventilation of rooms; fire prevention, first aid or compulsory safety instructions. Employers are obliged to evaluate all existing dangers to individual employees and all special dangers in connection with a specific job. Frequentis has to maintain records of all (nearly) labour accidents or fatalities. In the last years on average four non-fatal accidents occurred, mostly traffic accidents. Continuous improvements in the field of health and safety, especially energy saving (photovoltaic installation) and staff protection are being made. Additionally, a “HSE and industrial safety committee” regularly reviews and analyses safety areas and HSE measures taken by the Group.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major shareholders and controlling interests

As of the date of this Prospectus, the Existing Shareholders held shares in the Company as follows:

	Shares held	Participation
Mr. Johannes Bardach.....	3,669,796	30.58%
Frequentis Group Holding GmbH.....	7,920,000	66.00%
Mr. Christian Pegritz.....	244,898	2.04%
Mr. Hermann Mattanovich.....	165,306	1.38%
Total.....	12,000,000	100.00%

In the beginning of 2019, the Selling Shareholder sold 7.56% of the Shares to the Pre-IPO Investors in the Pre-IPO Placement at a price of EUR 18.00 per Share (see “*The Offering—subject matter of the Offering*”). The transfer of the Shares in the Pre-IPO Placement has been made conditional upon occurrence and successful completion of this Offering. Therefore, the Shares placed in the Pre-IPO Placement (as well as the consideration) were deposited with an escrow agent: Until closing of the Pre-IPO Placement civil law ownership (*zivilrechtliches Eigentum*) to these Shares remains with the escrow agent, whereas beneficial ownership (*wirtschaftliches Eigentum*) remains with Mr. Bardach. Upon closing of the Pre-IPO Placement, which will occur concurrently with the closing of the Offering, full title to the Shares placed in the Pre-IPO Placement will pass over to the Pre-IPO Investors.

Frequentis Group Holding GmbH is a company with limited liability registered with the Company’s Register under FN 477997m and with its registered address at Dommayergasse 8/15, 1130 Vienna. The entire share capital in Frequentis Group Holding GmbH is owned by the Selling Shareholder. Prior to the Offering, the Selling Shareholder thus directly and indirectly holds and controls 96.58% of the Shares.

Following the completion of the Offering, assuming full placement of the Offer Shares, full exercise of the Greenshoe Option and the closing of the Pre-IPO Placement, the shareholder structure will be as follows:

	Shares held	Participation
Mr. Johannes Bardach.....	862,741	6.54%
Frequentis Group Holding GmbH.....	7,920,000	60.00%
Mr. Christian Pegritz.....	244,898	1.86%
Mr. Hermann Mattanovich.....	165,306	1.25%
Free float including pre-IPO Investors’ free-float	4,007,055	30.36%
Total.....	13,200,000	100.00%

To Frequentis’ knowledge, there are no agreements among its shareholders, relating to the voting-rights of its shares.

The articles of association stipulate that a transfer of Share No. 1 requires the prior approval of the company (*Vinkulierung*). Share No. 1 is currently owned by the Selling Shareholder. According to the articles of association the holder of Share No. 1 is entitled to delegate one third of the maximum number (as stipulated in the Company’s articles of association) of the Supervisory Board members (shareholder representatives). The interests of the Selling Shareholder may conflict with the interests of the Company or the Company’s other shareholders, which conflict might be aggravated as a consequence of the Selling Shareholder currently being also the chairman of the Supervisory Board.

There are no arrangements known to Frequentis, the operation of which may at a subsequent date result in a change of control in Frequentis.

The Selling Shareholder, subsequent to the Offering, will continue to exercise a controlling influence, notwithstanding that the Austrian corporate governance legal framework does not provide for the right

to directly instruct the Management Board. With a direct or indirect stake of up to approximately 69.57% of the Company's Shares if all New Shares and Reallocation Shares are sold in the Offering (up to approximately 66.54% if all Overallotment Shares to cover any over-allotment are sold), the Selling Shareholder, will be able to exercise a controlling influence over the resolutions adopted by the General Meeting, including the appointment and removal of members of the Supervisory Board, increases of the Company's share capital, profit distributions and amendments to the articles of association. Additionally, the Selling Shareholder will possibly be able to block any resolution to be adopted by the General Meeting that requires a 75%-majority of the share capital represented. Such resolutions include capital increases excluding existing shareholders' subscription rights, capital decreases, the creation of authorised or conditional capital, certain corporate transactions (such as corporate mergers or spin-offs), the liquidation of the Company and transformations of its legal form. In particular, the Selling Shareholder may prevent the strengthening of the Company's capital base by an increase in the share capital. There are no particular measures to prevent abusive exercise of control on the Issuer. The Management Board believes that the Company's corporate governance structure, together with the provisions of Austrian corporate law, provides sufficient safeguards against the abuse of controlling interests by shareholders.

Related party transactions

The Company enters in the course of its ordinary business activities into agreements with or renders services to related parties, in particular with entities of the Group. In turn, such related parties may render services or deliver goods to the Company as part of their business. The Company believes that all transactions with affiliated companies and persons are negotiated and conducted on an arm's length basis and that the terms of these transactions are comparable to those currently contracted with unrelated third-party suppliers, manufacturers and service providers. Set forth below is a summary of material transactions between or among the Company and related parties.

Family ties

The Selling Shareholder, the Company's former chief executive officer and now chairman of the Supervisory Board, and Sylvia Bardach, the chief financial officer, have been married since 1985.

Lease agreements

The lease agreements for the Groups' headquarters in Vienna are concluded with lessors which are controlled by or otherwise affiliated with the Selling Shareholder (see "*Business—Property, plants and equipment*").

Consultancy agreement with the Frequentis Group Holding GmbH

Since May 2018, Frequentis Group Holding GmbH provides certain services to the Group. The Selling Shareholder is the sole stakeholder of the Frequentis Group Holding GmbH and acts as an advisor for the Group under a business consultancy agreement based on his experience and know-how. Following approval by the Company's Supervisory Board (before the Selling Shareholder and Mr. Daxecker became board members), the consultancy agreement was concluded between Frequentis and Frequentis Group Holding GmbH and has been reviewed, prior to its conclusion, by external experts to ensure that the services are being rendered on arm's length terms.

Other Business Relationships with related parties

The Group has business relationships, and procures services and supplies from companies in which the Selling Shareholder directly or indirectly (through TechInvest Beteiligungs GmbH) holds a (minority) interest.

Austrian Corporate Governance Code

Under the Austrian company code, Frequentis is obliged to annually draw up and post a corporate governance report which has to include, amongst others, an applicable corporate governance code which is commonly accepted in Austria or at the respective trading venue, where such code is accessible and a description of any deviations from such code and the reasons therefore. The Company is committed to achieving the highest standards of corporate governance. Due to its incorporation in Austria, the Company takes due regard of the CGC.

The CGC was published by the Austrian Working Group on Corporate Governance, a group of private organizations and individuals, in 2002. This voluntary self-regulatory initiative is designed to reinforce the confidence of investors by improving reporting transparency, and the quality of cooperation between supervisory board, managing board and shareholders, to provide for accountability and promote sustainable, long-term value.

The CGC is based on statutory provisions of Austrian corporate law, securities law and capital markets law (“**Legal Requirements**”, “**L Rules**”). In addition, the CGC contains rules considered to be a part of common international practice, such as the principles set out in the OECD Principles of Corporate Governance. Non-compliance with some of these rules must be explained at the shareholders’ meeting (“**Comply or Explain**”, “**C Rules**”). However, the CGC also contains rules that are voluntary and do not require explanation in the case of deviations (recommendations, “**R Rules**”). Overall, successful implementation of the CGC depends on self-regulation by companies. The CGC was amended most recently in January 2018.

As of the date of this Prospectus, the CGC is not applicable to the Company. However, as it is intended for the Shares to be listed in the General Standard segment of the Regulated Market of the Frankfurt Stock Exchange and the Prime Market segment of the Regulated Market of the Vienna Stock Exchange, the Company will undertake to adhere to the CGC after the first day of trading. The Company intends to comply in full with all L-Rules and C-Rules of the ACGC, except for the following C-Rules:

Rule 2: The principle of “one share one vote” is not being fulfilled, because the owner of Share No. 1 can delegate one third of the maximum number of shareholder representatives in the Supervisory Board.

Rule 27: It is intended but currently not yet implemented that the Management Board contracts provide that the variable remuneration components can be reclaimed if it becomes clear that these were paid out on the basis of obviously false data.

Rule 31: The annual remuneration of the individual Management Board member will not be disclosed individually, but on an aggregated basis, for reasons of data protection and the right to privacy of the individual Management Board members.

Rule 39, 53: Within the last five years, Mr. Bardach has served as member of the Management Board and Mr. Daxecker has served as a management-level staff of the Company and accordingly they are not independent within the meaning of rule 53 of the CGC. Accordingly, the Supervisory Board and the Supervisory Board committees do not fulfill the independence criteria according to Rules 39, 53 GCG.

Rule 43: No employees’ representative is a member of the remuneration committee. The remuneration committee is identical with the committee for matters of the Management Board.

Rule 54: The Supervisory Board of the Company does not have a free-float representative. In the event of future changes in the number of Supervisory Board positions, the principle of adding a free-float representative to the Board will be given consideration.

DESCRIPTION OF THE SHARE CAPITAL OF FREQUENTIS AND THE ARTICLES OF ASSOCIATION

The following is a summary of the material terms of the Company's Shares, as set out in the articles of association and certain relevant provisions of the Stock Corporation Act. This description is only a summary and does not encompass everything contained in the articles of association. The Company encourages a review of the full articles of association, which are available for inspection at the Company's principal offices or on the internet (www.frequentis.com). The information on the Company's website is not incorporated by reference into this Prospectus.

The Company was founded under the name "Frequentis Gesellschaft für industrielle Hochfrequenztechnik m.b.H." as an Austrian company with limited liability (*Gesellschaft mit beschränkter Haftung*), and registered in the Commercial Court of Vienna's commercial register under number B 5819 (later HRB 39733). The Company's name was changed to "Frequentis Nachrichtentechnik Gesellschaft m.b.H." in 1987, to "FREQUENTIS GmbH" in 2003 and, following its transformation into a stock corporation, to "FREQUENTIS AG" in 2007. Frequentis' articles of association as joint stock corporation were resolved July 3, 2007 and have been last amended on April 8, 2019.

Share Capital

Registered share capital

As of the date of this Prospectus and prior to the Offering, Frequentis' issued and fully paid-in nominal share capital amounts to EUR 12,000,000 divided into 11,999,999 no-par value ordinary voting bearer Shares (*Inhaberstückaktien*) and Share No. 1, which is a no-par value registered share with restricted transferability (*vinkulierte Namensaktie*). Each Share and Share No. 1 represents or will represent, respectively, a calculated notional amount of EUR 1.00 of the nominal share capital.

The Shares are (or will be, respectively) issued under Austrian law and are (or will be, respectively) freely tradeable, with the exemption of Share No. 1, which is a no-par value registered share with restricted transferability (*vinkulierte Namensaktie*) and which will not be listed.

The Shares will be admitted for trading and listing on the Regulated Market (segment General Standard) of Frankfurt Stock Exchange and on the Regulated Market (segment Prime Market) of the Vienna Stock Exchange.

Frequentis currently does not own treasury shares.

Development of the share capital

In 2007, the Company's share capital was increased from company's funds from EUR 6,000,000.00 in the amount of EUR 4,000,000.00 to EUR 10,000,000.00. Also in 2007, the legal form of Frequentis was transformed from a company with limited liability (*Gesellschaft mit beschränkter Haftung*) into a stock corporation. In 2010, the share capital was increased from company's funds in the amount of EUR 2,244,898.00 from EUR 10,000,000.00 to EUR 12,244,898.00. Also in 2010, the Management Board was authorised to acquire treasury shares to be collected from Mr. Christian Pegritz and PASS Beteiligungs-GmbH (in each case 122,449 shares) in order to reduce the share capital from EUR 12,244,898.00 by EUR 244,898.00 to EUR 12,000,000.00. In 2018, Mr. Johannes Bardach transferred 7,920,000 of his Shares to Frequentis Group Holding GmbH, a wholly-owned entity.

Authorised capital

The General Meeting of Frequentis held on April 8, 2019 authorised the Management Board, subject to the approval of the Supervisory Board but without further approval by the General Meeting, until April 8, 2024, to increase the Company's nominal share capital by up to EUR 6,000,000.00 by issuing

up to 6,000,000 new no-par value bearer shares against contributions in cash or in kind, in one or several tranches, also by way of indirect subscription of the new shares by one or more credit institutions in accordance with section 153 para 6 of the Stock Corporation Act with the obligation to offer the new shares to holders of subscription rights. The Management Board is, subject to approval by the Supervisory Board, entitled to exclude the shareholders' subscription rights in whole or in part and to determine the details of the issuing (in particular issue price and conditions, subject matter of the contribution in kind, scope of rights attached to the shares, exclusion of subscription rights).

Assuming completion of the Offering and subscription and placement of the maximum number of New Shares in the Offering from authorised capital, Frequentis' issued and fully paid-in share capital will amount to EUR 13,200,000, divided into 13,200,000 Shares. The volume of the authorised capital will be reduced to an amount of EUR 4,800,000 for the issue of up to 1,200,000 new no-par value bearer shares.

Convertible bonds and conditional capital

The General Meeting of the Issuer held on April 8, 2019 authorised the Management Board for a period of five years starting with the date of the resolution, subject to the approval of the Supervisory Board but without further approval by the General Meeting, until April 8, 2024, to issue convertible bonds up to a total nominal amount of EUR 6,000,000.00. The General Meeting of the Issuer on April 8, 2019 also resolved on a conditional capital increase by up to EUR 6,000,000.00 by issuing up to 6,000,000 new no-par value bearer shares to service the exchange of conversion or subscription rights of the holders of the convertible bonds (issued on the basis of the authorisation in this General Meeting). The conditional capital increase may only be effected to the extent that the conversion or subscription rights of holders of the convertible bonds issued or to be issued by the Company on the basis of the resolution adopted by the General Meeting on April 8, 2019 are exercised. The Supervisory Board is for this purpose entitled to resolve on amendments to the articles of association resulting from the issuance of shares from the conditional capital.

The sum of both combined, the number of shares issued under the authorised capital and the amount issued under the conditional capital, may not exceed 6,000,000.

Business objective of the Company

The corporate purpose of the Company pursuant to its articles of association is any lawful commercial utilisation of electrical engineering, communications and computer technology. Within these limits, the company is entitled to perform any kind of business and take any measures that appear necessary or useful in order to accomplish the corporate purpose.

This encompasses in particular: (a) the research, execution of tests and development work, as well as the application of the gained knowledge in the entire field of radio technology, electro acoustics, communications technology, computer technology and information technologies and research, testing and application of new processes in these fields; (b) the development, production, sale, maintenance and restoration of communication devices, computers, computer systems; (c) the development, production, sale and maintenance of systems that control, process and transmit information, in particular in the fields of air, road, rail and marine traffic control as well as in the area of public safety services; (d) advisory service to airports, airlines, air traffic control organisations and public institutions regarding the planning and design of air traffic installations, air traffic control equipment, communication devices and traffic flow control systems, including the optimization of such facilities and buildings; (e) the provision of services in automated data processing and information technology as well as the development of programs and data processing systems; (f) the operation of an engineering department for technical physics as well as for electronic communications and electrical engineering; (g) carrying on a trade of electrician and electromechanical engineer; (h) carrying on a trade of radio and television engineer; (i) the production and installation of all such machines, equipment, apparatus and materials which are necessary for the aforementioned purposes; (j) the trading with goods of any kind and the provision of related services, in particular those of

maintenance, service and repair; (k) carrying on a trade of corporate consultant; (l) operating as a commercial agent; and (m) the purchase and sale of real estate.

Further, the Company is entitled to establish branches and subsidiaries both in Austria and abroad, to take a holding in other companies both in Austria and abroad and to purchase and sell such companies. The Company is also entitled to pursue all businesses and take any measures and perform any legal transactions which are or appear to be directly or indirectly necessary or useful in achieving its corporate purpose, provided, however, that the Company is not entitled to engage in businesses that require a licence according to the Austrian Banking Act (*Bankwesengesetz*) or the Austrian Securities Supervision Act (*Wertpapieraufsichtsgesetz*).

Management Board

In line with the general governance principles, the members of the Management Board are appointed by the Supervisory Board of Frequentis.

According to the articles of association, the Management Board may consist of one or several members to be appointed for a period of up to five years (re-election is permitted). In general, the Management Board shall pass resolutions with a simple majority of the votes cast. In case of parity of votes, the chairman has a casting vote (*Dirimierungsrecht*).

The rules of procedure (*Geschäftsordnung*) for the Management Board, currently in force as from December 17, 2018, provide for an allocation of management competences determined by the Supervisory Board. The Management Board has no obligation to obey orders or directives originating from the General Meeting or from the Supervisory Board. However, both the Stock Corporation Act and the articles of association, together with the Management Board's rules of procedure, require the consent of the Supervisory Board or one of its committees before the Management Board may take certain actions. A failure by the Management Board to obtain such consent does not affect the validity of transactions with respect to third parties, but may render the Management Board liable for any damages resulting therefrom. The consent of the Supervisory Board is required for material decisions such as:

- the determination, change and deviation from the strategic orientation, business model or general principles of the Company's business policy;
- the sale, transfer, leasing, licensing or disposal of all or a substantial part of the Company, its operations or its assets, whether through a single transaction or a series of transactions;
- the issue of new shares as a result of authorised, conditional or authorised conditional capital (*genehmigtes, bedingtes und genehmigtes bedingtes Kapital*), the determination of the content of the share rights and the conditions of the share issue in the case of authorised, conditional or authorised conditional capital, and the determination of the conditions for the issue of shares against contributions in kind;
- the acquisition and disposal of participations, as well as the acquisition, disposal and closure of companies and business operations;
- the acquisition and disposal of real estate, and the encumbrance of real estate, insofar as this is not performed in the normal course of its business;
- the establishment and closure of branches;
- investments outside the annual investment program approved by the Supervisory Board, if these exceed an amount of EUR 2 million in individual cases or a total amount of EUR 5 million in a financial year;
- measures to raise capital, in particular the raising of bonds, loans and credits as well as the issue of bonds, if these exceed an amount of EUR 2 million a total of EUR 5 million in a financial year and if such financing measures are not approved within the budget;

- the granting of loans and credit to the extent not part of the ordinary course of business;
- the commencement and cessation of business lines and types of production;
- the establishment of general principles for company policy;
- the establishment of general principles for the granting of shares in profits or sales and pension provisions to senior executives;
- the granting of stock options;
- the granting of power of attorney (*Prokura*);
- legal transactions, in particular the conclusion, amendment or termination of contracts between the Company and a person related to a member of the Management Board, as well as legal transactions in which a member of the Management Board has a personal interest; legal transactions between the Company and a member of the Management Board itself are the sole responsibility of the Supervisory Board;
- the assumption of an executive position in the Company by the auditor of the annual accounts within two years of signing the audit opinion;
- measures by means of which the Management Board makes use of authorisation issued to it in accordance with Section 102 para 3 or 4 Stock Corporation Act (i.e. electronic participation in the General Meeting, optical transmission of a General Meeting);
- the application for admission of the shares in the company to trading on a stock exchange within the meaning of Section 3 Stock Corporation Act and the request for revocation of such admission (delisting).

Supervisory Board

In line with general governance principles, two thirds of the members of the Supervisory Board are appointed by the General Meeting of Frequentis. One third of the members are delegated by the work's council (employees' representatives). The Supervisory Board consists of at least three, but not more than six, members with additional delegated members by the work's council.

As stipulated in the articles of association, the Share No. 1, which is currently held by the Selling Shareholder, entitles to delegate one third of the maximum number (stipulated in the Company's articles of association) of the Supervisory Board members (shareholder representatives).

No member of the Supervisory Board elected by the shareholders may (if not appointed for a shorter period) serve for a period beyond the annual General Meeting deciding on the discharge of the Supervisory Board members for the fourth financial year following the financial year of their election. Supervisory board members delegated by the holder of Share No. 1 are delegated until revocation of such delegation. For this purpose the year of election is not taken into account. Members of the Supervisory Board may be re-elected. The Company's General Meeting may remove any Supervisory Board member it has elected by a simple majority of the votes cast at the relevant General Meeting.

The Supervisory Board meets at least quarterly. At least three members of the Supervisory Board including the chairman or a deputy chairman must be present at a meeting to constitute a quorum. Except where a different majority is required by law or the articles of association, the Supervisory Board acts by a simple majority of the votes cast. In the case of deadlock, the chairperson (i.e. the chairman of the Supervisory Board) casts the deciding vote.

A member of the Supervisory Board may appoint in writing another member of the Supervisory Board to represent him in a meeting. Such representative is not taken into account in determining a quorum. The right to chair the meeting cannot be transferred.

Voting may be conducted by written consent including e-mail without the need for a meeting of the Supervisory Board (a so-called circular motion), if the chairman or in his absence the deputy chairman decides on such voting as long as no Supervisory Board member objects. Proxy voting is not permitted for a circular motion.

Further rights attached to the Shares

Rights and restrictions of existing Shares

Assuming completion of the Offering and subscription and placement of the maximum number of New Shares in the Offering, 13,200,000 Shares are in place, each representing a pro rata amount of EUR 1.00. Each share entitles its holder to one vote at the General Meeting. Pursuant to the articles of association, the owner of Share No. 1 can delegate one third of the maximum number (stipulated in the Company's articles of association) of the shareholder representatives in the Company's Supervisory Board. The transfer of Share No. 1 requires the prior approval right of the Management Board.

Change of shareholder rights

The Stock Corporation Act contains a number of provisions designed to minimize the possibility of an undue change to, or impairment of, an individual shareholder's rights. In particular, as a general rule, shareholders must be treated equally, unless the shareholders concerned agree otherwise. Furthermore, measures that would result in changes to, or restrictions on, shareholders' rights usually require a General Meeting resolution to be passed, for example in the case of an increase in share capital or an exclusion of subscription rights. The articles of association do not provide for more stringent conditions for the exercise of shareholders' rights than those provided by law. In addition, the articles of association do not allow changes to, or restrictions on, shareholders' rights under less stringent conditions than those provided by law.

General Meetings

The General Meeting exercises the competences assigned by law, most notably the appointment and revocation of members of the Supervisory Board and amendments of the articles of association including without limitation capital increases or decreases as well as company reorganisation matters (such as mergers, spin-offs and transformations). Regarding management actions, the General Meeting can only decide in cases of Section 95 para 5 Stock Corporation Act, but only if the Supervisory Board demands it.

General Meetings take place at the registered seat of the Company in Vienna, Austria or at any other place in Austria as determined by the Management Board. The Company must give at least 28 days' prior notice for a General Meeting. The entitlement to participate in the General Meeting of the Company and the entitlement to exercise the shareholder rights at the General Meeting is based on the shareholding at the end of the tenth day prior to the day of the General Meeting (*Nachweisstichtag*). A deposit confirmation according to Section 10a Stock Corporation Act, which must have been received by the Company three days prior to the General Meeting serves as proof of ownership. Shareholders may appoint proxies to represent them at General Meetings.

The Company's annual General Meeting, which must take place within the first eight months of a financial year and is called by the Management Board or the Supervisory Board, typically concludes with resolutions on the following matters:

- distribution of profits from the preceding financial year;
- discharging of members of the Management Board and the Supervisory Board for their activities in the preceding financial year; and
- appointing the auditors;
- and, if required by law, approving the annual financial statements.

The Management Board, the Supervisory Board or shareholders holding in the aggregate at least 5% of the issued share capital may also call special General Meetings.

The chairman of the Supervisory Board or his deputy presides at the General Meetings. In case they are not ready or willing to preside, an Austrian notary public certifying the meeting presides until a chairman for the General Meeting has been elected.

Under certain circumstances, such as when a resolution violates the articles of association or the Stock Corporation Act, shareholders may contest resolutions adopted at the General Meeting by filing for a decree of nullity with the commercial court of Vienna.

Deferring change of control of the issuer

There are several circumstances, where a change in control can be delayed, deferred or prevented.

First, regarding the Share No. 1 it is stipulated in the articles of association that its holder is given the right to delegate one third of the maximum number (stipulated in the Company's articles of association) of the shareholder representatives in the Company's Supervisory Board.

Furthermore, following the Offering, the Selling Shareholder and Frequentis Group Holding GmbH jointly will, directly or indirectly, hold approximately 69.57% of Frequentis' Shares if all New Shares and Reallocation Shares are sold in the Offering (or approximately 66.54% if also all Overallotment Shares are sold) and thus will have the simple, and possibly also a qualified majority which allows adopting essential resolutions in General Meetings (in case of a qualified majority also including, without limitation, amendments to the articles of association, capital measures and restructurings). Holding such (direct and indirect) majority stake enables the Selling Shareholder to push through any resolution in the General Meeting that requires a simple (and possibly also those requiring a 75%-majority) of the share capital represented without being blocked by minority shareholders. Also, in case of a tie in a Supervisory Board meeting, the chairman has the casting vote. Currently, the Selling Shareholder is chairman of the Supervisory Board.

Provisions regarding change of the share capital

Austria law permits a joint stock corporation to increase its share capital in any of the following ways:

- through a shareholders' resolution on the issuance of new shares against contributions in kind or in cash (ordinary capital increase/*ordentliche Kapitalerhöhung*);
- through a shareholders' resolution authorizing the Management Board, subject to approval of the Supervisory Board, to issue new shares up to a specified amount (not exceeding 50% of the issued share capital) within a specified period, which may not exceed five years (authorised capital/*genehmigtes Kapital*);
- through a shareholders' resolution on the issuance of new shares up to a specified amount for specific purposes, such as for employee stock options (not exceeding 10% of the issued share capital), for conversion rights granted to holders of convertible bonds or for use as consideration in a merger (not exceeding 50% of the issued share capital) (conditional capital/*bedingtes Kapital*);
- through a shareholders' resolution authorizing the Management Board to effect a conditional capital increase with the approval of the Supervisory Board in order to grant stock options to employees, executives and members of the Management Board up to a certain amount (net exceeding 10% of the issued share capital) (authorised conditional capital/*genehmigtes bedingtes Kapital*); or
- through a shareholders' resolution authorizing the conversion of unrestricted reserves or retained earnings into share capital, with or without the issuance of new shares (*Kapitalberichtigung*).

Repurchase of own Shares

Pursuant to the Stock Corporation Act, Frequentis may purchase its own Shares only in the following limited circumstances:

- upon approval of the General Meeting, for a period not exceeding 30 months and limited to a total of 10% of the share capital, provided that Frequentis keeps sufficient reserves; the resolution must determine a minimum and a maximum consideration;
- where the Shares are acquired for no consideration or where the Company is acting as agent on no commission basis;
- to prevent substantial, immediately threatened damage to the Company (subject to the limitation of 10% of the overall share capital), provided that the Company keeps sufficient reserves;
- by way of an universal legal succession (*Gesamtrechtsnachfolge*) (e.g., succession by merger);
- for the purpose of indemnifying minority shareholders, provided that the Company keeps sufficient reserves; or
- as part of a redemption of Shares in accordance with the rules for capital decreases approved by the General Meeting.

The Company cannot exercise shareholders' rights (e.g. voting rights) from own Shares and is not entitled to dividends on own Shares. To date, the Company does not hold own Shares.

Shareholders' rights

Voting majorities

Each of the Company's Shares entitles its holder to one vote at the General Meeting. Differing voting rights do not exist. Neither the Stock Corporation Act nor the articles of association in general provide for a minimum attendance quorum in the General Meeting. Pursuant to the Company's articles of association, shareholders may pass resolutions at a General Meeting by a simple majority of the votes cast, unless a higher majority is mandatorily required by law. In particular, a majority of more than 50% of the share capital present at a General Meeting is required for:

- an amendment to the articles of association (except for changing the business objectives);
- an increase of share capital (without simultaneous exclusion of subscription rights); and
- the issuance of convertible bonds, participation bonds (*Gewinnschuldverschreibungen*) and participation rights (*Genussrechte*) (without simultaneous exclusion of subscription rights).

The following measures mandatorily require by law a majority of at least 75% of the share capital present at a General Meeting:

- changing of the business objectives;
- increase of share capital (with a simultaneous exclusion of subscription rights);
- creation of authorised capital or conditional capital;
- decrease of share capital;
- the issuance of convertible bonds, participation bonds and participation rights (with a simultaneous exclusion of subscription rights);
- dissolution of the Company or continuation of the dissolved company;
- transformation of the Company into a company with limited liability;
- approval of a merger or a demerger (proportionate to shareholdings);

- transfer of all assets of the Company; and
- approval of profit pools or agreements on the operation of the business.

A majority of 90% of the entire share capital is required for a squeeze-out of minority shareholders pursuant to the Austrian Act on the Squeeze-out of minority shareholders (*Gesellschafter-Ausschlussgesetz*), for an upstream merger pursuant to the Austrian Transformation Act (*Umwandlungsgesetz*) or for a demerger disproportionate to shareholdings pursuant to the Spin-Off Act (*Spaltungsgesetz*).

A shareholder or a group of shareholders holding at least 20% of the share capital may object to settlements or waivers of liability claims of the Company against members of the Management Board, the Supervisory Board or certain third parties.

A shareholder or a group of shareholders holding at least 10% of the share capital may in particular:

- require special audits of activities with respect to the establishment of the Company and its management, if these activities took place within the previous two years, and request the appointment of a special auditor by the court, if a request for audit has been rejected by a General Meeting resolution and if there is cause for suspicion;
- veto the appointment of a special auditor and request a court to appoint another special auditor;
- require an adjournment of the General Meeting if the annual financial statements are found to be incorrect by the shareholders who require such adjournment;
- request the court to recall a member of the Supervisory Board for a significant cause; and
- request assertion of damage claims by the Company against members of the Management Board, the Supervisory Board or certain third parties, if the claim is not obviously unfounded.

A shareholder or a group of shareholders holding at least 5% of the share capital may in particular:

- require the calling of a General Meeting or call a General Meeting upon judicial authorisation, if neither the Management Board nor the Supervisory Board complies with a request to call a General Meeting;
- require the inclusion of items on the agenda of the General Meeting;
- request assertion of damage claims of the Company against members of the Management Board, the Supervisory Board or certain third parties, if a special report reveals facts that may lead to such damage claims;
- request court appointment of another auditor of the financial statements for a significant cause;
- apply for the appointment or removal of liquidators for a significant cause;
- apply for an audit of the annual accounts during liquidation; and
- appeal against a General Meeting resolution, if such resolution provides for amortization, accumulated depreciation, reserves and accruals exceeding the limit set by law or the articles of association.

Neither Austrian law nor the articles of association restrict the right of non-resident or foreign holders of the Shares to hold or vote the Shares.

Dividend rights and dividend policy

Shareholders are entitled to an annual dividend declared in respect of the Company's financial year. The payment and the amount of dividends on the Shares are subject to the approval of the shareholders at the annual General Meeting.

In the Offering, investors will acquire Shares with full dividend rights from, and including, the financial years commencing on January 1, 2018 to be resolved upon in and paid out after the annual General Meeting 2019.

Set out below is a table illustrating the dividend payout of the Company per share and the payout ratio in the financial years 2016 through 2018, calculated based on dividends paid out (not including bonus dividends) in the respective following financial year:

	For the financial year ended		
	December 31,		
	2018	2017	2016
Group profit in the financial year (EUR million).....	11.8	10.7	9.2
Dividend payout (EUR million).....	1.20 ⁽¹⁾	1.80	1.44
Payout ratio (from net profit) in % (not including bonus dividends).....	10.1% ⁽¹⁾	16.8%	15.6%
Dividend per share (EUR).....	0.10 ⁽¹⁾	0.15	0.12
Bonus dividend per share (EUR).....	n.a.	1.05	n.a.

(Source: Audited Annual Consolidated Financial Statements and internal data)

⁽¹⁾ Dividend proposed by management for 2018, to be paid out in 2019.

At the annual General Meeting, the shareholders decide, by resolution, based on the recommendation of the Management Board and the report of the Supervisory Board, whether dividends will be paid for any financial year and on the amount and timing of any such dividend payments. Unless the General Meeting resolves otherwise, dividends that are approved by the General Meeting are due and payable on the 30th day following such meeting and will be distributed to the shareholders on a pro rata basis, according to the contributed capital. Capital contributed within a business year qualifies for a pro rata distribution since the day of the contribution. Upon the issuance of new shares, other rules for dividends rights may be determined. The General Meeting may decide that the balance sheet profits or parts of it are excluded from dividend distribution.

As a joint stock corporation under Austrian law, the Company's ability to pay dividends will depend on the amount of the balance sheet profit pursuant to Austrian GAAP in a given financial year. Dividends may be declared and paid only from the balance sheet profit recorded in the unconsolidated annual financial statements as approved by the Management Board and the Supervisory Board. In determining the amount available for distribution, the annual net profit or loss must be adjusted to account for any accumulated undistributed balance sheet profits or accumulated net losses from previous years as well as for withdrawals from, or allocation to, reserves. Certain reserves must be allocated by law, and must, therefore, be deducted in ascertaining the balance sheet profit. Pursuant to the Stock Corporation Act, 5% of the annual net profit less loss carry forward have to be allocated to the statutory reserve until the bound reserves equal 10% of the nominal share capital.

The Company can provide no assurance regarding the amounts of future balance sheet profits, if any, and consequently, the Company can provide no assurance that it will pay dividends in future years. Moreover, the Company's results of operations set out in the consolidated financial statements and interim consolidated financial statements, respectively, may not be indicative of the amounts of future dividend payments.

Dividends that have not been collected by shareholders within three years are deemed forfeited and become part of the Company's unrestricted reserve (*freie Rücklage*).

Frequentis is committed to a business policy focused on the Company's sustainability and increasing its corporate value. With respect to the Company's business activities and taking into account its growth strategies, it is the Company's intention to ensure that shareholders participate appropriately in the success of the Company. With its earnings-oriented dividend policy, Frequentis aims at a balance between growth investments and shareholder remuneration.

The Company's current dividend policy provides for a payout ratio of approximately 20% to 30% of net profits after taxes of Frequentis Group determined in accordance with IFRS in a given financial year as dividends, and taking into account an annual ceiling of 40% of the annual surplus of Frequentis AG financial statement prepared in accordance with Austrian Company Code. With regard to dividend continuity, the Company is aiming for a dividend which will at least be equal to the previous one. In addition to regular distributions, Frequentis' dividend policy may allow shareholders to participate in a particularly positive development of the Company in the form of a special dividend or share buyback.

This dividend policy reflects the Management Board's and Supervisory Board's current objective and can be adapted in the future. There can be no assurance that any dividends will be paid or that, if paid, they will correspond to the policy described above. Furthermore, each year the dividend payouts require dividend proposals from the Management Board and the Supervisory Board, whereby each board may deviate from this dividend policy under the then prevailing circumstances. The general meeting of Frequentis will decide on the dividends.

Dividends paid by the Company may be subject to deduction of Austrian withholding tax, see "*Taxation—Taxation in Austria—Taxation of dividends*" and "*Taxation—Taxation in Germany—Taxation of dividends*".

Liquidation rights

If the Company is liquidated, any assets remaining after repayment of the outstanding debt will be distributed pro rata to the shareholders.

A resolution to dissolve the Company must be approved by shareholders representing three quarters of the share capital present at the General Meeting at which the resolution is proposed.

Subscription rights

In principle, holders of the shares have subscription rights (*Bezugsrechte*) allowing them to subscribe to any new shares (including securities convertible into shares, securities with warrants to purchase shares, securities participation bonds (*Gewinnschuldverschreibungen*) or participation rights (*Genussrechte*)) to maintain their existing share in the share capital. Such subscription rights are in proportion to the number of shares held by the shareholder. Shareholders may waive their subscription rights.

In addition, the shareholders' subscription rights in connection with a capital increase may be excluded by a resolution of 75% of the share capital present at the General Meeting resolving upon the capital increase. Furthermore, in the case of a shareholders' resolution resolving upon authorised capital, the shareholders may, by a majority of 75% of the share capital present at the General Meeting, exclude the subscription rights or authorize the Management Board to exclude the shareholders' subscription rights upon the issuance of authorised capital. In such cases, the decision of the Management Board to issue the shares utilising authorised capital and to exclude the shareholders' subscription rights requires the consent of the Supervisory Board. In addition, the subscription rights are excluded in the event of a conditional capital increase. In any case, the management board shall provide the General Meeting with a written report on the reason for the exclusion of the subscription right as well as the proposed issuing price.

It is not considered an exclusion of subscription rights if new shares are acquired by a credit institution, which undertakes to offer the new shares to those persons who would otherwise have subscription rights. The rights of the shareholders against such credit institution are fully substituted for and are treated as being the subscription rights.

Pursuant to the Stock Corporation Act, the period for the exercise of subscription rights may not last less than two weeks. The Management Board must publish a notice of the issue price and the

commencement and duration of the exercise period in the official gazette of the Wiener Zeitung. Shareholders are generally permitted to transfer their subscription rights.

In respect of the current authorised capital resolved in the General Meeting on April 8, 2019, the Management Board has been entitled to exclude subscription rights for a capital increase utilising the existing authorised capital. The Selling Shareholder and the other existing shareholders have waived their subscription rights for the New Shares offered in the Offering.

Share certificates and transferability

The articles of association of the Company exclude the statutory right of shareholders to request individual share certificates. To the extent permitted by law, the Shares are represented by one or more modifiable global certificate(s) (*veränderbare Sammelurkunden*) deposited with OeKB CSD, Strauchgasse 1-3, 1010 Vienna, Austria as securities clearing and depository bank their form and content is determined by the Management Board.

The Shares are freely transferable without the prior approval of the Management Board or the Supervisory Board. Share No. 1 can be transferred only with the approval of the Company. All Shares are or will be, represented by one or more global certificate(s) deposited with the clearing system of OeKB CSD. Title to the Offer Shares (and all Shares certified by global certificates) will therefore be transferred in accordance with the rules of that clearing system.

Information concerning the securities to be offered/admitted to trading

Following completion of the Offering and assuming that all New Shares are issued, the Company's issued and fully paid-in share capital will amount to EUR 13,200,000, divided into 13,199,999 no-par value ordinary voting bearer shares (*Inhaberstückaktien*) and one no-par value registered share with restricted transferability (*vinkulierte Namensaktie*), each representing a pro rata amount of EUR 1.00 of the share capital. All Shares of the Company, including the Offer Shares, are issued under Austrian law.

Application will be made to list all Shares on the Regulated Market (segment General Standard) of the Frankfurt Stock Exchange and on the Regulated Market (segment Prime Market) of the Vienna Stock Exchange. Trading of the Shares is expected to commence on or about May 14, 2019.

The international securities identification number for the Shares (including the Offer Shares) will be: ATFREQUENT09, the German Securities Identification Number (WKN) of the Shares is A2PHG5. The trading symbol of the Shares (including the Offer Shares) will be: FQT.

Pursuant to the articles of association, notices of the Company shall be made by publication in the official gazette of the Wiener Zeitung and, to the extent applicable, on the website of the Company.

OeKB CSD, Strauchgasse 1-3, 1010 Vienna, Austria, is the depository bank (*Verwahrstelle*).

Raiffeisen Centrobank AG, Tegetthoffstraße 1, 1015 Vienna will be the paying agent (*Zahlstelle*).

TAXATION

The following Section outlines certain key tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retrospective effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to shareholders of the Company.

This Section does not replace the need for individual shareholders of the Company to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of withholding taxes (*Kapitalertragsteuer*), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders.

Taxation in Austria

The following is a brief overview of certain Austrian tax aspects in connection with the Shares. It is of a general nature and is not a full and comprehensive description of all Austrian tax consequences in connection with the acquisition, holding or disposal of Shares nor does it take into account the individual circumstances or any special tax treatment applicable to the shareholders. Exceptions to the tax regime described herein may apply to certain shareholders. This summary does not take into account the tax laws of any country other than Austria.

This overview is not intended to be, nor should it be construed to be, legal or tax advice. Shareholders should consult their own professional advisors as to the particular tax consequences of the acquisition, holding or disposal of Shares. Only personal advisers may be in a position to adequately take into account special tax aspects of the particular Shares in question as well as the investor's personal circumstances and any special tax treatment applicable to the investor.

The following overview is based on the tax legislation in force in Austria at the date of this Prospectus and is subject to any changes in Austrian law and practice occurring after that date, which changes may have retroactive effect. In this summary, Austrian legal concepts are expressed in English terms and not in the original German terms. The Austrian legal concepts concerned may not be identical to the concepts expressed in English terms. Tax considerations relevant to prospective holders of the Shares which are subject to a special tax regime such as for example partnerships, governmental authorities, charities, private foundations (*Privatstiftungen*) or investment or pension funds are not addressed herein.

This overview focuses on the tax treatment of dividends and capital gains which may be derived from Shares by individuals with a domicile (*Wohnsitz*) or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria and legal entities with their corporate seat (*Sitz*) or their place of management (*Ort der Geschäftsleitung*) in Austria ('residents') as well as by individuals who do not have a domicile nor their habitual abode in Austria and legal entities who do not have their corporate seat nor their place of management in Austria ('non-residents').

THE ISSUER IS RESPONSIBLE FOR AUSTRIAN WITHHOLDING TAX LEVIED ON DIVIDENDS PAID BY IT ON THE SHARES TO THE EXTENT IT IS LEGALLY REQUIRED TO MAKE SUCH WITHHOLDING (SEE "TAXATION OF DIVIDENDS" BELOW). BY CONTRAST, THE ISSUER DOES NOT ASSUME ANY RESPONSIBILITY FOR ANY OTHER WITHHOLDING TAX INCLUDING THE WITHHOLDING OF TAX LEVIED ON CAPITAL GAINS FROM THE SHARES.

The requirements for classifying a payment as a dividend

For tax law purposes, whether a profit distribution of an Austrian corporation may be treated as a dividend depends on the amount of the distributing company's 'internal financing'

(*Innenfinanzierung*) as well as on the amount of its capital contributions (*Einlagen*). To the extent the amount of the distributing company's 'internal financing' is positive the profit distribution may be treated as a dividend for tax purposes unless the distributing company has also a positive capital contribution account and has opted for a tax treatment of the distribution as redemption of capital contributions (*Einlagenrückzahlung*). If the amount of the distributing company's 'internal financing' is negative, the profit distribution has to be treated as a redemption of capital contributions (*Einlagenrückzahlung*) for tax purposes to the extent the distributing company's capital contributions account is positive. If neither the amount of the distributing company's 'internal financing' nor its capital contributions account is positive the profit distribution is treated as a dividend.

If a profit distribution is treated as a redemption of capital contributions it is deemed to be a disposal of the participation that reduces the shareholder's book value or acquisition costs of the Shares. To the extent the amount of the profit distribution exceeds the book value or acquisition costs of the Shares it leads to a capital gain.

Taxation of dividends

Austrian residents

Dividends paid by an Austrian stock corporation to its shareholders are subject to a withholding tax (*Kapitalertragsteuer – KESt*) generally at a rate of 27.5%. This tax is withheld by the company paying the dividend. The company, or the bank paying out the dividend on the company's behalf, is required to give the shareholder a certificate showing the gross dividend, the tax withheld, the date of payment and the period in respect of which the dividend is payable, and also the tax office to which the tax withheld was remitted.

Individual shareholders: For Austrian resident individuals the dividend withholding tax fully covers all income tax on such dividend income (final taxation – *Endbesteuerung*), which means that no further income tax is levied on the dividend income and the dividends do not have to be included in the shareholder's income tax return. However, the individual shareholder has the option to include the dividends (together with his other income subject to a special tax rate for income from financial assets) in his regular annual tax assessment and have the dividends taxed at such shareholder's regular progressive personal income tax rate (*Regelbesteuerungsoption*). In this case the Austrian withholding tax will be credited against such shareholder's personal income tax liability or, if higher, repaid. Whether the use of the option is beneficial from a tax perspective should be determined by each concerned shareholder individually on a case-by-case basis and after consultation with a professional advisor. Expenses (including interest expenses with third-party financings for the acquisition of shares), if any, incurred by a shareholder and relating to dividend payments are not tax deductible.

Corporate shareholders: For Austrian resident corporate entities (*unbeschränkt steuerpflichtige Körperschaften*), Austrian dividend income is exempt from corporate income tax (*Beteiligungsertragsbefreiung*), and the dividend withholding tax is credited against the corporate income tax liability of the shareholder or refunded. No withholding tax has to be deducted from the dividends where the corporate shareholder holds at least 10% of the share capital of the Issuer. If the recipient of the dividend income is a legal entity the Issuer is entitled but not obliged to only withhold a tax of 25%. Expenses in connection with tax exempt dividend income are generally not deductible but interest expenses connected with the acquisition of shares in non-related companies which qualify as business assets are – subject to certain exceptions – deductible.

Non-residents

For non-residents, dividends distributed by the Issuer are generally also subject to a 27.5% withholding tax. However, double taxation treaties ('tax treaties') may provide for a reduction of Austrian tax on dividends. Most of the Austrian tax treaties basically follow the OECD Model Convention and provide for a reduction of Austrian tax on dividends to 15% and for a further reduction in case of qualified participations. For example, the tax treaty with the United States

provides for a reduction of Austrian withholding tax to 15% or, in case of a direct ownership of at least 10% of the voting stock by a company (other than a partnership), to 5%.

A non-resident shareholder who is entitled to a reduced rate under an applicable tax treaty (including the tax treaties with Germany, the UK and the United States) may apply for refund of the difference between the Austrian withholding tax and the lower rate provided for by the tax treaty. In order to obtain such a refund, an eligible non-resident shareholder generally has to provide a certificate of residence issued by the tax authorities of the shareholder's country of residence. Claims for refund of Austrian dividend withholding tax may be filed with the tax office of the Austrian city of Eisenstadt (*Finanzamt Bruck Eisenstadt Oberwart*) and require the filing of an electronic pre-notification (*Vorausmeldung*). The application forms may be obtained from the website operated by the Austrian Ministry of Finance (www.bmf.gv.at) (information on the website of the Austrian Ministry of Finance is not incorporated by reference into this Prospectus). Applications for refund may only be filed after the end of the calendar year when the withholding was made. Tax treaty relief from Austrian withholding tax may only be granted by the distributing company at source provided that the requirements of the Austrian relief at source rules (*DBA-Entlastungsverordnung*) are met. However, the Company is under no obligation to grant tax treaty relief at source.

For non-resident corporate shareholders in addition the following applies:

Dividends paid to a company qualifying under the EU Parent Subsidiary Directive (Council Directive 2011/96/EU as amended) ('EU company') are not subject to withholding tax if the EU company has held at least 10% of the share capital for an uninterrupted period of at least one year and meets certain additional (in particular anti abuse) criteria.

Dividends from the Shares which are attributable to an Austrian permanent establishment of a non-resident corporation are exempt from Austrian corporate income tax. To the extent withholding tax is deducted by the Issuer (which is the case in particular also for corporate shareholders holding less than 10% of the share capital of the Issuer), the Austrian withholding tax is credited against the Austrian corporate income tax liability for the non-resident corporate shareholder's permanent establishment.

Other non-resident corporate shareholders are generally subject to tax on the dividends, unless they are resident in a member state of the EU or in a state of the EEA. In the latter case, the non-resident corporate shareholder is entitled to a refund of the Austrian dividend withholding tax if and to the extent the shareholder provides evidence that in his country of residence no tax credit for such withholding tax is possible. Moreover, if the non-resident corporate shareholder is entitled to a reduced or zero rate under an applicable tax treaty it may apply for a refund of the difference between the Austrian withholding tax and the lower rate provided for by the tax treaty (for the refund procedure and requirements see already above).

Taxation of capital gains

Austrian residents

Individual shareholders: For Austrian resident individuals who hold the Shares as private assets the taxation of a capital gain (*Einkünfte aus realisierten Wertsteigerungen*) from the sale or other disposal of Shares is subject to Austrian income tax at a rate of 27.5%, irrespective of the period of time the Shares have been held for or the amount of the shareholding.

The tax basis is, in general, the difference between the sale proceeds for and the acquisition costs of the Shares. Expenses in connection with a capital gain are not deductible. For Shares which are held as private assets the acquisition costs shall not include incidental acquisition costs (*Anschaffungsnebenkosten*).

Where an Austrian securities depository (*depotführende Stelle*) or paying agent (*auszahlende Stelle*) – which is in general an Austrian bank or the Austrian branch of an EU resident bank or investment firm

– is involved and pays out or settles a capital gain, the capital gain is subject to a 27.5% withholding tax (*Kapitalertragsteuer – KESt*). Such 27.5% withholding tax deduction will result in a final taxation of such capital gain for individuals who hold the Shares as private assets (provided that the acquisition costs of the Shares had been disclosed to the securities depository) and the respective capital gain does not have to be included in the shareholder's income tax return. If the securities depository or paying agent is not provided with the actual acquisition costs of the Shares the withholding tax may be based on deemed acquisition costs derived in particular from the sales proceeds or fair value of the Shares as further specified in the relevant provisions of the Austrian income tax act and decrees and guidelines of the Austrian Ministry of Finance. In such case, deduction of withholding tax would not result in a final taxation and also private investors would have to declare the respective capital gain in their personal income tax return pursuant to the provisions of the Austrian income tax act.

If the capital gain is not subject to Austrian withholding tax because there is no domestic securities depository and paying agent, the shareholder will have to include a capital gain derived from the Shares in his personal income tax return pursuant to the provisions of the Austrian Income Tax Act. In general, the special 27.5% income tax rate is applicable.

Losses from the sale of Shares which are held as private assets may only be offset against other investment income subject to the special 27.5% tax rate (excluding, among others, interest income from bank deposits) and must not be offset against any other income. Generally, this requires the filing of an income tax return with the competent tax office (*Verlustausgleichsoption*). However, Austrian securities depositories will apply an automatic set-off of losses against investment income from securities accounts at the same securities depository (subject to certain limitations). In this case, the shareholder should receive from his bank a statement showing *inter alia* the deposit-related positive and negative income that has arisen during the respective calendar year and the total amount of negative income and credits that have been taken into account with respect to the set-off of losses. A carry-forward of any such losses is not permitted.

Capital gains derived from Shares which are held as business assets are also subject to the special income tax rate of 27.5% levied by way of the withholding tax, if applicable. The tax basis is, in general, the difference between the sale proceeds for and the book value of the Shares. However, such capital gains, contrary to dividend business income, have to be included in the tax return (no final taxation – *keine Endbesteuerung*). The 27.5% rate will not apply if the main focus of the taxpayer's business activity is the realization of capital gains from financial assets. Write-downs to the going-concern value and losses derived from the sale of Shares which are held as business assets must primarily be set off against positive income from either realized capital gains and write-ups of financial instruments or derivatives of the same business and only 55% of the remaining loss may be set off against any other income or carried forward.

Irrespective of whether the Shares are held as private or business assets, taxpayers may opt for taxation of a capital gain from the Shares (together with all other income subject to a special tax rate for financial assets) at their regular personal income tax rate (*Regelbesteuerungsoption*). Expenses in connection with the capital gain are not deductible. The option should only be exercised if the resultant tax on the capital gain from the Shares (together with all other income subject to a special tax rate for financial assets) is lower than the 27.5% withholding tax (*Kapitalertragsteuer – KESt*). Whether the use of the option is beneficial from a tax perspective should be determined by each concerned shareholder individually on a case-by-case basis and after consultation with a professional advisor.

Withdrawals (*Entnahmen*) and other transfers of Shares from a shareholder's securities deposit (*Depot*) are deemed to be a disposal unless certain requirements are met such as a transfer to a securities deposit owned by the same shareholder (i) with the same Austrian securities depository (bank), (ii) with another Austrian bank if the shareholder instructs the transferring bank to disclose the acquisition costs of the Shares to the transferee bank or (iii) with a foreign bank (securities depository) if the shareholder instructs the transferring Austrian bank to notify the competent Austrian tax office or, where the Shares are transferred from a foreign deposit, the shareholder himself notifies the competent Austrian tax office within a month and discloses the identity of the shareholder, the transferred Shares (including their acquisition costs) and the securities deposit to which the Shares were transferred. A transfer of Shares without consideration to a securities deposit of another taxpayer does not result in a deemed disposal if the fact that the transfer has been made without consideration has been evidenced to the bank (securities depository) by the shareholder, or the securities depository has been instructed by the shareholder to inform the Austrian tax office thereof and to disclose the information mentioned above within a month.

If a shareholder transfers his residence outside of Austria or Austria's taxation rights in respect of the Shares are restricted for other reasons for the benefit of other countries this may give rise to a deemed capital gain and exit taxation with the option to apply (i) for deferred taxation in cases of a transfer of the shareholder's residence to, or a transfer of the Shares without consideration to an individual resident in, an EU Member State or a member state of the European Economic Area or (ii) for payment in installments in other cases of a restriction of taxation rights to an EU Member State or a member state of the European Economic Area.

The taxation of capital gains from shares which were acquired before January 1, 2011 may differ from the taxation of capital gains set out herein.

Corporate shareholders: For Austrian resident corporate shareholders capital gains realized from Shares are generally subject to Austrian corporate income tax at the standard rate of 25%. Corporate shareholders deriving business income from Shares may avoid the application of the Austrian withholding tax on capital gains by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian securities depository or paying agent. In order for the exemption to be applicable, a copy of this declaration has to be sent to the competent Austrian tax office by the paying agent together with the corporate shareholder's tax number.

There are special rules on losses from write-downs or a sale of Shares by corporate shareholder.

Non-residents

For non-residents, capital gains on the sale or other disposal of Shares are taxable in Austria if (i) the Shares are attributable to an Austrian permanent establishment or (ii) if the Selling Shareholder (or the person from whom the shareholder has acquired his Shares without consideration) held at any time within five calendar years preceding the sale at least 1% of the Issuer's capital. In such case, the capital gains should in general not be subject to Austrian withholding tax (if the non-resident shareholder evidences his no-resident-status vis-à-vis the Austria paying agent or securities depository pursuant to the provisions of the Austrian income tax guidelines) but are subject to 27.5% Austrian income tax or 25% Austrian corporate income tax by way of an assessment procedure.

However, most of Austria's tax treaties attribute the right of taxation of capital gains from Shares to the shareholder's state of residence so that such capital gains may not be taxed in Austria unless they are attributable to an Austrian permanent establishment. Whether a tax treaty could indeed restrict the taxation of a capital gain realized on a sale or other disposal of the Shares in Austria should be determined by each concerned shareholder individually on a case-by-case basis and after consultation with a professional advisor.

If Austrian withholding tax is deducted by the Austrian securities depository or paying agent from any non-taxable capital gain on Shares, the tax withheld should be refunded to the non-resident

shareholder upon his application which has to be filed with the competent Austrian tax authority by the end of the fifth calendar year following the date of the withholding tax deduction. Applications for refund may only be filed after the end of the calendar year when the withholding was made and require in general the filing of an electronic pre-notification with the competent Austrian tax office (using the web-forms available on the website of the Austrian Ministry of Finance) and the submission of a certificate of residency issued by the competent authority of the shareholder's state of residence.

Other taxes

There is in general no transfer tax, registration tax or similar tax payable in Austria by shareholders as a consequence of the acquisition, ownership or disposal of Shares. However, there is a transfer tax (*Stiftungseingangssteuer*) payable if Shares are transferred to an Austrian resident (non-charitable) private law foundation or, by an Austrian resident, to entities similar to such a foundation.

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive on a common financial transaction tax (“**FTT**”). The draft Directive is still subject to negotiation between the participating Member States and it is uncertain if and when it will enter into force and implemented in national legislation. Prospective holders of Shares should consult their own tax advisers in relation to the consequences of the FTT.

Taxation in Germany

The following is a brief overview of certain German tax aspects for German tax residents in connection with the Shares. It is of a general nature and is neither a full and comprehensive description of all German tax consequences in connection with the acquisition, holding or disposal of Shares nor does it take into account the individual circumstances or any special tax treatment applicable to the investors. Exceptions to the tax regime described herein may apply to certain investors. This overview is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own professional advisors as to the particular tax consequences of the acquisition, holding or disposal of Shares.

This overview focuses on the tax treatment of a German resident – either an individual with a domicile or habitual abode in Germany or a legal entity with its corporate seat or place of management in Germany (“**German tax residents**”) – who buys shares in an Austrian resident corporation. The overview particularly deals with the tax treatment of dividends and capital gains which may be derived from the Shares in the Austrian company. The following overview is based on the tax legislation in force in Germany at the date of this Prospectus and is subject to any changes in German law and practice occurring after that date, which changes may have retrospective effect.

Taxation of dividends

Attribution of taxation rights

Pursuant to the applicable double tax treaty between Austria and Germany (“**DTT**”), the right to tax income deriving from the Company's dividends is attributed to the state of residency of the shareholder. However, Austria still has the right to impose withholding taxes which may be limited according to the provisions of the DTT.

Shares held as private assets

German resident individuals (i.e. persons whose residence or habitual abode is located in Germany) holding the Shares as private assets (*Privatvermögen*) will be subject to a special flat income tax of 25% plus 5.5% solidarity surcharge (combined rate: 26.375%), plus church tax, if applicable.

As a general rule, the flat tax will be levied by way of German withholding tax (“**WHT**”) from dividends which are paid out or credited by a German branch of a German or non-German credit or

financial services institution or by a German securities trading business or a German securities trading bank (“**German Disbursing Agent**”). The WHT of a combined rate of 26.375% is withheld for the account of the shareholder and directly transferred to the German tax authorities. WHT will be determined on the basis of the gross dividend as approved for distribution by the Company’s General Meeting. The shareholder’s income tax liability on the dividends is deemed to be settled by the WHT and, in principle, the shareholder is not required to include the dividend income in the annual tax return – safe for certain exceptions with regard to, among others, church tax and shareholders related to the Company (see below). As a general rule, the German Disbursing Agent is supposed to credit foreign taxes levied on the dividends against the WHT up to the amount of the German WHT rate of 25% and to apply a standard deduction (*Sparer-Pauschbetrag*) for all savings income (*Einkünfte aus Kapitalvermögen*) in the amount of EUR 801 (EUR 1,602 for married couples and registered life partners assessed jointly) per calendar year.

Church tax, if applicable, will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In the latter case, the investor has to include the savings income in the tax return and will then be assessed to church tax.

Dividends not paid out or credited by a German Disbursing Agent and which have not been subject to German WHT must be included in the annual tax return. Furthermore, even if the dividends have been subject to WHT, the shareholder may nonetheless apply in its annual tax return to include them in the formal tax assessment procedure in order to claim, e.g. the standard deduction for savings income (*Sparer-Pauschbetrag*), to utilise a loss-carry forward or to claim foreign tax credits (not accounted for by the German Disbursing Agent). Under these circumstances the dividends are taxed in the formal assessment procedure, however, still at the rate of the flat tax (including the 5.5% solidarity surcharge thereon and church tax, if applicable), but not at the individual progressive income tax rate of the shareholder. A deduction of the actual income-related expenses is in any case excluded where the flat tax applies.

The shareholder may also apply to submit the dividend income to its individual progressive income tax rate rather than the flat tax if the resulting income tax burden is lower (*Günstigerprüfung*).

Furthermore, upon the shareholder’s application, the flat tax does not apply to dividends distributed by the Company if the shareholder is either directly or indirectly (i) holding at least a 25% stake in the Company or (ii) holding a stake of at least 1% in the Company and is able to have, as a result of his or her employment (*berufliche Tätigkeit*) for the Company, a significant entrepreneurial influence on the business activities of the Company. Further details have to be taken into account with respect to the application. As a consequence of such application, the general taxation rules will apply and only 60% of such dividends are subject to tax (partial-income system, *Teileinkünfteverfahren*) at the shareholder’s individual progressive income tax rate (tax rate of up to 45%) plus 5.5% solidarity surcharge thereon (resulting in a combined maximum income tax rate of up to 47.475%) plus church tax, if applicable. Accordingly, in case of such application, expenses economically relating to such dividend income may only be deducted in an amount of 60%. However, in such a scenario, the standard deduction (*Sparer-Pauschbetrag*) for savings income is not granted. If the income will be included in the individual progressive income tax rate, German WHT on the dividends will be credited against the income tax liability (and church tax liability, if applicable) of the shareholder or will be refunded in case of an overpayment; the same applies to the solidarity surcharge. Under certain limitations, foreign taxes paid by a German resident shareholder are, in principle, also credited against the German tax liability. Instead of a credit against German tax, the shareholder could also opt for a deduction as expense of the foreign taxes.

Shares held as business assets

If the Shares are held as German business assets, taxation depends upon whether the shareholder is a corporation, an individual entrepreneur or a commercial partnership (*Mitunternehmerschaft*).

Corporate Shareholders: Subject to certain exceptions for companies in the finance and insurance sector or share trading companies, generally 100% of the gross dividends received by corporations tax resident in Germany (i.e. entities whose registered seat or place of effective management and control is located in Germany) are exempt from corporate income tax and solidarity surcharge provided that the corporation held 10% or more of the Company's registered share capital as from the beginning of the relevant calendar year (an acquisition of 10% or more during a calendar year is deemed to have taken place at the beginning of the calendar year and, thus, entitles to the participation exemption). However, 5% of the gross dividends are deemed non-deductible business expenses and, therefore, are subject to corporate income taxation at a rate of 15% plus 5.5% solidarity surcharge thereon (combined rate of 15.825%). As a consequence, 95% of the gross dividends are economically exempt from corporate income taxation. Business expenses directly relating to the dividends are principally fully deductible subject to general limitations regarding expenses.

In addition to corporate income tax, the gross amount of any dividends remaining after the deduction of business expenses relating to the dividends are subject to trade tax which may range between 7% and 19% or higher (depending on the applicable local trade tax multiplier), unless the corporation has held 10% or more of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, – corresponding to the corporate income tax treatment – only 5% of dividends are subject to trade tax.

Pursuant to the DTT, Austrian withholding tax might be reduced provided that a certain shareholding threshold is met. Pursuant to the DTT applicable at the time this Prospectus has been published, the minimum shareholding threshold is 10%, in which case the withholding tax will be reduced to 5%. Apart from that, the Austrian withholding tax might be reduced because of the Parent Subsidiary Directive. Any remaining Austrian withholding tax can, in principle, be credited against German corporate income tax provided that the German participation exemption does not apply and subject to certain further requirements.

Beside the Austrian withholding tax WHT should not be levied.

Individual Entrepreneur: If the Shares are held as business assets of an individual entrepreneur, only 60% of the dividends are subject to income tax. Accordingly, only 60% of business expenses economically relating to such dividends are tax-deductible. The taxable income is taxed at the shareholder's individual progressive income tax rate up to 45% plus 5.5% solidarity surcharge thereon (plus church tax, if applicable). The special tax rate of the flat tax does not apply.

If the Shares are held as assets of a trade or business, dividends furthermore are fully subject to trade tax which may range between 7% and 19% or higher (depending on the applicable local trade tax multiplier), unless the taxpayer has held 10% or more of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, the net amount of the dividends, i.e. after deduction of business expenses directly relating to the dividends, is exempt from trade tax. Trade tax is in general credited against the shareholder's personal income tax liability in accordance with a standard tax credit method.

Under certain limitations, foreign taxes paid by a German resident shareholder are, in principle, also credited against the German tax liability. Instead of a credit against German tax, the shareholder could also opt for a deduction as expense of the foreign taxes. Pursuant to the DTT, Austrian withholding tax may be reduced to 15%.

As a rule, WHT should be levied as in the case of Shares held as private assets (see above), unless the shareholder notifies to the German Disbursing Agent by use of the officially required form that the dividends qualify as income of a domestic business. Tax withheld by a German Disbursing Agent and transferred to the tax authorities will be credited against the income tax liability of the shareholder (and the church tax liability, if applicable) under the formal tax assessment procedure or refunded to the extent an overpayment occurred; the same applies to the solidarity surcharge.

Commercial Partnership: If the shareholder is a partnership, (corporate) income tax will be assessed only at the level of the respective partners of the partnership. In this respect, see above.

In principle, the total amount of dividends is subject to trade tax which may range between 7% and 19% or higher (depending on the applicable local trade tax multiplier) at the level of the partnership irrespective of whether the partners are individuals or corporations. If the partnership has held at least 10% of the registered share capital of the Company at the beginning of the relevant tax assessment period, economically only 5% of the gross dividends are subject to trade tax to the extent the partners are corporations. If and to the extent individuals are partners of the partnership and the partnership has held at least 10% of the registered share capital of the Company at the beginning of the relevant tax assessment period, the amount of dividends reduced by business expenses directly relating to the dividends is fully exempt from trade tax. Trade tax paid by the partnership is credited against such individuals partner's personal income tax liability in accordance with a standard tax credit method, to the extent the trade tax is attributable to it.

Taxation of capital gains

Attribution of taxation rights

Pursuant to the DTT, in general, gains from the disposal of the Shares are taxable only in the state of residency of the seller.

Shares held as private assets

Capital gains realized from a disposal of Shares held as private assets are subject to income tax plus solidarity surcharge thereon and church tax, if applicable, irrespective of any holding period or participation threshold. Also the repayment, redemption, assignment or contribution of the Shares are, in principle, deemed to be a disposal.

As a rule, taxation will occur by WHT at the rate of the flat tax (25% plus 5.5% solidarity surcharge thereon, i.e. in total 26.375%, plus church tax, if applicable). The flat tax must be withheld by any German Disbursing Agent, e.g. if the Shares are deposited with a German bank, from the proceeds of the disposal. The amount of tax withheld is generally based on the difference between the proceeds from the sale, after deduction of business expenses directly relating to the disposal and the acquisition cost of the Shares. For details, also in relation to church tax, see above description on the flat tax withholding on dividends. See "*Taxation of Dividends—Shares held as private asset*".

Losses from the disposal of Shares may be offset only against capital gains from a disposal of shares but may not be offset against other savings income, e.g. dividends, and may also not be offset against any other sources of income. Unutilised losses may only be carried forward to subsequent assessment periods but not carried back to previous assessment periods.

Capital gains are not subject to the flat tax if an individual or, in the event of a gratuitous transfer, the individual's legal predecessor or, in the event of several gratuitous transfers, any legal predecessor of the individual has, at any point in time during five years immediately preceding the transfer, held a direct or indirect stake in the Company of 1% or more. In such a scenario, only 60% of such capital gains are subject to income tax (partial-income method, *Teileinkünfteverfahren*) at the shareholders' individual progressive income tax rate (tax rate up to 45%) plus 5.5% solidarity surcharge thereon (resulting in a maximum combined tax rate of up to 47.475%) plus church tax, if applicable. Correspondingly, only 60% of any expenses economically relating to such capital gains may be deducted. If the income will be subject to the partial-income method, WHT on the capital gains will be credited against the income tax liability (and church tax liability, if applicable) of the shareholder or will be refunded in case of an overpayment; the same applies to the solidarity surcharge.

Shares held as business assets

If Shares are held as German business assets, taxation depends upon whether the shareholder is a corporation, an individual entrepreneur or a commercial partnership (*Mitunternehmerschaft*).

Corporate Shareholders: Subject to certain exceptions for companies in the finance and insurance sector or share trading companies, generally capital gains realized upon sale of Shares by corporations tax resident in Germany (i.e. entities whose registered seat or place of effective management and control is located in Germany) are fully exempt from corporate income tax and solidarity surcharge thereon as well as trade tax. However, 5% of the capital gains (revenue from sale reduced by business expenses of the sale and the book value of the Shares) are deemed non-deductible business expenses and, therefore, are subject to corporate income taxation at a rate of 15% plus 5.5% solidarity surcharge thereon (in total 15.825%) as well as trade tax which may range between 7% and 19% or higher (depending on the applicable local trade tax multiplier). No minimum shareholding threshold or minimum holding period applies. The full amount of business expenses economically relating to the capital gains may be deducted, whereas losses from the disposal of or otherwise relating to the Shares may not be deducted at all for tax purposes.

WHT should not be levied in respect of capital gains.

Individual Entrepreneur: Capital gains realised from a disposal of Shares held as business assets by an individual entrepreneur being tax resident in Germany are subject to German income tax plus solidarity surcharge thereon, church tax, if applicable, and in case the Shares are held as assets of a trade or business also subject to trade tax.

Tax is assessed only on 60% of the capital gains from the disposal of Shares and, correspondingly, only 60% of losses and/or business expenses economically relating to the disposal of Shares are, in principle, tax deductible (partial-income method). Taxation occurs at the shareholders' individual progressive income tax rate.

Trade tax is in general credited against the shareholder's personal income tax liability in accordance with a standard tax credit method.

As a rule, WHT should be levied as in the case of Shares held as private assets (see above), unless the shareholder notifies to the German Disbursing Agent by use of the officially required form that the capital gains qualify as income of a domestic business. Tax withheld by a German Disbursing Agent and transferred to the tax authorities will be credited against the income tax liability of the shareholder (and the church tax liability, if applicable) under the formal tax assessment procedure or refunded to the extent an overpayment occurred; the same applies to the solidarity surcharge.

Commercial Partnerships: If the shareholder is a partnership, (corporate) income tax will be assessed only at the level of the respective partners of the partnership. In this respect, see above.

Capital gains are also subject to trade tax if the Shares or Subscription Rights are held as assets of a trade or business of the commercial partnership.

If and to the extent capital gains realized upon sale of Shares are allocable to a corporation as partner, economically, only 5% of capital gains realized upon sale of Shares are subject to trade tax. Losses from the disposal of or otherwise relating to Shares may not be deducted for tax purposes to the extent they are attributable to a corporation as partner.

If and to the extent capital gains realized upon sale of Shares are allocable to an individual as partner, only 60% of the capital gains are subject to trade tax. 40% of any losses from the disposal of or otherwise relating to Shares may not be deducted for trade tax purposes to the extent they are allocable to an individual as partner. Trade tax paid by the partnership is – to the extent allocable to an

individual as partner – in general credited against such partner's personal income tax liability in accordance with a standard tax credit method.

Special rules for companies active in the financial and insurance sectors

If financial institutions or financial services providers hold or sell shares which are allocable to their trading book (*Handelsbuch*), neither dividends nor capital gains are subject to the partial-income method or the economical 95% exemption from corporate income tax and any applicable trade tax. Thus, dividend income and capital gains are fully taxable and business expenses relating thereto are generally fully deductible. The same applies to shares acquired by a financial enterprise pursuant to the German Banking Act if at least 50% of the shares in such financial enterprise are held (directly or indirectly) by financial institutions or financial services providers and the shares had to be capitalized as current assets (*Umlaufvermögen*) upon acquisition. This also applies to financial institutions, financial services providers, and financial enterprises that have their seat in a member state of the European Community or another country that is a signatory to the treaty on the EEA.

The 95% exemption from corporate income tax and any applicable trade tax does not apply to dividends from shares held as investments by life insurance and health insurance companies, and to capital gains from the sale of such shares or which are held by pension funds.

The 95% exemption from corporate income tax and any applicable trade tax does, however, apply to dividends distributed to aforementioned companies if such dividends qualify for the exemption under the EC Parent-Subsidiary Directive (EC Directive 90/435/EEC of the Council dated July 23, 1990, as amended).

Estate and gift tax

The transfer of Shares to another person by gift or inheritance is generally subject to German estate or gift tax only if:

- the decedent, donor, heir, beneficiary, or any other transferee maintains a residence or has his or her habitual abode in Germany or maintains its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years outside Germany without maintaining a residence in Germany; or
- the Shares are held by the decedent or donor as business assets for which a permanent business establishment is maintained in Germany or for which a permanent representative in Germany has been appointed.

Special rules apply to certain German citizens who maintain neither a residence nor their habitual abode in Germany and to former German citizens.

Other taxes

No German transfer tax, value-added tax, stamp duty, or similar taxes are levied on the purchase, sale or other transfer of Shares. Under certain circumstances, the Company may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. No net wealth tax (*Vermögensteuer*) is currently levied in Germany. It is intended to introduce a financial transaction tax. However, it is unclear if and in what form such tax will be actually introduced.

UNDERWRITING

Subject of and arrangements on underwriting

The Company, the Selling Shareholder and the Managers expect to enter into the Underwriting Agreement on April 26, 2019 with respect to the Offer Shares which are the subject of this Prospectus.

Under the terms of the Underwriting Agreement and subject to certain conditions, the Managers will undertake to purchase the Reallocation Shares from the Selling Shareholder and subscribe for the New Shares from the Company and to make its best efforts to sell the Offer Shares in the Offering at the Offer Price. There will be no commitment by the Managers to acquire the Offer Shares (no hard underwriting). In addition, the Stabilisation Manager is entitled, but not obliged, to offer the Overallotment Shares in its own name as part of the Offering at the Offer Price.

BankM, acting as the settlement agent, on account of the Managers and in satisfaction of their respective obligations to purchase the Shares, will on the respective settlement date (i) in respect of the New Shares placed disburse to the Company the result of the number of New Shares sold multiplied by the Offer Price, less agreed fees, commissions and expenses as well as the part of the issue price already paid for the subscription of the New Shares and (ii) in respect of the Reallocation Shares to the Selling Shareholder the result of the number of Reallocation Shares sold multiplied by the Offer Price, less the fees. The obligations of the Managers will be subject to the occurrence of various conditions precedent, including in particular the confirmation by the Company and the Selling Shareholder of the accuracy of the content of Prospectus and certain guarantees.

Commission

The Company and the Selling Shareholder will pay certain commissions to the Managers. In connection with the preparation of the Offering and the listing on the Regulated Market (segment General Standard) of the Frankfurt Stock Exchange and the Regulated Market (segment Prime Market) of the Vienna Stock Exchange, the Company pays a basic commission to the Managers. In addition, the Managers receive a variable placement commission from the Company (for the placement of New Shares) and the Selling Shareholder (for the placement of, if applicable, Reallocation Shares and Overallotment Shares) on the Placement Volume. The variable placement commission is only payable on the Overallotment Shares to the extent that the Shares are not repurchased via the market for the purpose of repaying the loan to the Selling Shareholder.

Greenshoe Option and securities loan

With a view to a possible overallotment, the Overallotment Shares will be made available to the Stabilisation Manager by the Selling Shareholder by way of a securities loan. The Selling Shareholder will also grant the Stabilisation Manager the Greenshoe Option to purchase these Shares at the Offer Price less the agreed commission which expires 30 calendar days after commencement of trading of the Shares on the Regulated Market of Frankfurt Stock Exchange or the Vienna Stock Exchange. For further information see *“The Offering—Stabilisation and Greenshoe Option”*.

Termination and indemnification

The Underwriting Agreement will allow the Managers to withdraw from the Underwriting Agreement under certain circumstances, even after the Offer Shares have been allocated until delivery and settlement of the Offer Shares, but no longer after the commencement of trading on the Regulated Market. In consultation with the Company, the Managers will be entitled to withdraw from the Underwriting Agreement if, in their opinion, certain conditions agreed in the Underwriting Agreement for the fulfilment of the obligations of the Managers have not been fulfilled.

Should there be a withdrawal from the Underwriting Agreement, the Offering will not be executed. Allocations already made to investors are invalid. A claim for delivery does not exist in this case.

Claims relating to fees already paid and costs incurred by an investor in connection with the submission of purchase orders for Offer Shares are based solely on the legal relationship between the investor and the institution at which he made his purchase order. If investors have made so-called short selling, the investor selling the Shares bears the risk of not being able to meet his obligations by delivery.

Under the Underwriting Agreement, the Company and the Selling Shareholder will undertake to indemnify the Managers from certain liabilities that may arise in connection with the Offering.

Lock-up agreements

The Company has agreed with the Managers that during the period starting on the date of the Underwriting Agreement and ending twelve (12) months after the first day of trading of the Shares of the Company on the Frankfurt Stock Exchange, the Company, the Management Board or its Supervisory Board will not, without the prior written consent by the Managers (which may not be unreasonably withheld) (i) announce or effect an increase of the share capital of the Company out of authorised capital; or (ii) submit a proposal for a capital increase to any General Meeting for resolution; or (iii) announce to issue, effect or submit a proposal for the issuance of any securities convertible into Shares of the Company, with option rights for Shares of the Company; or (iv) offer, pledge, allot, issue (unless being required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital, whether any such transaction described above is to be settled by delivery of shares in its capital or such other securities, in cash or otherwise; or (v) enter into transactions or perform actions economically similar to those described in the bullets above. The Company may, however, issue or sell any Shares or other securities to employees and members of executive bodies of the Company or its subsidiaries under management participation plans, long term incentive plans or similar programs.

Furthermore, the Selling Shareholder agrees with the Managers that during the period starting on the date of the Underwriting Agreement and ending twelve (12) months after the first day of trading of the Shares of the Company on the Frankfurt Stock Exchange he will not, without the prior written consent by the Managers (i) offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company or any other securities of the Company, including securities convertible into or exercisable or exchangeable for Shares of the Company; or (ii) propose any increase in the share capital of the Company, vote in favour of such a proposed increase or otherwise support any proposal for the issuance of any securities convertible into Shares of the Company, with option rights for Shares of the Company; or (iii) enter into a transaction or perform any action economically similar to those described in the bullets above, in particular enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of Shares of the Company, whether any such transaction is to be settled by delivery of Shares of the Company or such other securities, in cash or otherwise. This lock-up does not apply to (i) the Offer Shares to be offered to investors in connection with the Offering (ii) the Preplacement Shares, (iii) any transaction pursuant to or related to this Agreement, (iv) any acquisition of Shares in open market transactions after the completion of the Offering and (v) the support for any purchase of Shares by the Company.

Information regarding the subsequent use of the prospectus

For as long as this Prospectus is valid, the Company and the Managers give their consent for the Prospectus to be used by financial intermediaries which are credit institutions within the meaning of Art. 4 para. 1 number 1 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and licensed in accordance with Directive 2013/36/EU of the European Parliament and of the Council of

June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms from April 26 to May 8, 2019, 14:00 CEST. The before-mentioned financial intermediaries can make a subsequent resale or final placement of the offered Shares during this period. The Company also assumes liability for the contents of this Prospectus also with respect to a subsequent resale or the final placement of the offered Shares by any financial intermediary which was given consent to use this Prospectus; any liability of the Company beyond that is excluded. No other conditions relevant for the use of this Prospectus are attached to the consent.

In the event that a financial intermediary makes an offer, information on the terms and conditions of the offer by the financial intermediary is to be provided at the time of the offer by the financial intermediary.

Any financial intermediary using this Prospectus must (i) state on his website that it uses this Prospectus in accordance with the consent and conditions attached thereto and (ii) ensure that it complies with all applicable laws and regulations in force in the respective jurisdiction. In the event of an offer being made by a financial intermediary, such financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

**STATEMENT PURSUANT TO COMMISSION REGULATION (EC) NO 809/2004 OF
29 APRIL 2004 AND PURSUANT TO SECTION 8 PARA 1 CAPITAL MARKETS ACT**

Frequentis AG with its corporate seat in Vienna, Austria, is responsible for this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Frequentis AG
as issuer (*als Emittentin*)

Vienna, April 26, 2019

OTHER INFORMATION

Reasons for the Offering, use of proceeds, net proceeds

The Company's processes are expected to be enhanced by adopting best practices for listed companies and its position vis-à-vis its stakeholders should be optimized and its attractiveness for management, staff, and customers supported. The Company intends to use the proceeds to pursue its M&A strategy, to accelerate product developments enlarging its portfolio for control centre solutions, to support the acquisition and delivery of a larger number of high-volume projects as a prime contractor, and for general corporate purposes and to increase its international presence. The Company will receive the net proceeds from the placement of the New Shares; the Selling Shareholder will receive the net proceeds from the placement of the Reallocation Shares and the Overallotment Shares.

The gross amount of the proceeds of the New Shares will be EUR 23.4 million (assuming the placement at the mid-point of the price range). The total costs and expenses from the Offering and listing are expected to be approximately EUR 1.4 million (low end), EUR 1.6 million (mid-point) or EUR 1.7 million (high end), respectively, which will be borne by Frequentis, except for the commission payable under the Underwriting Agreement which will be borne in certain parts by the Company as well as the Selling Shareholder. The net amount of the proceeds from the placement of the New Shares will be approximately EUR 21.8 million (assuming the placement at the mid-point of total costs and expenses).

Auditors

The Audited Annual Consolidated Financial Statements as of, and for the financial year ended December 31, 2018 in the German language, were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, QBC 4 - Am Belvedere 4, 1100 Vienna, Austria ("**BDO**"). BDO has issued an audit report with an unqualified audit opinion in German language on the Audited Consolidated Financial Statements 2018.

The Audited Annual Consolidated Financial Statements as of, and for the financial year ended December 31, 2017 and 2016, both in the German language, were audited by CONFIDA Wirtschaftstreuhandgesellschaft m.b.H. Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Reithlegasse 4, 1190 Vienna, Austria ("**Confida**"). Confida has issued audit reports with unqualified audit opinions in German language on the Audited Consolidated Financial Statements 2017 and 2016, respectively.

Confida and BDO each are certified public accountants and members of the Austrian Chamber of Tax Advisors and Auditors (*Kammer der Steuerberater und Wirtschaftsprüfer*). The Audited Consolidated Financial Statements are translations of the original German language documents. It is noted that the English translation of this auditor's reports on the Company's Audited Annual Consolidated Financial Statements are incorporated into this Prospectus by reference.

General information

Frequentis AG is a joint stock corporation (*Aktiengesellschaft*) incorporated in the Republic of Austria for an indefinite period of time and governed by Austrian law, with its domicile in Vienna, registered in the Austrian Companies Register (*Firmenbuch*) under registration number FN 72115b and its registered office at Innovationsstraße 1, 1100 Vienna, Austria. The Company's as well as the Group's commercial name is Frequentis. Frequentis may be reached at its registered office, by phone (+43(1)811500) or on its website under www.frequentis.com. Frequentis' financial year starts on January 1 of a calendar year and ends on December 31 of the same calendar year.

Rounding adjustments

As is customary in commercial accounting, some numerical figures (including percentages) in this Prospectus were rounded to the nearest whole number or tenth of a million (euro). As a result, figures shown as totals in some tables may not be the exact arithmetic aggregation of the rounded figures that precede them. Percentages cited in the text, however, were calculated using the actual values rather than the rounded values. Accordingly, in certain cases it is possible that the percentages in the text differ from percentages based on the rounded values.

Third Party Information

This Prospectus includes information regarding market share, market position and industry data for the countries where the Frequentis Group is active and for the Frequentis Group's lines of business. This data is partly based on internal reports and on the Frequentis Group's knowledge of its sales and markets, partly on data and reports compiled or published by third parties such as Eurocontrol, the U.S. Federal Aviation Administration (or FAA), Eurostat, the statistical office of the European Union, ICAO, the International civil aviation organization, a United Nations specialized agency established in 1944 to manage the administration and governance of the Chicago convention on international civil aviation, and IATA, the International air transport association which supports aviation with global standards for airline safety, security, efficiency and sustainability.

Neither Frequentis nor the Managers assume any responsibility for the correctness of any such third party market data included in this Prospectus. Frequentis confirms that the information provided by third parties has been accurately reproduced in so far as the Frequentis is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, Frequentis has no access to facts and assumption which form the basis for numbers, market data or other information extracted from publicly available sources and has not independently verified market data provided by third parties or contained in industry or other general publications. In many cases there is no readily available external information (e.g. by authorities, federations or other organisations) to confirm market related analyses and assumptions which is the reason why Frequentis has to rely on internal estimates. While management believes its internal research to be accurate, such research has not been verified by any independent sources and accordingly Frequentis cannot assume any responsibility for its correctness. Management believes that such data is useful to help to understand the business in which the Frequentis Group operates and Frequentis Group's position within its business.

DOCUMENTS ON DISPLAY

This Prospectus, any supplement thereto, if any, and any Documents Incorporated by Reference into this Prospectus will be published in electronic form.

Copies of this Prospectus will be published in Austria according to section 10 para 3 the Capital Markets Act on the website of the Company under "https://www.frequentis.com/sites/default/files/ir_page/Frequentis_Prospectus.pdf". Copies of the following documents will be available free of charge at the Company's registered office during usual business hours for twelve months from the day of this Prospectus and may be inspected on the Company's website (www.frequentis.com):

- the Company's articles of association;
- the Audited Annual Consolidated Financial Statements; and
- this Prospectus, any supplement thereto, and any Document Incorporated by Reference therein.

These documents and any other information displayed on the Company's website do not form a part of this Prospectus nor are they incorporated by reference in this Prospectus, unless explicitly otherwise stated in this Prospectus.

GLOSSARY OF TECHNICAL TERMS

AIM	Aeronautical information management
AIS	Automatic identification system
AMHS	Aeronautical message handling service
ATC	Air traffic control
ATM	The business domain air traffic management
Audited Annual Consolidated Financial Statements	English translation of the audited consolidated financial statements of Frequentis as of, and for the financial year ended December 31, 2018, 2017 and the German language audited consolidated financial statements of Frequentis as of, and for the financial year ended December 31, 2016 (including the notes thereto)
Audited Annual Consolidated Financial Statements 2017	English translation of the audited annual consolidated financial statements as of, and for the financial year ended, December 31, 2017
Audited Annual Consolidated Financial Statements 2018	English translation of the audited annual consolidated financial statements as of, and for the financial year ended, December 31, 2018
Austria	Republic of Austria
BaFin	<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> , the German financial market authority
BDO	BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, QBC 4 - Am Belvedere 4, 1100 Vienna, Austria
Capital Markets Act	<i>Kapitalmarktgesetz</i> ; the Austrian Capital Markets
CBF	Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn
CEO	Chief executive officer
CFO	Chief financial officer
comdirect bank Aktiengesellschaft	comdirect bank Aktiengesellschaft, a subsidiary of COMMERZBANK AG
Companies' Register	Companies' register of the commercial court Vienna
Comsoft Acquisition	The acquisition of the material assets of the insolvent German COMSOFT GmbH by Comsoft Solutions GmbH (later renamed into FREQUENTIS COMSOFT GmbH)
Confida	CONFIDA Wirtschaftstreuhandgesellschaft m.b.H. Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Reithlegasse 4, 1190 Vienna, Austria
COO	Chief operating officer

CSO	Chief strategy officer
CTO	Chief technical officer
Designated Sponsor	flatex Bank AG, through its representative office BankM
ELARA	ELARA Leitstellentechnik GmbH, Aachen
Eurocontrol	European organisation for the safety of air navigation
Existing Shareholders	The Selling Shareholder, Frequentis Group Holding GmbH, Mr. Christian Pegritz and Mr. Hermann Mattanovic
FMA	<i>Finanzmarktaufsicht</i> ; the Austrian financial market authority
Frequentis Group or Group	The Company together with its consolidated subsidiaries
Frequentis or Company	FREQUENTIS AG, a joint stock corporation incorporated under the laws of Austria under register number FN 72115 b, Innovationsstraße 1, 1100 Vienna, Austria
FSMA	United Kingdom Financial Services and Markets Act 2000
FTE	Full-time equivalent employees
General Meeting	The Company's shareholders' general meeting or <i>Hauptversammlung</i>
German Language Audited Annual Consolidated Financial Statements 2016	Audited annual consolidated financial statements as of, and for the financial year ended, December 31, 2016 in German language.
Germany	Federal Republic of Germany
GMDSS	Global maritime distress and safety systems
GNSS	Global navigation satellite systems such as GPS or Galileo
Greenshoe Option	Option to purchase up to 400,000 Overallotment Shares
GSM-R	Global system for mobile railway communication
HSE	Health & safety, environment
IFRS	International Financial Reporting Standards, as adopted by the European Union
Joint Bookrunners and Joint Lead Managers or Managers	COMMERZBANK Aktiengesellschaft and flatex Bank AG
LTE	Long term evolution is a standard for wireless broadband communication for mobile devices and data terminals.
Management Board	The Company's management board or <i>Vorstand</i>

MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse, as amended
MiFID II	Markets in Financial Instruments Directive 2014/65/EU
New Shares	Up to 1,200,000 new ordinary no par value bearer shares each such share representing a calculated notional amount of EUR 1.00 of the nominal share capital
OECD	Organization for Economic Co-operation and Development
OeKB CSD	OeKB CSD GmbH, Strauchgasse 1-3, 1010 Vienna, Austria
Offer Capital Increase	Capital increase based on the authorised capital pursuant to a resolution of the Management Board with the approval of the Supervisory Board
Offer Period	Offer period which begins on April 26, 2019 and is expected to end on May 8, 2019
Offer Shares	New Shares and Reallocation Shares and Overallotment Shares
Offering	Offering of the Offer Shares in (i) a public offering to retail and institutional investors in Austria and Germany and (ii) a private placement outside Austria and Germany and the United States of America pursuant to Regulation S under the United States Securities Act of 1933 (as amended) to selected institutional investors
Overallotment Shares	Up to an additional 400,000 existing ordinary no par value bearer shares borrowed from the Selling Shareholder to cover over-allotments
Pre-IPO Investors	Investors which have signed to purchase 7.56% of the Shares prior to the Offering
Price Range	EUR 18.00 to EUR 21.00 per share
Prospectus Directive	Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 (as amended)
PST	Business domain public safety & transport
R&D	Research & development
Reallocation Shares	Up to 1,500,000 existing ordinary no par value bearer shares
Selling Shareholder	Mr. Johannes Bardach
SESAR	Single European sky air traffic management research
Share No. 1	A no-par value registered share with restricted transferability (<i>vinkulierte Namensaktie</i>) which allows its holder to delegate one third of the maximum number (stipulated in the Company's Articles of Association) of shareholder representatives in the Supervisory Board and which will not be listed
Shares	All of the Company's shares except for one registered share (Share No. 1) including the Offer Shares

Stabilisation Manager	flatex Bank AG (or persons acting on its behalf)
Stabilisation Period	Stabilisation measures taken from the first trading date on the Regulated Market of the Frankfurt Stock Exchange or the Vienna Stock Exchange until 30 calendar days after such date at the latest
Stock Corporation Act	The Austrian Stock Corporation Act or <i>Aktiengesetz</i>
Supervisory Board	The Company's supervisory board or <i>Aufsichtsrat</i>
SWIM	System Wide Information Management, a newly developed concept for exchanging information in air traffic management
Trading Participant	Custodian bank authorised to use the subscription functionality <i>DirectPlace</i> of the Frankfurt Stock Exchange"
Underwriting Agreement	Underwriting agreement concluded between the Company, the Selling Shareholder and the Managers expectedly on April 25, 2019
United States or U.S.	United States of America
VoIP	Voice over internet protocol

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the Financial Market Authority. Further, the Financial Market Authority did not review its consistency with the original summary.

Die folgende Übersetzung der Originalzusammenfassung ist ein separates Dokument und bildet einen Anhang zum Prospekt. Sie ist selbst kein Teil dieses Prospekts und wurde nicht von der Finanzmarktaufsichtsbehörde gebilligt. Auch die Übereinstimmung mit der Originalzusammenfassung wurde nicht von der Finanzmarktaufsichtsbehörde geprüft.

GERMAN TRANSLATION OF THE SUMMARY

ZUSAMMENFASSUNG

Zusammenfassungen bestehen aus Informationsblöcken, die als „Schlüsselinformationen“ bezeichnet werden. Diese Schlüsselinformationen sind in den Abschnitten A bis E (A.1 bis E.7) nummeriert.

Diese Zusammenfassung enthält alle Schlüsselinformationen, die für eine Zusammenfassung für diese Art von Wertpapier und diese Emittentin erforderlich sind. Da einige Schlüsselinformationen nicht aufgenommen werden müssen, kann die Nummerierung Lücken enthalten.

Auch wenn eine Schlüsselinformation für diese Art von Wertpapier und diese Emittentin in dieser Zusammenfassung aufgenommen werden muss kann es sein, dass keine relevanten Informationen zur Verfügung stehen. In diesem Fall wird eine kurze Beschreibung der geforderten Schlüsselinformation mit dem Hinweis „entfällt“ in die Zusammenfassung aufgenommen.

Abschnitt A – Einleitung und Warnhinweise

A.1 Warnhinweise Diese Zusammenfassung sollte als Prospekt einleitung verstanden werden.

Ein Anleger sollte sich bei jeder Entscheidung in die Inhaberstückaktien (alle Aktien der Emittentin, inklusive derer, die Gegenstand des Prospekts sind, mit Ausnahme einer vinkulierten Namensaktie („**Aktie Nr. 1**“), zusammen die „**Aktien**“) zu investieren, auf diesen Prospekt (der „**Prospekt**“) als Ganzes stützen.

Ein Anleger, der wegen der in diesem Prospekt enthaltenen Angaben Klage einreichen will, muss möglicherweise nach den nationalen Rechtsvorschriften des betreffenden Mitgliedsstaats für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann.

Zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder inkohärent ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird oder, wenn sie zusammen mit den anderen Teilen des Prospekts nicht alle wesentlichen Informationen offenlegt, die den Anlegern bei der Entscheidung in die angebotenen Aktien zu investieren, helfen sollen.

<p>A.2 Zustimmung der Gesellschaft zur Verwendung des Prospekts durch Finanzintermediäre</p>	<p>Die Frequentis AG („Frequentis“, die „Gesellschaft“ und gemeinsam mit ihren konsolidierten Tochtergesellschaften, die „Gruppe“) erteilt ihre ausdrückliche Zustimmung zur Verwendung dieses Prospekts für den späteren Wiederverkauf oder die endgültige Platzierung von Aktien in der Republik Österreich und der Bundesrepublik Deutschland vom 27. April 2019 bis 8. Mai 2019, 14:00 Uhr MESZ durch Finanzintermediäre, die gemäß Art. 4 Abs. 1 Nummer 1 der Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates vom 26. Juni 2013 über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen Kreditinstitute sind und gemäß der Richtlinie 2013/36/EU des Europäischen Parlaments und des Rates vom 26. Juni 2013 über den Zugang zur Tätigkeit von Kreditinstituten und die Beaufsichtigung von Kreditinstituten und Wertpapierfirmen zugelassen sind. Solche Finanzintermediäre können während dieses Zeitraums einen Wiederverkauf tätigen oder die endgültige Platzierung der im Rahmen des erstmaligen öffentlichen Angebots angebotenen Aktien vornehmen. Die Gesellschaft übernimmt die Verantwortung für den Inhalt dieses Prospekts, auch in Hinblick auf einen künftigen Wiederverkauf oder die endgültige Platzierung der im Rahmen des erstmaligen öffentlichen Angebots angebotenen Aktien durch einen Finanzintermediär, der die Genehmigung zur Verwendung dieses Prospekts erhalten hat; jegliche darüber hinausgehende Haftung der Gesellschaft ist ausgeschlossen. Die Genehmigung ist nicht an andere für die Verwendung dieses Prospekts relevante Bedingungen gebunden.</p> <p>Die Gesellschaft kann ihre Genehmigung jederzeit einschränken oder widerrufen; diese Einschränkung oder dieser Widerruf machen einen Nachtrag zu diesem Prospekt erforderlich.</p> <p>Finanzintermediäre, die diesen Prospekt verwenden, müssen (i) auf ihrer Website angeben, dass sie diesen Prospekt mit Genehmigung und den damit einhergehenden Konditionen verwenden, und (ii) dafür sorgen, dass sie alle einschlägigen Gesetze und Vorschriften einhalten, die in der betreffenden Rechtsordnung in Kraft sind. Sollte ein Finanzintermediär ein Angebot unterbreiten, wird der betreffende Finanzintermediär Anlegern Informationen zu den Angebotsbedingungen zum Zeitpunkt der Angebotsunterbreitung zur Verfügung stellen.</p>
<p>Abschnitt B – Frequentis AG</p>	
<p>B.1 Gesetzliche und kommerzielle Bezeichnung</p>	<p>Die gesetzliche Bezeichnung der Gesellschaft ist Frequentis AG, ihre kommerzielle Bezeichnung ist Frequentis.</p>
<p>B.2 Sitz, Rechtsform, geltendes Recht, Land der Gründung.....</p>	<p>Die Gesellschaft unterhält ihren eingetragenen Firmensitz unter Innovationsstraße 1, 1100 Wien, Österreich, und ist im österreichischen Firmenbuch unter FN 72115 b eingetragen. Die Gesellschaft ist eine in der Republik Österreich für unbestimmte</p>

Zeit gegründete österreichische Aktiengesellschaft und unterliegt österreichischem Recht.

B.3 Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten der Gesellschaft sowie Hauptmärkte, auf denen die Gesellschaft vertreten ist.....

Frequentis ist ein global agierender Anbieter von sogenannten *Control-Center* Lösungen im Bereich der sicherheitskritischen Kommunikations- und Informationsdienstleistungen. Die Gruppe agiert in spezialisierten Segmenten der globalen Märkte für Verkehrs- und Sicherheitsinfrastruktur und unterteilt ihre Geschäftstätigkeit in die zwei Kerngeschäftsfelder Luftfahrt (*air traffic management*) und öffentliche Sicherheit und Transport (*public safety & transport*).

Die Gesellschaft ist nach ihrem eigenen Ermessen ein führender Anbieter von sicherheitskritischen Informations-, Kommunikations-, und Automatisierungssystemen, die in Form von sogenannten *Control-Center* Lösungen angeboten werden. Diese *Control-Center* Lösungen verwalten Verkehrsströme oder Notfalldienste, und unterstützen ihre Anwender (beispielsweise Flugleiter oder Abfertiger) bei ihren sicherheitskritischen Aufgaben. Die Gruppe mit 27 Tochtergesellschaften sowie regionalen Büros und Handelsvertretern in mehr als 50 Ländern betreut Kunden in etwa 140 Ländern.

B.4a Wichtigste jüngste Trends, die sich auf die Gesellschaft und die Branchen, in denen sie tätig ist, auswirken.....

Die Vermögens-, Finanz- und Ertragslage der Gruppe ist von einer Vielzahl von Faktoren abhängig, einige davon betreffen die gesamte (Luft-)Verkehrswirtschaft. Der Vorstand ist der Ansicht, dass die folgenden wesentlichen Faktoren die Vermögens-, Finanz- und Ertragslage der Gruppe beeinflusst haben und voraussichtlich auch weiterhin einen großen Einfluss auf die Vermögens-, Finanz- und Ertragslage der Gruppe haben werden:

(i) Mobilität (erhöhte Mobilität führt zu Kapazitätsengpässen im Luftverkehr und zu gesteigerten Druck die Effizienz zu erhöhen sowie zu einer zunehmenden Bedeutung des Eisenbahn- und Schiffsverkehrs), (ii) Technologie (neue Technologien (beispielsweise *social media*, neue Kommunikationssysteme wie long term evolution oder Drohnen) sind für *Control-Center* für Bedeutung und führen zu neuen Bedienkonzepten (etwa eine ferngesteuerter Bedienung)), und (iii) ein zunehmendes Bedürfnis nach Sicherheit und Gefahrenabwehr aufgrund veränderter Risiken und Bedrohungen.

B.5 Beschreibung der Gruppe und der Stellung der Gesellschaft innerhalb dieser Gruppe.....

Die Gesellschaft ist an 27 Tochterunternehmen (direkt oder indirekt) mit einem Anteil von 20% oder mehr beteiligt.

Frequentis ist die Muttergesellschaft der Gruppe. Die Gesellschaft betrachtet folgende Tochtergesellschaften als

wesentlich:

- CNS Solutions & Support GmbH (Österreich)
- PDTS GmbH (Österreich)
- FREQUENTIS COMSOFT GmbH (Deutschland)
- Frequentis Deutschland GmbH (Deutschland)
- Frequentis USA Inc. (Vereinigte Staaten)

B.6 Aktionäre, die direkt oder indirekt eine meldepflichtige Beteiligung am Kapital oder den Stimmrechten der

Derzeit werden Anteile am Grundkapital von Herrn Johannes Bardach (der „**Selling Shareholder**“) (30,58%), der Frequentis Group Holding GmbH (66,00%), Herrn Christian Pegritz (2,04%) und Herrn Hermann Mattanovich (1,38%) gehalten.

Um den Börsegang der Gesellschaft vorzubereiten, zu fördern und zu erleichtern, hat der Selling Shareholder 7,56% seiner Anteile an verschiedene pre-IPO Investoren zu einem vorbestimmten Preis veräußert; Genaueres ist Gegenstand des Prospekts. Die Übertragung der Anteile ist aufschiebend bedingt mit der erfolgreichen Durchführung dieses Börsegangs.

Nach erfolgreicher Durchführung des erstmaligen öffentlichen Angebots – unter der Annahme einer vollen Platzierung der Aktien, samt der vollständigen Ausschöpfung einer *greenshoe*-Option und nach erfolgen der Platzierung der im Rahmen des pre-IPOs übertragenen Aktien – wird sich die Verteilung der Anteile am Grundkapital wie folgt zusammensetzen: Der Selling Shareholder (6,54%), Frequentis Group Holding GmbH (60,00%), Herr Pegritz (1,86%), Herr Mattanovich (1,25%) und freier Handel (inklusive pre-IPO Investoren) (30,36%).

Unterschiedliche Stimmrechte. Jede Aktie verleiht dieselben Stimmrechte. Zusätzlich ist der Inhaber der Aktie Nr. 1 gemäß der Satzung berechtigt, ein Drittel der Kapitalvertreter des Aufsichtsrats zu entsenden.

Unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse an der Gesellschaft, Art der Beherrschung

Der Selling Shareholder kontrolliert die Gesellschaft. Nach dem Angebot wird der Selling Shareholder als Hauptgesellschafter noch immer die Möglichkeit haben, großen Einfluss auf Belange der Gesellschaft, die der Genehmigung der Hauptversammlung bedürfen, zu nehmen.

B.7 Ausgewählte wesentliche historische Finanzinformationen über die Gesellschaft, die für jedes Geschäftsjahr des von den historischen Finanzinformationen abgedeckten.....

Die unten zusammengefassten Finanzinformationen zum und für die Geschäftsjahre endend zum 31. Dezember 2018, 2017 und

2016 wurden den, durch Verweis in diesen Prospekt einbezogenen, geprüften, konsolidierten Abschlüssen der Frequentis AG abgebildet. Die geprüften, konsolidierten Abschlüsse wurden in Übereinstimmung mit den internationalen Rechnungslegungsstandards.

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen, wenn nicht anders angegeben)		
	(geprüft, wenn nicht anders angegeben)		
Umsatzerlöse	285,8	266,9	241,2
Veränderung des Bestands an fertigen und unfertigen Erzeugnissen ⁽¹⁾	0,7	n.a.	n.a.
Aktivierete Eigenleistungen	0,0	0,1	0,2
Sonstige Erträge	7,4	7,6	10,7
Gesamterträge (Betriebsleistung)	293,9	274,5	252,2
Ergebnis vor Steuern und Zinsen (EBIT)	15,6	14,3	12,4
Finanzergebnis	0,1	-0,1	-0,3
Gewinn vor Steuern	15,9	14,4	12,2
Gewinn des Geschäftsjahres	11,8	10,7	9,2

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen, wenn nicht anders angegeben)		
	(geprüft, wenn nicht anders angegeben)		
Langfristige Vermögenswerte	28,8	22,4	24,9
Kurzfristige Vermögenswerte	169,2	172,3	158,8
Summe Aktiva	198,0	194,6	183,7
Summe Eigenkapital	85,6	90,1	81,0
Langfristige Verbindlichkeiten	30,0	28,8	31,0
Kurzfristige Verbindlichkeiten	82,4	75,7	71,7
Summe Passiva	198,0	194,6	183,7

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen, wenn nicht anders angegeben)		
	(geprüft, wenn nicht anders angegeben)		
Nettogeldfluss aus der betrieblichen Tätigkeit	4,6	16,7 ⁽¹¹⁾	38,8
Nettogeldfluss aus der Investitionstätigkeit	-4,4	-4,4	-15,8
Nettogeldfluss aus der Finanzierungstätigkeit	-14,2	-3,7 ⁽¹¹⁾	7,7
Zahlungswirksame Veränderung der liquiden Mittel	-14,1	8,6	30,8
Endbestand der liquiden Mittel	45,5	77,7	69,1

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen, wenn nicht anders angegeben)		
	(geprüft, wenn nicht anders angegeben)		
EBIT Marge ⁽²⁾ (in %)	5,3%	5,2%	4,9%
Eigenkapitalquote ⁽³⁾ (in %)	43,2%	46,3%	44,1%
Nettoguthaben / (-verschuldung) ⁽⁴⁾	55,4	70,0	59,5
Free Cash Flow ⁽⁵⁾ (ungeprüft)	0,1	12,3	23,1
Auftragseingang ⁽⁶⁾ (ungeprüft)	306,3	287,8	259,5
Steigerung des Auftragseingangs ⁽⁷⁾ (in %, ungeprüft)	6,4%	10,9%	n.a.
Forschungs- und Entwicklungsquote ⁽⁸⁾ (ungeprüft)	14,0%	15,9%	17,8%

Steigerung der Gesamterträge (Betriebsleistung) ⁽⁹⁾ (in %, ungeprüft)	7,0%	8,9%	n.a.
Auftragsstand ⁽¹⁰⁾	355,2	335,3	n.a.

(Quelle: geprüfte, konsolidierte Abschlüsse und interne Informationen.)

- (1) Die Veränderung des Bestands an fertigen und unfertigen Erzeugnissen wurde im geprüften, konsolidierten Abschluss 2018 separat ausgewiesen, in den Vorjahren ist die Veränderung in den Umsatzerlösen enthalten.
- (2) Die folgende Darstellung legt die Berechnung der EBIT Marge, die ein Indikator für die Profitabilität einer Gesellschaft ist, dar. Die EBIT Marge ist die Division des Ergebnisses vor Steuern und Zinsen (EBIT) durch die Gesamterträge (Betriebsleistung) der relevanten Periode.

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen, wenn nicht anders angegeben)		
	(geprüft)		
Ergebnis vor Steuern und Zinsen (EBIT)	15,6	14,3	12,4
Gesamterträge (Betriebsleistung)	293,9	274,5	252,2
EBIT Marge⁽²⁾ (in %)	5,3%	5,2%	4,9%

(Quelle: geprüfte, konsolidierte Abschlüsse.)

- (3) Die folgende Darstellung legt die Berechnung der Eigenkapitalquote, die ein Indikator für die Eigenmittelausstattung einer Gesellschaft ist, dar. Die Eigenkapitalquote ist die Division des gesamten Eigenkapitals durch die Summe der Aktiva zum einschlägigen Bilanzstichtag.

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen, wenn nicht anders angegeben)		
	(geprüft)		
Summe Eigenkapital.....	85,6	90,1	81,0
Summe Aktiva.....	198,0	194,6	183,7
Eigenkapitalquote (in %).....	43,2%	46,3%	44,1%

(Quelle: geprüfte, konsolidierte Abschlüsse.)

- (4) Die folgende Darstellung legt die Berechnung des/der Nettoguthabens / (-verschuldung), das/die ein Indikator für die Liquidität einer Gesellschaft ist, dar. Das/die Nettoguthaben / (-verschuldung) sind die Zahlungsmittel und Zahlungsmitteläquivalente plus Termingelder (kurz- und langfristig) abzüglich der langfristigen und den kurzfristigen Bank- und sonstiger Finanzverbindlichkeiten zum jeweiligen Stichtag.

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen)		
	(geprüft)		
Zahlungsmittel und Zahlungsmitteläquivalen te.....	45,5	77,7	69,1
Termingelder	18,0	n.a.	n.a.
Langfristige Bank- und sonstige Finanzverbindlichkeiten ...	6,5	7,5	9,5
Kurzfristige Bank- und sonstige Finanzverbindlichkeiten ...	1,7	0,2	0,1
Nettoguthaben / (- verschuldung)	55,4	70,0	59,5

(Quelle: geprüfte, konsolidierte Abschlüsse.)

- (5) Die folgende Darstellung legt die Berechnung des Free Cash Flow, der ein Indikator für die Geldschöpfung durch eine Gesellschaft ist, dar. Der Free Cash Flow wird berechnet aus der Summe des Nettogeldflusses aus der betrieblichen Tätigkeit und des Nettogeldflusses aus der Investitionstätigkeit.

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen)		
	(geprüft, wenn nicht anders angegeben)		
Nettogeldfluss aus der betrieblichen Tätigkeit	4,6	16,7 ⁽¹¹⁾	38,8
Nettogeldfluss aus der Investitionstätigkeit.....	-4,4	-4,4	-15,8
Free Cash Flow (ungeprüft)	0,1	12,3	23,1

(Quelle: geprüfte, konsolidierte Abschlüsse und interne Informationen.)

- (6) Auftragseingang bedeutet Festaufträge eines Kunden und ist ein Indikator für die kurzfristige Entwicklung der zukünftigen Umsatzerlöse.
- (7) Die Steigerung des Auftragseingangs bezieht sich auf die prozentuale Veränderung des Auftragseingangs im Vergleich zum Auftragseingang des Vorjahres.
- (8) Die folgende Darstellung legt die Berechnung der Forschungs- und Entwicklungsquote, die ein Indikator für die Ausgaben einer Gesellschaft für Forschung und Entwicklung ist, dar. Die Forschungs- und Entwicklungsquote ist die Division des Aufwands für Forschung und Entwicklung inklusive Aufwand im Zusammenhang mit Kundenaufträgen durch die Umsatzerlöse.

	Zum und für das Geschäftsjahr endend zum 31. Dezember		
	2018	2017	2016
	(in EUR Millionen, wenn nicht anders angegeben)		
	(geprüft, wenn nicht anders angegeben)		
Forschungs- und Entwicklungsaufwand (ungeprüft für 2018).....	39,9 ⁽¹²⁾	42,5	42,9
Umsatzerlöse	285,5	266,9	241,2
Forschungs- und Entwicklungsquote (ungeprüft)	14,0%	15,9%	17,8%

(Quelle: geprüfte, konsolidierte Abschlüsse und interne Informationen.)

- (9) Die Steigerung der Gesamterträge (Betriebsleistung) bezieht sich auf die jährliche Veränderung der Gesamterträge (Betriebsleistung) im Vergleich zur der des Vorjahres, ausgedrückt als Prozentsatz.
- (10) Der Auftragsstand bezieht sich auf Auftragseingänge, die zum jeweiligen Bilanzstichtag nicht storniert oder als Umsatz verbucht wurden und ist ein Indikator für die kurzfristige Entwicklung der zukünftigen Umsatzerlöse.
- (11) Im geprüften konsolidierten Jahresabschluss 2018 wurden erhaltene Dividenden vom Nettogeldfluss aus der Finanzierungstätigkeit in den Nettogeldfluss aus betrieblicher Tätigkeit gruppiert. Diese Änderung wurde auch für im Geschäftsjahr 2017 erhaltene Dividenden in Höhe von 0,1 Mio. EUR vorgenommen. Daher weichen der Nettogeldfluss aus Finanzierungstätigkeit und der Nettogeldfluss aus betrieblicher Tätigkeit von den im geprüften konsolidierten Abschluss 2017 enthaltenen Werten ab. Die Änderung wurde für das Geschäftsjahr 2016 nicht vorgenommen.
- (12) In dem im geprüften konsolidierten Jahresabschluss 2018 angegebenen Forschungs- und Entwicklungsaufwand ist der Forschungs- und Entwicklungsaufwand für Kundenprojekte nicht enthalten. Da der gesamte Forschungs- und Entwicklungsaufwand im geprüften konsolidierten Jahresabschluss 2018 nicht enthalten ist, ist diese Zahl für 2018 ungeprüft.

	Erhebliche Änderungen	Entfällt. Seit dem 31. Dezember 2018 gab es keine erheblichen Änderungen der Finanzlage und des Betriebsergebnisses der Gruppe.
B.8	Ausgewählte wesentliche Pro-forma-Finanzinformationen	Entfällt. Die Gesellschaft hat keine Pro-forma Finanzinformationen erstellt.
B.9	Gewinnprognosen oder -schätzungen.....	Entfällt. Es werden keine Gewinnprognosen oder –schätzungen abgegeben.
B.10	Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.....	Entfällt. Die Bestätigungsvermerke zu den in diesem Prospekt enthaltenen historischen Finanzinformationen wurden ohne Einschränkung erteilt.
B.11	Unzulänglichkeit des Geschäftskapitals des Emittenten, um den bestehenden Anforderungen zu genügen.....	Entfällt. Die Gesellschaft vertritt die Ansicht, dass das der Gruppe zur Verfügung stehende Geschäftskapital ausreichend für die bestehenden Forderungen ist, und die nächsten zwölf Monate ab Datum des Prospekts sein wird.
Abschnitt C – Wertpapiere		
C.1	Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere, Wertpapierkennnummer	Inhaberstückaktien. Die ISIN für die Aktien ist ATFREQUENT09.
C.2	Währung der Wertpapiere.....	Euro.
C.3	Zahl der ausgegebenen und voll eingezahlten Aktien und der ausgegeben, aber nicht voll eingezahlten Aktien, Nennwert pro Aktie	Zum Datum des Prospekts besteht das Grundkapital der Gesellschaft aus 12.000.000 voll eingezahlten Stückaktien. Nach dem erstmaligen öffentlichen Angebot wird das Grundkapital der Gesellschaft aus 13.200.000 voll eingezahlten Stückaktien bestehen. Der errechnete Nennwert pro Aktie beträgt EUR 1,00.
C.4	Mit den Wertpapieren verbundene Rechte.....	Die im erstmaligen öffentlichen Angebot angebotenen Aktien sind ab dem 1. Januar 2018 vollständig dividendenberechtigt. Der Gewinn wird nach der jährlichen Jahreshauptversammlung 2019

ausgeschüttet.

Jede Aktie berechtigt ihren Inhaber zu einer Stimme in der Hauptversammlung der Gesellschaft und zu anderen Aktionärsrechten gemäß dem österreichischen Aktiengesetz (z.B. dem Informationsrecht in der Hauptversammlung, dem Widerspruchs- und Anfechtungsrecht von Hauptversammlungsbeschlüssen). Außerdem kommt den Aktionären ein gesetzliches Bezugsrecht zu. Es bestehen keine Einschränkungen der Stimmrechte.

C.5 Beschränkungen der freien Übertragbarkeit der Wertpapiere.....

Aktie Nr. 1 ist eine vinkulierte Namensaktie. Für die übrigen Aktien bestehen keine Beschränkungen der freien Übertragbarkeit.

C.6 Antrag auf Zulassung zum Handel an einem geregelten Markt, Nennung der geregelten Märkte, an denen die Wertpapiere gehandelt werden sollen

Die Anträge auf Zulassung der Aktien zum Handel am Regulierten Markt der Frankfurter Börse (*General Standard Segment*) und am Regulierten Markt der Wiener Börse (*Prime Market Segment*), werden voraussichtlich am oder um den 30. April 2019 gestellt. Die Zulassung zum Handel wird jeweils für oder um den 13. Mai erwartet. Der erste Handelstag an der Frankfurter Börse und der Wiener Börse ist voraussichtlich der 14. Mai 2019.

C.7 Dividendenpolitik

Frequentis bekennt sich zu einer auf Bestandsicherung und auf Steigerung des Unternehmenswertes ausgerichteten Geschäftspolitik. Im Einklang mit den Anforderungen der Geschäftsaktivitäten sowie unter Berücksichtigung der Wachstumsstrategien beabsichtigt die Gesellschaft, ihre Aktionäre angemessen am Erfolg des Unternehmens zu beteiligen. Mit ihrer ertragsorientierten Dividendenpolitik verfolgt Frequentis das Ziel einer Balance zwischen Wachstumsinvestitionen und Aktionärsvergütung.

Die Dividendenpolitik von Frequentis sieht derzeit eine jährliche Ausschüttungsquote in einem Zielkorridor von etwa 20% bis 30% des bereinigten Konzernergebnisses nach Steuern vor, unter Berücksichtigung einer jährlichen Obergrenze von ca. 40% des Jahresüberschusses des nach UGB zu erstellenden Einzelabschlusses der Frequentis AG. Im Interesse der Dividendenkontinuität strebt Frequentis eine Dividende je Aktie an, deren Höhe zumindest jener des Vorjahres entspricht. Die Dividendenpolitik von Frequentis könnte überdies vorsehen, die Aktionäre neben der regulären Ausschüttung in Form einer Sonderdividende oder eines Aktienrückkaufs an einer besonders positiven Entwicklung des Unternehmens teilhaben zu lassen.

Als österreichische Aktiengesellschaft hängt die Dividendenauszahlungsfähigkeit der Gesellschaft vom Bilanzgewinn eines jeweiligen Geschäftsjahres ab, der nach

österreichischen Grundsätzen ordnungsgemäßer Buchführung ermittelt wurde. Dividenden können nur aus dem vom Vorstand und Aufsichtsrat genehmigten Bilanzgewinn des Einzeljahresabschlusses der Gesellschaft festgesetzt und ausgeschüttet werden.

Diese Dividendenpolitik spiegelt die gegenwärtige Zielsetzung von Vorstand und Aufsichtsrat wider und kann zukünftig angepasst werden. Es besteht keine Gewähr, dass Dividenden gezahlt werden, oder dass diese, soweit sie gezahlt werden, der oben beschriebenen Dividendenpolitik entsprechen. Darüber hinaus setzt die Dividendenzahlung in jedem Jahr entsprechende Dividendenvorschläge des Vorstands und des Aufsichtsrates voraus, wobei jedes Gremium von dieser Dividendenpolitik unter den dann vorherrschenden Umständen abweichen kann. Über die Dividenden entscheidet die Hauptversammlung der Frequentis AG.

Abschnitt D – Risiken

D.1 Zentrale Risiken die der Gesellschaft und ihrer Branche eigen sind.....

Risiken in Bezug auf die (gesamt)wirtschaftlichen und politischen Rahmenbedingungen

- Der Erfolg der Gruppe ist abhängig von den politischen und allgemeinen makroökonomischen Rahmenbedingungen, insbesondere dem (Flug)verkehrsaufkommen und den öffentlichen Ausgaben.
- Ein rückläufiges Wachstum der globalen Wirtschaft oder eine Rezession, die andauernde Schuldenkrise, sowie jede neu auftretende Krise könnten den Zugang für Frequentis und die Kunden der Gruppe zu Fremd- und Eigenkapitalfinanzierung erschweren.
- Die (missbräuchliche) Ausnutzung oder die Nichtverfügbarkeit von Bankgarantien könnte die Gruppe nachteilig beeinflussen.
- Die Ausübung von politischem Einfluss sowie Protektionismus könnte die Gruppe nachteilig beeinflussen.

Risiken in Bezug auf die Geschäftstätigkeit der Gruppe und der Branche, in der sie tätig ist

- Die Gruppe könnte durch Unvorhersehbarkeiten, welche typisch für Tätigkeiten im Bereich der Auftragsvergabe sind, sowie durch saisonale Fluktuation der Auftragslage und jährliche Schwankungen nachteilig beeinflusst werden, was sich nachteilig auf den Aktienkurs auswirken kann.
- Unsichere, verzögerte oder zurückgestellte zukünftige Aufträge könnten die Gruppe nachteilig beeinflussen.
- Die Gruppe könnte durch nicht verhandelbare Vertragsklauseln in Vergabeverfahren der öffentlichen Hand sowie insbesondere durch Klauseln in ihren Verträgen zur unbeschränkten Haftung nachteilig beeinflusst werden.
- Fluktuationen der Erträge verursacht durch den großen

Einfluss von Großaufträgen könnten die Gruppe nachteilig beeinflussen.

-
- Cyberattacken könnten ein wesentliches Risiko für die Geschäftstätigkeit der Gesellschaft darstellen.
- Veränderungen des technologischen Standards könnten die Gruppe nachteilig beeinflussen; Produktentwicklungen könnten scheitern oder mehr Zeit beanspruchen, als es der technische Fortschritt zulässt; Entwicklungskosten für Produkte ohne ausreichende Nachfrage führen zu gestrandeten Investitionen; die Umsetzung von Change Programmen könnte scheitern oder mehr Zeit oder Kosten beanspruchen.
- Technologische Gebrechen und Produktfehler könnten sich nachteilig auf die Gruppe auswirken.
- Fortschreitende Kundenkonzentration kann die Gruppe nachteilig beeinflussen.
- Kostenüberschreitungen könnten die Gruppe nachteilig beeinflussen.
- Der Verlust bestehender Kunden könnte die Gruppe nachteilig beeinflussen.
- Gesetzliche Vorgaben, die besagen, dass ein Minimum im jeweiligen Inland hergestellt werden muss, könnten sich nachteilig auf die Gruppe auswirken.
- Embargos und andere Handelsbeschränkungen könnten die Gruppe nachteilig beeinflussen.
- Sollte die Gruppe nicht in der Lage sein, ihre derzeitige Marktpositionierung gegenüber ihren Mitbewerbern zu verteidigen, könnte das die Gruppe nachteilig beeinflussen.
- Die Gruppe ist möglicherweise nicht in der Lage einen ausreichenden Cashflow aus der betrieblichen Tätigkeit zu erwirtschaften, um den Erfordernissen der durchgängig hohen Liquidität und des hohen Nettoumlaufvermögens zu genügen.
- Der Verlust von Schlüsselpersonal sowie Schwierigkeiten bei der Rekrutierung, der Ausbildung oder dem Halten von qualifizierten Arbeitskräften könnte sich nachteilig auf die Gruppe auswirken; neues Schlüsselpersonal und neue Mitarbeiter könnten ungenügende Erfahrung haben und zu einem Rückgang des Know-Hows im Konzern führen.
- Preisfluktuationen von Rohmaterial und steigende Lohnkosten könnten die Gruppe nachteilig beeinflussen.
- Ein steigender Kostendruck, ausgelöst beispielsweise durch Mitbewerber in Niedriglohnländern, kann die Gruppe nachteilig beeinflussen.
- Langfristige Verpflichtungen könnten die Gruppe nachteilig beeinflussen.

- Kunden, die ihre Zahlungsverpflichtung nicht erfüllen, könnten die Gruppe nachteilig beeinflussen.
- Der Wegfall von Zulieferern, sowie Lieferunterbrechungen und -engpässe der angebotenen Dienstleistungen, der Software, der Bauteile, der Unterbaugruppen oder der Module, könnten die Gruppe nachteilig beeinflussen.
- Sollte die Gruppe quantitative Voraussetzungen nicht erfüllen, besteht die Möglichkeit, dass ihr Know-How alleine nicht ausreicht, um neue Kunden zu gewinnen oder bestehende Kunden zu behalten.
- Wechselkursschwankungen und steigende Zinsen könnten die Gruppe nachteilig beeinflussen.
- Wachstum durch Akquisitionen könnte sich nachteilig auf die Gruppe auswirken.
- Ein misslungener Umgang mit den Herausforderungen des organischen Wachstums könnte sich nachteilig auf die Gruppe auswirken; die Organisationseinheiten der Gruppe könnten Über- oder Unterkapazitäten haben.
- Risiken hinsichtlich Mietverträgen.

Regulatorische, rechtliche und steuerrechtliche Risiken

- Rechtliche Risiken in Bezug auf Verträge aus Vergabeverfahren der öffentlichen Hand könnten die Gruppe nachteilig beeinflussen.
- Jedes Versäumnis, ihre Technologien und ihr proprietäres Know-How erfolgreich zu schützen oder ihr geistiges Eigentum zu verteidigen, könnte die Gruppe nachteilig beeinflussen.
- Risiken in Verbindung mit der Vertragserfüllung aber auch mit der Position als Subunternehmer, wie etwa Nichterfüllung, Mindererfüllung oder Schlechterfüllung, in Bezug auf Qualität, Zeit oder Budget, könnten die Gruppe nachteilig beeinflussen.
- Mangelhafte Vertragserfüllung, wie etwa Nichterfüllung, Mindererfüllung oder Schlechterfüllung, in Bezug auf Qualität, Zeit oder Budget, der Subunternehmer könnte sich nachteilig auf die Gruppe auswirken.
- Schäden an Vermögensgegenständen des Kunden während Arbeiten bei Kunden könnten die Gruppe nachteilig beeinflussen.
- Transaktionsbezogene, der Finanzierung inhärente Risiken und andere Verträge könnten die Gruppe nachteilig beeinflussen.
- Compliance bezogene Risiken könnten die Gruppe nachteilig beeinflussen.
- Durch Änderungen der rechtlichen und politischen Rahmenbedingungen oder die Anwendbarkeit und Auslegung von Gesetzen, insbesondere im Aufsichts-, Handels-, Finanz- und Steuerrecht in anderen Ländern

könnte das Auslandsgeschäft nachteilig beeinflusst werden.

- Veränderungen von Schätzungen und Annahmen im Zusammenhang mit den Rechnungslegungsgrundsätzen könnten die Gruppe nachteilig beeinflussen.

D.3 Wesentliche Risiken, die den Wertpapieren eigen sind.....

Risiken im Zusammenhang mit der Aktionärsstruktur

- Einer der Aktionäre, der einen Teil seiner Anteile anbietet, hat und wird aufgrund seiner Anteile und der Inhaberschaft der Aktie Nr. 1, die ihm bestimmte Bestellrechte zukommen lässt, die Gesellschaft auch weiterhin durch seinen maßgeblichen Einfluss auf Angelegenheiten, die der Zustimmung der Aktionäre bedürfen, beherrschen und könnte in seinem eigenen Interesse handeln, das von den Interessen der Minderheitsgesellschafter abweichen könnte.
- Künftige Aktienverkäufe könnten den Aktienkurs negativ beeinflussen.
- Das Angebot wird möglicherweise nicht stattfinden.
- Bisher waren die Aktien nicht börsnotiert, es besteht keine Gewähr, dass sich nach dem Börsegang ein liquider Markt entwickelt oder fortbesteht.
- Sowohl Aktienpreis als auch Handelsvolumen könnten einer erheblichen Fluktuation unterliegen; Anleger könnten ihre Investition zum Teil oder zur Gänze verlieren.
- Zukünftige Kapitalerhöhungen könnten verwässernd wirken und zu erheblichen Wertminderungen der Aktien führen.
- Die Gesellschaft könnte in zukünftigen Geschäftsjahren nicht in der Lage sein, Dividenden auszuzahlen, womit eine Kapitalrendite der Aktionäre, soweit vorhanden, abhängig von einer Wertsteigerung der Aktien wäre.
- Durch den Börsegang wird die Gesellschaft zusätzlichen administrativen Anforderungen sowie höheren laufenden Kosten begegnen.
- Investoren, die eine andere Referenzwährung als den Euro haben, unterliegen in der Folge einem Wechselkursrisiko, wenn sie in die Aktien investieren.
- Die Rechte von Anteilseignern an österreichischen Aktiengesellschaften könnten sich von den Rechten unterscheiden, die Aktionären einer nach den Rechtsvorschriften eines anderen Staates gegründeten Gesellschaft zustehen.
- Eine Aussetzung des börslichen Handels der Aktien könnte einen nachteiligen Effekt auf den Aktienkurs haben.
- Im Falle einer Insolvenz der Gesellschaft könnten die Investoren einen Totalverlust in Höhe ihrer Anteile erfahren.

Abschnitt E – Angebot

- E.1 Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission, einschließlich der geschätzten Kosten, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden..... Die Gesellschaft erhält Bruttoerlöse aus dem Verkauf der neuen Aktien in Höhe von EUR 23,4 Millionen (unter der Annahme einer Platzierung in der Mitte des Preisbands). Die mit dem erstmaligen öffentlichen Anbieten und der Börsennotierung verbundenen Kosten werden etwa EUR 1,4 Millionen (unteres Ende), EUR 1,6 Millionen (Mitte) oder EUR 1,7 (oberes Ende) betragen, wobei sich der Erlös in etwa EUR 21,8 Millionen belaufen wird (unter der Annahme der Platzierung in der Mitte des Preisbands und der Mitte der Kosten), wobei die Kosten und Aufwendungen von Frequentis getragen werden, außer der unter dem Aktienübernahmevertrag zahlbaren Provision, die zu einem gewissen Teil von der Gesellschaft und den ihre Aktien verkaufenden Altaktionären getragen wird. Der Gesellschaft werden, soweit vorhanden, keine Erlöse aus dem Verkauf der Reallocation Shares und der Over-Allotment Shares zufließen; diese erhält zur Gänze der Selling Shareholder.
- Den Investoren werden von Seiten der Gesellschaft, des Selling Shareholders und der Manager keine Gebühren verrechnet. Anleger müssen die üblichen Transaktions- und Bearbeitungsgebühren tragen, die von ihren Maklern oder anderen Finanzinstituten, über die sie ihre Wertpapiere halten, erhoben werden.
- E.2a Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse . Es wird erwartet, dass die Prozesse des Unternehmens durch die Einführung von best practices für börsennotierte Unternehmen weiter verbessert werden und die Position gegenüber den Aktionären optimiert werden kann, sowie die Attraktivität für Management, Mitarbeiter und Kunden gesteigert wird.
- Die Gesellschaft plant die Erlöse für die Durchführung ihrer M&A Strategie zu verwenden, um die Produktentwicklung zu beschleunigen, um so die Vielfalt der *control center solutions* zu erweitern, um als Hauptauftragnehmer eine Vielzahl von Projekten mit hohem Volumen akquirieren und ausführen zu können, für allgemeine Unternehmenszwecke und für den Ausbau der internationale Präsenz. Der aus dem erstmaligen öffentlichen Anbieten der Aktien resultierende Erlös wird in etwa EUR 21,8 (Mittelwert der Kosten und Aufwendungen) betragen.
- E.3 Beschreibung der Angebotskonditionen..... Die angebotenen Aktien werden in einem internationalen Angebot angeboten, bestehend aus (i) einem öffentlichen Angebot an Kleinanleger und institutionelle Anleger in der Bundesrepublik Deutschland und der Republik Österreich und (ii) einer Privatplatzierung an ausgewählte institutionelle Anleger in

bestimmten anderen Jurisdiktion außerhalb der Bundesrepublik Deutschland, der Republik Österreich und den Vereinigten Staaten im Sinne der Regulation S des United States Securities Act of 1933 in der aktuellen Fassung. Der Selling Shareholder und die weiteren Altaktionäre haben für die neu ausgegebenen Aktien auf ihre Bezugsrechte verzichtet.

Preisspanne, Angebotszeitraum, Zuteilung

Die Preisspanne, innerhalb derer Kaufangebote abgegeben werden können, beträgt EUR 18,00 bis EUR 21,00 je angebotener Aktie. Der Zeitraum, in dem die Anleger Kaufangebote für die angebotenen Aktien abgeben können, beginnt am 27. April 2019 und endet voraussichtlich am 8. Mai 2019. Kleine und institutionelle Anleger können am letzten Tag bis 14:00 Uhr (Mitteleuropäischer Sommerzeit) Kaufangebote abgeben. Die Gesellschaft, der Selling Shareholder sowie die COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt/Main und die flatex Bank AG, Rotfeder-Ring 7, 60327 Frankfurt/Main, Deutschland, (die „**Manager**“), können die Angebotsfrist nach eigenem Ermessen verlängern, verkürzen oder gänzlich abbrechen.

Während des Angebotszeitraums können Kleinanleger aus der Bundesrepublik Deutschland und der Republik Österreich ihre Kaufaufträge in den Geschäftsstellen der Manager, bei der comdirect bank Aktiengesellschaft oder möglicherweise über andere Banken oder Makler von Privatanlegern abgeben. Kaufaufträge müssen in vollen Euro-Beträgen oder Eurocent-Beträgen von 25, 50 oder 75 Eurocents ausgedrückt werden. Mehrfachbestellungen sind zulässig.

Kleinanleger können darüber hinaus während dieses Zeitraums Kaufaufträge auch über den Platzierungsservice *DirectPlace* der Frankfurter Börse unterbreiten. Für Kleinanleger, die ihre Kaufaufträge über diesen Dienst unterbreiten wollen, gilt es im Angebotszeitraum über ihre Depotbank über den Service *DirectPlace* der Frankfurter Börse ein bindendes Angebot abzugeben.

Institutionelle Anleger können ihre Kaufaufträge direkt gegenüber den Managern unterbreiten.

Änderungen der Angebotskonditionen

Frequentis, die Manager und der Selling Shareholder behalten sich das Recht vor, die Anzahl der Aktien, die im Rahmen des erstmaligen öffentlichen Angebots angeboten werden, zu verringern, die obere oder untere Begrenzung der Preisspanne zu senken oder zu erhöhen und/oder den Angebotszeitraum zu verlängern oder zu verkürzen oder das Angebot gänzlich zu beenden.

Der Übernahmevertrag für das Angebot und den Verkauf der im Rahmen des erstmaligen öffentlichen Angebots angebotenen Aktien, am 26. April 2019 abgeschlossen zwischen der Gesellschaft, den Altaktionären die Aktien verkaufen und den Managern wird regeln, dass die Manager das Recht haben, das erstmalige öffentliche Angebot abzubrechen. Dies auch nachdem die Aktien bereits an der Börse notieren und gehandelt wurden,

bis zur buchmäßigen Lieferung gegen Zahlung der Aktien samt der üblichen Provision.

Lieferung und Abrechnung

Die Aktien, die im Rahmen des erstmaligen öffentlichen Angebots angeboten werden, werden voraussichtlich am oder um den 14. Mai 2019 gegen Zahlung des Angebotspreises geliefert.

Stabilisierungsmaßnahmen, Mehrzuteilung und *Greenshoe*-Option

Im Rahmen möglicher Stabilisierungsmaßnahmen, die ergriffen werden können, und im rechtlich zulässigen Rahmen, können Anlegern neben angebotenen Aktien zusätzlich bis zu 400.000 (bereits existierende) Mehrzuteilungs-Aktien zugeteilt werden. Im Zusammenhang mit einer solchen möglichen Mehrzuteilung werden einem Stabilisierungsmanager im Wege eines Wertpapierdarlehens bis zu 400.000 bereits bestehende Aktien vom Selling Shareholder unentgeltlich zur Verfügung gestellt. Im Zusammenhang mit dieser Mehrzuteilungsoption wird der Selling Shareholder dem Stabilisierungsmanager eine *greenshoe*-Option einräumen, die es ihm ermöglicht, die entliehenen Aktien gegen Zahlung des Angebotspreises abzüglich vereinbarter Provisionen zu erwerben. Diese *greenshoe*-Option kann von dem Tag, an dem die Aktien erstmals an einer Börse gehandelt werden bis spätestens 35 Kalendertage danach soweit ausgeübt und ist auf die Anzahl der Aktien, die im Rahmen der Mehrzuteilungsoption platziert wurden, beschränkt.

E.4 Beschreibung aller für das Angebot wesentlicher, einschließlich kollidierender Interessen

In Zusammenhang mit dem erstmaligen öffentlichen Angebot und der Zulassung der Aktien zum Handel werden die Manager den ermittelten Börsenpreis der angebotenen Aktien übereinstimmend mit dem Platzierungsvolumen (abzüglich der vereinbarten Provision, Kosten und Aufwendungen sowie den Teil des Ausgabepreises, der bereits für die platzierten neuen Aktien gezahlt wurde) an die Gesellschaft oder die verkaufenden Altaktionäre zum jeweiligen Abrechnungstag zahlen. Die Provision und die Höhe weiterer Zahlungen die die Manager erhalten werden hängen von einem erfolgreichen Abschluss des Angebots, vom Platzierungsvolumen und vom ermittelten Aktienpreis ab. Die Höhe der Provision hängt von der Größe des Angebots und der Höhe des Angebotspreises ab. Die Manager haben daher ein Interesse daran, dass so viele Aktien wie möglich, zum höchstmöglichen Preis platziert werden. Die flatex Bank AG wurde darüber hinaus zum Betreuer für den fortlaufenden Handel der Aktien mandatiert und wird eine jährliche, marktkonforme Entlohnung für diese Dienstleistung erhalten.

Im Falle eines erfolgreichen erstmaligen Angebots der Aktien besteht die Möglichkeit, dass die Manager als Finanzberater für zukünftige Transaktionen ausgesucht werden oder als Darlehensgeber oder Konsortialführer für zukünftige Finanzierungstransaktionen oder im eigenen Namen oder im

Namen ihrer Kunden Aktien oder andere Wertpapiere oder Darlehen der Gruppe handeln.

Im Zusammenhang mit dem erstmaligen öffentlichen Angebot könnten die Manager und jedes mit ihnen verbundene Unternehmen außerdem für eigene Rechnung Aktien im Rahmen des selbigen erwerben und solche Aktien oder damit verbundene Rechte für eigene Rechnung behalten, kaufen oder verkaufen, und solche Aktien oder damit verbundene Rechte in einem anderen Zusammenhang als mit diesem Angebot anbieten oder verkaufen. Zusätzlich könnten die Manager und mit ihnen verbundene Unternehmen mit Anlegern Finanzierungsvereinbarungen (einschließlich Swap- oder Differenzgeschäfte) vereinbaren, wobei die Manager (oder mit ihnen verbundene Unternehmen) bei Gelegenheit Aktien der Gesellschaft erwerben, halten oder veräußern könnte.

Zum Datum des Prospekts hält der Selling Shareholder direkt sowie indirekt etwa 96,58% der Altaktien und hat damit Einfluss auf die Entscheidungen der Gesellschaft in Hinblick auf das erstmalige öffentliche Angebot. Der Selling Shareholder erhält die aus dem erstmaligen öffentlichen Angebot stammende Erlöse. Folglich hat der Selling Shareholder ein Interesse am Erfolg des Angebots zu den bestmöglichen Konditionen.

Der CEO erhielt einen Cash Bonus und hat sich verpflichtet, im Rahmen des pre-IPOs 15.000 Aktien zu erwerben; dieser Bonus bleibt im Fall eines erfolgreichen IPOs aufrecht. Das Vorstandsmitglied hat demzufolge ein gesteigertes Interesse an einem erfolgreichen Angebot.

Die Manager oder Konzerngesellschaften könnten in Geschäftsbeziehungen, etwa Finanzierungen, mit der Gruppe stehen, oder andere Dienstleistungen im Rahmen ihres normalen Geschäftsbetriebs für diese ausführen.

E.5 Name der Person/des Unternehmens, die/das das Wertpapier zum Kauf anbietet.

Die Aktien werden von den Managern zum Verkauf angeboten. Während des Angebotszeitraums können Kleinanleger ihre Kaufaufträge für die im Rahmen des erstmaligen öffentlichen Angebots angebotenen Aktien in Deutschland und in Österreich in den Geschäftsstellen der Manager, bei der comdirect bank Aktiengesellschaft oder möglicherweise über andere Banken oder Makler von Privatanlegern abgeben.

Lock-up Vereinbarungen: die beteiligten Parteien und die

Lock-up Frist..... Die Gesellschaft und der Selling Shareholder haben mit den Managern eine *Lock-up* Vereinbarung in Bezug auf die Aktien, die angeboten werden, abgeschlossen, beginnend mit dem Tag des Übernahmevertrags für die Dauer von zwölf Monaten ab dem ersten Tag der Börsennotierung.

E.6 Betrag und Prozentsatz von
aus dem Angebot resul-
tierender unmittelbarer

Verwässerung..... Für den Fall, dass alle neuen, im Rahmen des erstmaligen öffentlichen Angebots angebotenen, Aktien an Neuaktionäre vermittelt werden, würde die Beteiligung der Altaktionäre am Grundkapital sowie deren Stimmrechte um 30,4% auf etwa 69,6% am erhöhten Grundkapital reduziert werden.

Basierend auf der Anzahl der Aktien, die zum Tag der Erstellung des Prospektes existierten, beläuft sich der Netto-Buchwert der Gesellschaft zum 31. Dezember 2018 auf EUR 84,3 Millionen und EUR 7,02 pro Aktie. Aus dem erstmaligen öffentlichen Angebot wird der Gesellschaft – ausgehend von einer Platzierung in der Mitte des Preisbands – ein Nettoerlös in der Höhe von etwa EUR 21,8 Millionen zufließen. Demzufolge wäre der Netto-Buchwert der Gesellschaft zum 31. Dezember 2018 in etwa EUR 106,1 Millionen, respektive EUR 8,04 pro Aktie, hätte das erstmalige öffentliche Angebot bereits vor diesem Zeitpunkt stattgefunden.

E.7 Schätzung der Ausgaben, die
dem Anleger vom Emittenten
oder Anbieter in Rechnung
gestellt werden

Von Seiten der Manager, dem Selling Shareholder und der Gesellschaft fallen keine Steuern oder Gebühren an. Allerdings können dem Investor Bankgebühren seiner beauftragten Finanzinstitution anfallen. Angehenden Investoren wird empfohlen, sich über diese Kosten zu informieren.

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