

Q1/22

QUARTERLY STATEMENT 31 MARCH 2022

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OVERVIEW OF KEY FINANCIALS¹

OPERATIONAL KPIS

| In EUR millions/as indicated | Q1/2022 1.1.2022 – 31.3.2022 | Q1/2021 1.1.2021 – 31.3.2021 |
|---|------------------------------------|------------------------------------|
| Revenue | 616.8 | 619.2 |
| Gross profit | 218.2 | 214.0 |
| EBITDA | 118.0 | 108.8 |
| Adjusted consolidated profit ² | 62.8 | 49.8 |
| Adjusted earnings per share (in EUR) ^{2,3} | 0.53 | 0.40 |

SUBSCRIBERS

| in '000s | 31.3.2022 | 31.12.2021 | 31.03.2021 |
|----------------------------------|-----------|------------|------------|
| Postpaid customers | 7,182.8 | 7,178.0 | 7,099.4 |
| App-based customers ⁴ | 98.4 | 88.0 | 68.3 |
| freenet TV subscribers (RGU) | 761.0 | 796.6 | 868.3 |
| waipu.tv subscribers | 769.0 | 722.5 | 611.7 |
| Subscriber base (total) | 8,811.1 | 8,785.1 | 8,647.6 |

BALANCE SHEET

| as indicated | 31.3.2022 | 31.12.2021 | 31.03.2021 |
|---------------------|-----------|------------|------------|
| Equity ratio (in %) | 42.3 | 41.5 | 43.2 |
| Leverage | 1.6 | 1.8 | 1.6 |

CASH FLOWS, INVESTMENTS AND DEPRECIATION/AMORTISATION/IMPAIRMENT

| In EUR millions | Q1/2022 1.1.2022 – 31.3.2022 | Q1/2021 1.1.2021 – 31.3.2021 |
|--|------------------------------------|------------------------------------|
| Free cash flow | 62.7 | 59.5 |
| Net investments (CapEx) | 12.8 | 8.6 |
| Depreciation, amortisation and impairment | 84.9 | 39.8 |
| Thereof amortisation of the mobilcom-debitel trademark | 47.0 | 0.0 |

SHARE

| In EUR/as indicated | 31.3.2022 | 31.12.2021 | 31.3.2021 |
|--|-----------|------------|-----------|
| Market value per share ⁵ | 24.30 | 23.27 | 20.41 |
| Market capitalisation (in EUR millions) ⁵ | 3,112 | 2,980 | 2,614 |

EMPLOYEES

| Number | 31.3.2022 | 31.12.2021 | 31.3.2021 |
|-----------|-----------|------------|-----------|
| Employees | 3,699 | 3,784 | 3,909 |

¹ Unless indicated otherwise, key financials are defined in the "Corporate Management" section of the 2021 Annual Report.

² Adjusted for effects from the amortisation of the mobilcom-debitel trademark

³ Basic and diluted

⁴ Comprises subscribers of freenet FUNK and freenet FLEX

⁵ Based on XETRA daily closing price

INFORMATION ON THE PERFORMANCE OF FREENET AG

BUSINESS PERFORMANCE AND MATERIAL EVENTS

BUSINESS PERFORMANCE OF FREENET AG

freenet's business model remains resilient and robust despite the increasingly challenging macroeconomic conditions. The most significant economic challenges include the increasing inflationary pressures created by the Ukraine conflict as well as growing disruption to global supply chains for various commodities and associated manufactured goods. However, neither of these factors is significantly impacting freenet's risk situation or its business development forecast for the 2022 financial year. The following core points remain crucial to the resilience of freenet's business model:

- Demand in the markets in which freenet operates does not respond sensitively to crises.
- The main services and products offered by freenet as a service provider in the areas of digital communication, information and entertainment are largely independent of global supply chains.
- freenet's value creation is predominantly based on long-term subscriptions.
- The company's largely digitalised processes and flexible sales structures facilitate successful collaboration even in challenging conditions.

freenet met the expectations set out in the guidance for the 2022 financial year during the first three months of the year:

- At 616.8 million euros, revenue developed as expected between January and March 2022 compared to the prior-year quarter (619.2 million euros).
- EBITDA also developed in line with expectations, rising by 8.4 per cent to 118.0 million euros compared to the first quarter of 2021 (108.8 million euros). This increased profitability is based on operational improvements across all segments as well as the sustainable optimisation of overhead costs.
- Free cash flow was within expectations at 62.7 million euros (prior-year quarter: 59.5 million euros). For the first time, this included a dividend payment of 5.5 million euros from the equity interest in CECONOMY AG.
- The number of freenet subscriber agreements is growing steadily, with the number of subscribers (including app-based tariffs) reaching 8.811 million as of 31 March 2022 (end of 2021: 8.785 million).

MOBILE COMMUNICATIONS: FREENET UMBRELLA BRAND REINFORCED AND 5G TARIFFS EXPANDED

At the start of the year, mobilcom-debitel became the first service provider in Germany to offer superfast 5G with its Magenta tariff portfolio, with customers now able to choose from two “D” networks under the umbrella of a single provider. The main freenet brand also added the first 5G tariff to its portfolio with “green 5G 40 GB”.

The Group’s no-frills subsidiary klarmobil also made further improvements to its tariff portfolio. In January it boosted the Allnet Flat 20 GB tariff to 100 Mbit/s at no extra cost with a LTE speed upgrade, while in February the smallest Allnet Flat tariff received an extra gigabyte of unrestricted inclusive volume for free, taking it to 6 GB LTE. freenet Mobile also expanded its range of LTE Allnet Flat tariffs in February.

In addition, freenet began consolidating its brand portfolio and reinforcing the freenet umbrella brand during the first quarter of 2022. As part of this process, products currently sold under the mobilcom-debitel brand will also carry the freenet name in future. In light of this development, the carrying amount of the mobilcom-debitel brand totalling around 293 million euros will be amortised on a straight-line basis over 18 months until 30 June 2023. This amortisation will have a negative impact on the relevant key performance indicators for the Group (e.g. EBIT or equity ratio). However, it will not affect freenet’s liquidity and thus its ability to pay dividends. The aim of this standardisation is to raise freenet’s profile so that it becomes known as an umbrella brand for one of the largest digital lifestyle providers in Germany and creates synergies in sales and retail, marketing and customer communications. The Group has already taken the first few successful steps in this rebranding process. By appointing entertainer Dieter Bohlen as an ambassador, freenet has already significantly enhanced its profile as a consumer brand and linked together its individual product brands and categories. The switch will come into effect across all analogue and digital channels over the next few months of this year, with the majority of around 550 of the Group’s own shops to be rebranded by mid-2022.

The new 5G tariffs, upgrades and special promotions meant that the number of subscribers in the core business continued to grow steadily, with the significantly more restrictive regulatory environment created by the entry into force of the new Telecommunications Act (Telekommunikationsgesetz – TKG) on 1 December 2021 temporarily weakening growth as expected. The number of postpaid customers rose marginally by 0.1 per cent in the first three months of 2022 to

7.183 million as of the end of March (end of 2021: 7.178 million customers), whereas the number of users of app-based tariffs grew by 11.8 per cent to 98.4 thousand as of the end of March (end of 2021: 88.0 thousand). Postpaid ARPU remained stable year-on-year at 17.7 euros (prior-year quarter: 17.8 euros). As a result, service revenues rose slightly by 0.7 per cent to 381.4 million euros in the first quarter of 2022 (previous year: 378.9 million euros).

freenet’s second consistent revenue pillar consists of devices, electronic products and subscriptions for digital lifestyle options such as smartphone insurance, antivirus software and other digital services for Mobile Communications contract customers. As expected, this segment contributed revenue of 45.0 million euros in the first quarter of the current financial year, down slightly on the figure for the same period in 2021 (46.9 million euros). Increased awareness of freenet as a consumer brand will have a positive impact on this business in the future.

TV AND MEDIA SEGMENT: NEW CUSTOMERS, NEW CHANNELS, NEW PARTNERS

As freenet’s third revenue pillar and a complement to the Mobile Communications business, the TV and radio business makes a significant contribution to the Group’s revenue and earnings. waipu.tv continued to record steady growth in the first quarter, expanding both its range of programming and its subscriber figures. The entertainment offering grew by a total of 11 channels in the first three months of the year (including documentary channels such as Animal Planet and One Terra HD). Meanwhile, the number of subscribers rose by 46.5 thousand to 769.0 thousand as of 31 March 2022 (end of 2021: 722.5 thousand). An additional growth channel was created at the end of the first quarter with the announcement of a partnership with Deutsche Glasfaser Holding. As part of this collaboration, Deutsche Glasfaser will discontinue its BrightBlue IPTV product at the end of the year and migrate its existing customers to waipu.tv from 2023 onwards. The company’s new IPTV customers will be able to use waipu.tv from the end of 2022.

Media Broadcast also announced new commercial partnerships during the first quarter. As the provider of freenet TV, this subsidiary now renders additional comprehensive technology services such as the operation, maintenance and repair of terrestrial transmitters for large major television and radio broadcasters. Media Broadcast is expanding the broadcasting network of the first national digital radio multiplex further during the current financial year as part of its role as a platform operator. The second Saarland site for the nationwide

DAB+ multiplex went live with 16 commercial radio stations in February, followed by a transmitter in Reutlingen in mid-March. The transmitter network for the first national DAB+ station ensemble is set to consist of 161 sites by the end of the year, with 74.6 million people or around 90 per cent of the population receiving coverage by this point.

The company is also expanding its presence in the telecommunications market. In early March, Media Broadcast reached a long-term agreement with 1&1 to maintain and repair its new 5G mobile network. As well as assuming responsibility for maintenance and fault clearance at several thousand mobile communication mast locations, the freenet subsidiary will also support repairs and fault clearance at the four central data centres of Germany's fourth-largest mobile network, which in turn are connected to more than 500 local data centres nationwide. This means that, in addition to its core business of providing television and radio infrastructure, Media Broadcast is expanding its business further to include professional services.

Media Broadcast has already been active in the 5G campus network business for commercial applications for more than a year. Its first customers in this area included the Forschungszentrum Jülich research centre as well as live TV productions for UEFA EURO 2020, with the networks demonstrating impressive performance capabilities and stability. In mid-March, the freenet subsidiary supplemented its existing 5G technology centre in Nauen, near Berlin, with a second site at the company's headquarters in Cologne. The 5G Core will continue to operate in Nauen and will be connected to the new Cologne cell via fibre. This will enable Media Broadcast to provide commercially efficient solutions boasting high-performance technology at various external locations such as football stadiums, production facilities, construction sites and agricultural land, strengthening its position as a powerful partner for 5G campus solutions.

As expected, user figures in Media Broadcast's terrestrial television business continued the steady decline seen in previous quarters during the first three months of 2022. The number of revenue-generating users (RGU) of freenet TV fell by 35.6 thousand in the first quarter of 2022 to 761.0 thousand as of the end of March (end of 2021: 796.6 thousand). However, the profitability of Media Broadcast's business model remains consistently high.

FINANCIAL MANAGEMENT SYSTEM

OBJECTIVES AND GOVERNANCE

The key performance indicator (KPI) system for strategic and operational management is supplemented by an established financial management system. The primary aims of the financial management approach taken by freenet AG are to ensure access to the (debt) capital market, provide sufficient liquidity for the operating business and define a reliable and sustainable dividend policy. The tasks required to achieve these aims are handled centrally by the Treasury department, supported by Financial Control and Accounting.

KEY PERFORMANCE INDICATORS: CASH, LIQUIDITY AND CAPITAL STRUCTURE MANAGEMENT

The following are essential to ensuring both access to the capital market and liquidity:

(1) capital structure management

(2) cash and liquidity management

Two alternative performance measures – equity ratio and leverage – are key figures for structuring capital across the Group. In terms of the equity ratio, which shows the ratio of equity to total equity and liabilities (as reported in the balance sheet in each case), a lower limit of 25.0 per cent was set. In terms of leverage as a ratio of net debt to EBITDA over the last twelve months, an upper limit of no more than 3.0 times EBITDA was set.

In addition, adjusted leverage is also reported for information purposes. In the opinion of freenet, this provides a more market-oriented perspective on the freenet Group's debt by including the market value of the CEECONOMY equity investment in net debt (adjusted net debt).

Table 1: Capital structure management KPIs

| as indicated | Limits | Achieved | 31.3.2022 | 31.12.2021 | 31.3.2021 |
|---------------------|--------|----------|-----------|------------|-----------|
| Equity ratio (in %) | > 25.0 | Yes | 42.3 | 41.5 | 43.2 |
| Leverage | ≤ 3.0 | Yes | 1.6 | 1.8 | 1.6 |

At 42.3 per cent, the equity ratio on the reporting date remained significantly above the threshold of 25.0 per cent. Although the amortisation of the mobilcom-debitel trademark began on 5 January 2022, this figure improved slightly by 0.8 percentage points compared to the end of 2021. This increase primarily resulted from the collection of current profits. The continued acquisition of treasury shares (see section entitled "2022 share buyback programme") totalling 14.7 million euros reduced equity. The equity ratio fell slightly by 0.9 percentage points compared to 31 March 2021.

Leverage at the end of March 2022 was 1.6, well below the maximum limit and at the same level as in the prior-year quarter. The slight reduction compared to the end of 2021 was primarily due to the fall in net debt predominantly caused by higher liquid assets.

Table 2: (Adjusted) net debt and (adjusted) leverage

| In EUR millions | 31.3.2022 | 31.12.2021 | 31.3.2021 |
|--|--------------|--------------|--------------|
| Long-term borrowings | 427.5 | 505.8 | 686.1 |
| Short-term borrowings | 222.3 | 143.6 | 53.8 |
| Net lease liabilities | 412.1 | 425.3 | 452.4 |
| Liquid assets | - 334.5 | - 286.3 | - 500.5 |
| Net debt | 727.4 | 788.4 | 691.9 |
| Leverage | 1.6 | 1.8 | 1.6 |
| Equity investment in CECONOMY ¹ | 111.7 | 123.7 | 161.3 |
| Adjusted net debt | 615.7 | 664.7 | 530.5 |
| Adjusted leverage | 1.3 | 1.5 | 1.2 |

¹ Closing price (XETRA) of the number of shares held by freenet

The Executive Board confirms its formulated financial strategy and reiterates all target figures. Additional information and definitions relating to the key financials can be found in the "Corporate Management" section of the 2021 Annual Report (p. 38 et seq.).

DIVIDEND POLICY

The dividend policy is another key component of the Group's financial management activities. In principle, the Executive Board pursues a policy of consistent distributions aligned with freenet AG's operational performance. Free cash flow serves as the starting point and basis for determining dividends. As a reliable and transparent point of reference for shareholders to derive the expected distribution, this liquidity indicator is integral to managing and forecasting the company's performance.

In the interest of continuing to make regular distributions, management has defined 80 per cent of free cash flow as a long-term, stable distribution rate. In addition to a cash dividend, shareholders might potentially also participate in the company's success in the form of share buybacks.

2022 SHARE BUYBACK PROGRAMME (COMPLETED)

At the 2020 Annual General Meeting, shareholders authorised the Executive Board to repurchase the Group's own shares. This authorisation covers the acquisition of up to 10.0 per cent of share capital at the time of the resolution and requires the approval of the Supervisory Board in order to be exercised. As part of a third share buyback programme launched on 12 January 2022 (2022 share buyback programme), the company repurchased 0.51 per cent of its share capital (0.65 million shares) before the programme was completed on 31 March 2022.

The company has repurchased 7.15 per cent of its share capital (9.16 million shares) worth around 179.14 million euros over the course of all three share buyback programmes (2020 share buyback programme, 2021 share buyback programme, 2022 share buyback programme). As a result, the proportion of directly and indirectly held treasury shares currently totals 7.19 per cent (9.21 million shares).

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

REVENUE AND RESULTS OF OPERATIONS

Table 3: Revenue and earnings performance indicators for the Group

| In EUR millions | Q1/2022 1.1.2022 – 31.3.2022 ¹ | Q1/2021 1.1.2021 – 31.3.2021 | Absolute differ- ence | Relative differ- ence |
|---|---|------------------------------------|-----------------------------|-----------------------------|
| Revenue | 616.8 | 619.2 | - 2.3 | - 0.4% |
| Gross profit | 218.2 | 214.0 | 4.1 | 1.9% |
| Overhead | - 100.2 | - 105.2 | 5.1 | 4.8% |
| EBITDA | 118.0 | 108.8 | 9.2 | 8.4% |
| Adjusted EBIT | 80.2 | 69.0 | 11.2 | 16.2% |
| Financial result | 0.4 | - 8.9 | 9.3 | n. a. |
| Adjusted EBT | 80.6 | 60.1 | 20.4 | 34.0% |
| Adjusted con- solidated profit | 62.8 | 49.8 | 13.0 | 26.1% |

¹ Earnings figures (EBIT, EBT, consolidated profit) adjusted for effects from the amortisation of the mobilcom-debitel trademark

Consolidated revenue at 616.8 million euros in the first quarter of 2022 was stable compared with the prior-year quarter (619.2 million euros). The number of postpaid customers in the Mobile Communications segment rose further to 7.183 million at 31 March 2022 (31 March 2021: 7.099 million). Postpaid ARPU remained stable year-on-year in the first quarter of 2022 at 17.7 euros (prior-year quarter: 17.8 euros). Mobile Communications revenue declined slightly overall, falling by 4.1 million euros to 544.6 million euros (prior-year quarter: 548.7 million euros) due to a moderate reduction in low-margin hardware sales. By contrast, revenue in the TV and Media segment rose by 4.4 million

euros year-on-year, from 69.5 million euros in the prior-year quarter to 73.9 million euros. This figure increased because the decline in freenet TV revenue-generating users was more than offset by strong growth in waipu.tv subscribers.

Gross profit grew by 4.1 million euros to 218.2 million euros compared to the first quarter of 2021 (214.0 million euros). The gross profit margin rose by 0.8 percentage points to 35.4 per cent, due in particular to the higher proportion of service revenue.

Overhead costs as the difference between gross profit and EBITDA decreased by 5.1 million euros to 100.2 million euros compared to the first quarter of 2021 (105.2 million euros) due to the sustained optimisation of overhead costs. With a lower number of employees compared to the first quarter of 2021, the increase in personnel expenses to 53.0 million euros (prior-year quarter: 50.5 million euros) was due to lower effects from utilising short-time work (5.7 million euros).

As a result of the effects outlined above, EBITDA rose considerably year-on-year to 118.0 million euros in the first three months of 2022 (prior-year quarter: 108.8 million euros). All three segments contributed to this increase. The Mobile Communications segment generated EBITDA of 96.8 million euros (prior-year quarter: 91.7 million euros), while EBITDA in the TV and Media segment grew to 25.3 million euros (prior-year quarter: 22.0 million euros). With EBITDA of -4.1 million euros, the Other/Holding segment reduced its loss compared to the prior-year period (-4.9 million euros).

Depreciation, amortisation and impairment losses increased by 45.1 million euros year-on-year, from 39.8 million euros to 84.9 million euros. In early January, as part of the realignment of the brand strategy, the Executive Board of freenet AG decided to gradually replace the mobilcom-debitel brand in use since 2009 with the freenet brand. The mobilcom-debitel brand had previously been presented in the balance sheet as an intangible asset with an indefinite useful life (31 December 2021: 293.2 million euros). As a result of the Executive Board decision, the carrying amount of the mobilcom-debitel brand will be amortised on a straight-line basis over the expected remaining useful life of 18 months to 30 June 2023. For the first quarter of 2022, this resulted in amortisation of 47.0 million euros.

The earnings figures below EBITDA (EBT and consolidated profit) are shown below adjusted for effects resulting from the amortization of the mobilcom-debitel brand right to improve comparability with the prior-year period.

The financial result improved by 9.3 million euros to 0.4 million euros compared to the first quarter of 2021 (-8.9 million euros). The decrease in interest expenses included in the financial result to 5.6 million euros (prior-year quarter: 8.5 million euros) is mainly due to lower bank interest

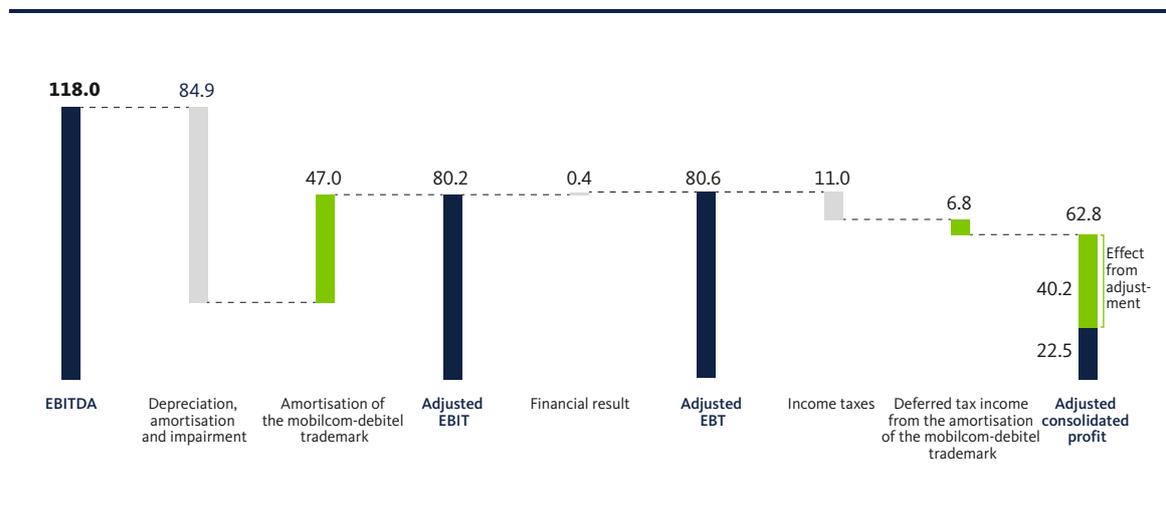
associated with the repayment of borrowings. The other financial result of the first quarter of 2022 for the first time includes a dividend of 5.5 million euros received from the equity interest in CECONOMY AG.

Due to the effects explained above, adjusted earnings before tax (adjusted EBT) amounted to 80.6 million euros, an increase of 20.4 million euros year-on-year (prior-year quarter: 60.1 million euros).

Income tax expenses of 11.0 million euros (prior-year quarter: 10.4 million euros) were reported in the quarter under review. Current tax expenses of 10.3 million euros (prior-year quarter: 7.6 million euros) and deferred tax expenses of 0.7 million euros (prior-year quarter: 2.8 million euros) were recognised. Deferred tax income of 6.8 million euros results from the amortisation of the mobilcom-debitel trademark in the quarter under review. When calculating adjusted consolidated profit, this amount is offset against the amortisation of the mobilcom-debitel trademark.

Overall, the Group generated adjusted consolidated profit of 62.8 million euros in the first quarter of 2022 (prior-year quarter: 49.8 million euros).

Figure 1: Reconciliation of EBITDA to adjusted consolidated profit (in EUR millions)



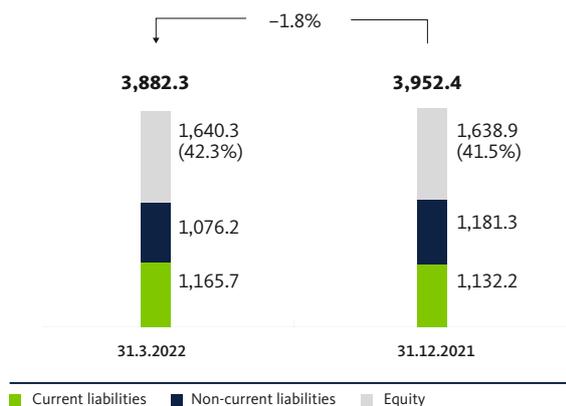
NET ASSETS AND FINANCIAL POSITION

Figure 2: Condensed balance sheet of the freenet Group (in EUR millions)

Assets



Equity and liabilities



Total assets/total equity and liabilities amounted to 3,882.3 million euros as at 31 March 2022, a decrease of 70.2 million euros, or 1.8 per cent, compared with 31 December 2021 (3,952.4 million euros).

On the assets side, non-current assets fell by 99.3 million euros to 3,006.9 million euros (end of 2021: 3,106.2 million euros). This change is due to a 54.2 million euro decline in intangible assets to 404.8 million euros (end of 2021: 458.9 million euros) primarily caused by the amortisation of the mobilcom-debitel trademark. Other financial assets

also fell by 19.3 million euros to 182.5 million euros (end of 2021: 201.8 million euros) due to the decline in the market values of equity interests in CECONOMY AG and MGI AG. In addition, lease assets decreased by 13.1 million euros to 388.3 million euros, mainly as a result of depreciation (end of 2021: 401.4 million euros).

Current assets rose by 29.1 million euros to 875.3 million euros (end of 2021: 846.2 million euros). This was primarily due to the 48.2 million euro increase in liquid assets to 334.5 million euros (end of 2021: 286.3 million euros). The 8.1 million euro reduction in trade accounts receivable to 237.4 million euros (end of 2021: 245.6 million euros) is mainly attributable to lower receivables from network operators due to annual bonus payments.

On the equity and liabilities side, equity rose by 1.4 million euros to 1,640.3 million euros (end of 2021: 1,638.9 million euros). This positive change is predominantly driven by the consolidated profit (unadjusted: 22.5 million euros) as well as actuarial gains from the measurement of pension provisions recognised in other comprehensive income (9.2 million euros). The completed 2022 share buyback programme (-14.7 million euros) and the change to the fair value of the CECONOMY and MGI shares recognised in other comprehensive income (-15.8 million euros) had an offsetting effect. The equity ratio increased from 41.5 per cent at the end of December 2021 to 42.3 per cent at the end of the first quarter of 2022.

Total current and non-current liabilities fell by 71.6 million euros to 2,241.9 million euros (end of 2021: 2,313.5 million euros). Borrowings were still the largest item within current and non-current liabilities at 649.8 million euros, remaining virtually unchanged from 31 December 2021 (649.4 million euros).

Trade accounts payable fell by 33.4 million euros to 305.4 million euros (end of 2021: 338.8 million euros), primarily due to balance sheet date-related developments in connection with liabilities to hardware suppliers and network operators. Lease liabilities decreased by a further 16.2 million euros to 464.7 million euros, mainly as a result of scheduled repayments (end of 2021: 480.9 million euros). Pension provisions fell by 14.3 million euros to 82.0 million euros (end of 2021: 96.3 million euros) due to a sharp increase in the discount rate.

CASH FLOWS

Table 4: Cash flow indicators of the Group

| In EUR millions | Q1/2022 1.1.2022 – 31.3.2022 | Q1/2021 1.1.2021 – 31.3.2021 | Absolute differ- ence | Relative differ- ence |
|--------------------------------------|------------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Cash flows from operating activities | 97.3 | 89.0 | 8.3 | 9.4% |
| Cash flows from investing activities | - 12.7 | - 6.9 | - 5.8 | - 83.9% |
| Cash flows from financing activities | - 36.4 | - 248.5 | 212.1 | 85.3% |
| Net change in cash funds | 48.2 | - 166.4 | 214.6 | n.a. |
| Free cash flow¹ | 62.7 | 59.5 | 3.3 | 5.5% |

1 Free cash flow is an alternative performance measure that is defined in the "Corporate Management" section of the 2021 Annual Report (p. 38 et seq.).

Cash flows from operating activities increased by 8.3 million euros year-on-year to 97.3 million euros (prior-year quarter: 89.0 million euros). In addition to a 9.2 million euro increase in EBITDA, this figure was positively impacted primarily by a 14.1 million euro reduction in the increase in net working capital, a dividend of 5.5 million euros received from CECONOMY AG, and a 3.8 million euro reduction in interest payments to 4.7 million euros (prior-year quarter: 8.5 million euros). Conversely, the change in contract acquisition costs (Q1/2022: increase of 0.4 million euros, Q1/2021: reduction of 21.6 million euros) and the 2.3 million euro rise in tax payments to 8.3 million euros (prior-year quarter: 6.0 million euros) reduced these cash flows.

Cash flows from investing activities amounted to -12.7 million euros in the first quarter of 2022 compared to -6.9 million euros in the prior-year quarter. The cash outflows for investments in intangible fixed assets and in property, plant and equipment, netted out against the cash inflows from the disposal of such assets, increased by 4.3 million euros year-on-year, from 8.6 million euros to 12.8 million euros, partly due to the comprehensive modernisation of the Büdelsdorf administration building, taking into account sustainability aspects (increasing energy efficiency and expanding the "New Work" model). The cash investments were financed entirely out of the company's retained earnings.

Cash flows from financing activities improved significantly from -248.5 million euros in the prior-year quarter to -36.4 million euros in the period under review. This change is primarily due to the scheduled repayment of a promissory note loan in the amount of 200.0 million euros in the first quarter of 2021. Cash outflows under the share buyback programme (2022 share buyback programme) amounted to 14.7 million euros during the period under review (prior-year quarter: 27.5 million euros).

Free cash flow of 62.7 million euros was generated in the first quarter of 2022, representing an increase of 3.3 million euros compared with the same quarter of the previous year (59.5 million euros).

REPORT ON OPPORTUNITIES AND RISKS

Since the beginning of the financial year, there have been no significant changes in relation to the risks associated with future business development. The opportunities and risks to which freenet AG is exposed as part of its ongoing business activities were described in detail in the 2021 Annual Report (page 55 et seq.) and continue to apply.

All assessments made continue to be dependent upon the duration and extent of the coronavirus crisis and the indirect consequences of the war in Ukraine. It is not possible to reliably and completely assess both.

REPORT ON EXPECTED DEVELOPMENTS

The forecast for the Group's business development in 2022 was published on 25 February 2022 as part of the presentation of the preliminary financial results for 2021 and confirmed with the publication of the 2021 Annual Report on 25 March 2022. Overall, the expected development of performance indicators is based on the estimates made and our understanding of potential macroeconomic developments in Germany at this point in time, which is primarily influenced by the ongoing COVID-19 pandemic.

In addition, general trends in the telecommunications and TV/video market do not provide any grounds for changes that would have an effect on freenet's business model.

Against this backdrop, the Executive Board confirms the guidance for the current financial year as well as the statements made in this context. A detailed explanation of the guidance can be found in the current 2021 Annual Report (p. 69 et seq.).

Table 5: Comparison of forecast and actual performance

| Financial performance indicators In EUR millions/as indicated | 2021 reference value | Forecast for 2022 | Confirmation of forecast, Q1/2022 | Q1/2022 1.1.2022 – 31.3.2022 | Change in forecast |
|--|-------------------------|-----------------------|---|------------------------------------|-----------------------|
| Revenue | 2,556.3 | Stable performance | Stable performance | 616.8 | → |
| EBITDA | 447.3 | 450 – 470 | 450 – 470 | 118.0 | → |
| Free cash flow | 234.4 | 230 – 250 | 230 – 250 | 62.7 | → |
| Postpaid ARPU (in EUR) | 18.1 | Stable performance | Stable performance | 17.7 | → |

| Non-financial performance indicators In '000s | 2021 reference value | Forecast for 2022 | Confirmation of forecast, Q1/2022 | Q1/2022 1.1.2022 – 31.3.2022 | Change in forecast |
|--|-------------------------|----------------------|---|------------------------------------|-----------------------|
| Postpaid customers | 7,178.0 | moderate growth | moderate growth | 7,182.8 | → |
| freenet TV subscribers (RGU) | 796.6 | marked decrease | marked decrease | 761.0 | → |
| waipu.tv subscribers | 722.5 | solid growth | solid growth | 769.0 | → |

- ↑ above previous guidance
- unchanged from previous guidance
- ↓ below previous guidance

Büdelndorf, 12 May 2022

freenet AG
The Executive Board



Christoph Vilanek



Ingo Arnold



Stephan Esch



Antonius Fromme



Rickmann v. Platen

SELECTED FINANCIAL INFORMATION

NOTES ON THE ACCOUNTING AND FINANCIAL REPORTING

This quarterly statement has been prepared in accordance with International Financial Reporting Standards (IFRSs). The Group has adopted all accounting pronouncements required to be applied as of the reporting date. For information on the principles and methods applied in consolidated accounting and financial reporting, please refer to the notes to the consolidated financial statements as of 31 December 2021 (see page 124 et seq. of the 2021 Annual Report).

CONSOLIDATED INCOME STATEMENT

| In EUR '000s/as indicated | Q1/2022 1.1.2022 – 31.3.2022 | Q1/2021 1.1.2021 – 31.3.2021 |
|---|------------------------------------|------------------------------------|
| Revenue | 616,816 | 619,151 |
| Other operating income | 10,693 | 9,593 |
| Other own work capitalised | 5,291 | 5,345 |
| Cost of materials | - 398,641 | - 405,107 |
| Personnel expenses | - 53,042 | - 50,469 |
| Other operating expenses | - 63,092 | - 69,683 |
| Thereof: loss allowances on financial assets and contract assets | - 6,338 | - 8,660 |
| Thereof without loss allowances on financial assets and contract assets | - 56,754 | - 61,023 |
| EBITDA¹ | 118,025 | 108,830 |
| Depreciation, amortisation and impairment | - 84,880 | - 39,799 |
| EBIT² | 33,145 | 69,031 |
| Profit or loss of equity-accounted investments | 60 | - 517 |
| Interest and similar income | 1,017 | 575 |
| Interest and similar expenses | - 5,575 | - 8,452 |
| Other financial result | 4,880 | - 506 |
| Financial result | 382 | - 8,900 |
| Earnings before taxes | 33,527 | 60,131 |
| Income taxes | - 11,005 | - 10,377 |
| Consolidated profit | 22,522 | 49,754 |
| Consolidated profit attributable to shareholders of freenet AG | 22,304 | 50,155 |
| Consolidated profit/loss attributable to non-controlling interests | 218 | - 401 |
| Earnings per share (EPS), basic and diluted (in EUR) | 0.19 | 0.40 |
| Weighted average number of shares outstanding, basic and diluted (in thousands) | 119,251 | 124,622 |

¹ EBITDA is defined as earnings before financial result and income taxes, plus depreciation, amortisation and impairment.

² EBIT is defined as earnings before financial result and income taxes.

CONSOLIDATED BALANCE SHEET

| ASSETS | | |
|--|------------------|------------------|
| In EUR '000s | 31.3.2022 | 31.12.2021 |
| Non-current assets | | |
| Intangible assets | 404,755 | 458,911 |
| Lease assets | 388,330 | 401,423 |
| Goodwill | 1,382,394 | 1,382,394 |
| Property, plant and equipment | 124,503 | 124,349 |
| Equity-accounted investments | 160 | 100 |
| Deferred income tax assets | 129,769 | 134,229 |
| Trade accounts receivable | 52,261 | 56,895 |
| Other receivables and other assets | 90,810 | 95,094 |
| Other financial assets | 182,475 | 201,776 |
| Contract acquisition costs | 251,454 | 251,053 |
| | 3,006,911 | 3,106,224 |
| Current assets | | |
| Inventories | 89,329 | 92,668 |
| Current income tax assets | 323 | 293 |
| Trade accounts receivable | 237,447 | 245,591 |
| Other receivables and other assets | 169,871 | 173,426 |
| Other financial assets | 43,884 | 47,936 |
| Liquid assets | 334,492 | 286,287 |
| | 875,346 | 846,201 |
| Total assets | 3,882,257 | 3,952,425 |
| EQUITY AND LIABILITIES | | |
| In EUR '000s | 31.3.2022 | 31.12.2021 |
| Equity | | |
| Share capital | 128,061 | 128,061 |
| Capital reserve | 737,536 | 737,536 |
| Treasury shares | - 179,231 | - 164,562 |
| Cumulative other comprehensive income | - 128,859 | - 122,410 |
| Consolidated net retained profits | 1,086,779 | 1,064,475 |
| Equity attributable to shareholders of freenet AG | 1,644,286 | 1,643,100 |
| Non-controlling interests in equity | - 3,967 | - 4,185 |
| | 1,640,319 | 1,638,915 |
| Non-current liabilities | | |
| Lease liabilities | 379,651 | 395,554 |
| Other liabilities and deferrals | 112,186 | 110,172 |
| Other financial liabilities | 24,190 | 23,832 |
| Borrowings | 427,525 | 505,786 |
| Pension provisions | 81,989 | 96,265 |
| Other provisions | 50,684 | 49,666 |
| | 1,076,225 | 1,181,275 |
| Current liabilities | | |
| Lease liabilities | 85,065 | 85,332 |
| Trade accounts payable | 305,378 | 338,785 |
| Other liabilities and deferrals | 412,112 | 418,334 |
| Other financial liabilities | 58,819 | 64,045 |
| Current income tax liabilities | 37,190 | 34,808 |
| Borrowings | 222,276 | 143,619 |
| Other provisions | 44,873 | 47,312 |
| | 1,165,713 | 1,132,235 |
| Total equity and liabilities | 3,882,257 | 3,952,425 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| In EUR '000s | Q1/2022 1.1.2022 – 31.3.2022 | Q1/2021 1.1.2021 – 31.3.2021 |
|---|------------------------------------|------------------------------------|
| Earnings before interest and taxes (EBIT) | 33,145 | 69,031 |
| Restatements | | |
| Depreciation, amortisation and impairment of non-current assets | 84,880 | 39,799 |
| Dividends received from investees | 5,548 | 0 |
| Loss on disposal of non-current assets | 22 | 52 |
| Increase in net working capital not attributable to investing or financing activities | - 16,555 | - 30,629 |
| Proceeds from the cash repayment of financial assets under leases | 3,589 | 3,812 |
| Capitalisation of contract acquisition costs | - 68,532 | - 53,370 |
| Amortisation of contract acquisition costs | 68,131 | 74,970 |
| Taxes paid | - 8,261 | - 5,953 |
| Income from interest and other financial result | 28 | - 248 |
| Interest paid | - 4,657 | - 8,472 |
| Cash flows from operating activities | 97,338 | 88,992 |
| Payments to acquire property, plant and equipment and intangible assets | - 13,366 | - 9,149 |
| Proceeds from disposal of intangible assets and property, plant and equipment | 550 | 589 |
| Proceeds from deconsolidation of subsidiaries | 0 | 2,000 |
| Proceeds from selling equity-accounted investments | 125 | 0 |
| Payments into equity of equity-accounted investments | 0 | - 250 |
| Payments to acquire other equity investments | 0 | - 96 |
| Cash flows from investing activities | - 12,691 | - 6,906 |
| Payments to acquire own shares | - 14,669 | - 27,525 |
| Cash repayments of borrowings | 0 | - 200,000 |
| Cash repayments of lease liabilities | - 21,773 | - 20,968 |
| Cash flows from financing activities | - 36,442 | - 248,493 |
| Net change in cash funds | 48,205 | - 166,407 |
| Cash funds at beginning of period | 286,287 | 666,867 |
| Cash funds at end of period | 334,492 | 500,460 |

COMPOSITION OF CASH FUNDS

| In EUR '000s | 31.3.2022 | 31.3.2021 |
|-------------------|----------------|----------------|
| Liquid assets | 334,492 | 500,460 |
| Cash funds | 334,492 | 500,460 |

COMPOSITION OF FREE CASH FLOW

| In EUR '000s | Q1/2022 1.1.2022 – 31.3.2022 | Q1/2021 1.1.2021 – 31.3.2021 |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | 97,338 | 88,992 |
| Payments to acquire property, plant and equipment and intangible assets | -13,366 | -9,149 |
| Proceeds from disposal of intangible assets and property, plant and equipment | 550 | 589 |
| Cash repayments of lease liabilities | -21,773 | -20,968 |
| Free cash flow¹ | 62,749 | 59,464 |

¹ Free cash flow is an alternative performance measure that is defined in the "Corporate Management" section of the 2021 Annual Report (p. 38 et seq.).

SEGMENT REPORT

1 JANUARY TO 31 MARCH 2022

| In EUR '000s | Mobile Communications | TV and Media | Other/Holding | Elimination of inter-segment revenue and costs | Total |
|---|-----------------------|-----------------|-----------------|--|------------------|
| Third-party revenue | 540,178 | 71,144 | 5,494 | 0 | 616,816 |
| Intersegment revenue | 4,456 | 2,751 | 3,963 | - 11,170 | 0 |
| Total revenue | 544,634 | 73,895 | 9,457 | - 11,170 | 616,816 |
| Cost of materials, third party | - 373,176 | - 22,878 | - 2,587 | 0 | - 398,641 |
| Intersegment cost of materials | - 5,259 | - 3,800 | - 171 | 9,230 | 0 |
| Total cost of materials | - 378,435 | - 26,678 | - 2,758 | 9,230 | - 398,641 |
| Segment gross profit | 166,199 | 47,217 | 6,699 | - 1,940 | 218,175 |
| Other operating income | 10,755 | 119 | 394 | - 575 | 10,693 |
| Other own work capitalised | 3,630 | 1,384 | 277 | 0 | 5,291 |
| Personnel expenses | - 31,529 | - 13,929 | - 7,584 | 0 | - 53,042 |
| Other operating expenses | - 52,263 | - 9,465 | - 3,879 | 2,515 | - 63,092 |
| Thereof loss allowances on financial assets and contract assets | - 6,165 | - 162 | - 11 | 0 | - 6,338 |
| Thereof without loss allowances on financial assets and contract assets | - 46,098 | - 9,303 | - 3,868 | 2,515 | - 56,754 |
| Total overhead¹ | - 69,407 | - 21,891 | - 10,792 | 1,940 | - 100,150 |
| Thereof inter-segment allocation | - 1,682 | - 250 | - 7 | 1,939 | 0 |
| Segment EBITDA | 96,792 | 25,326 | - 4,093 | 0 | 118,025 |
| Depreciation, amortisation and impairment | | | | | - 84,880 |
| EBIT | | | | | 33,145 |
| Financial result | | | | | 382 |
| Income taxes | | | | | - 11,005 |
| Consolidated profit | | | | | 22,522 |
| Consolidated profit attributable to shareholders of freenet AG | | | | | 22,304 |
| Consolidated profit/loss attributable to non-controlling interests | | | | | 218 |
| Net cash investments | 6,636 | 3,230 | 2,950 | | 12,816 |

¹ The overhead costs are defined as the difference between gross profit and EBITDA and include the items operating income, other own work capitalised, personnel expenses and other operating expenses

SEGMENT REPORT

1 JANUARY TO 31 MARCH 2021

| In EUR '000s | Mobile Communications | TV and Media | Other/ Holding | Elimination of inter-segment revenue and costs | Total |
|--|--------------------------|-----------------|-------------------|---|------------------|
| Third-party revenue | 544,737 | 66,807 | 7,607 | 0 | 619,151 |
| Intersegment revenue | 3,995 | 2,696 | 3,928 | - 10,619 | 0 |
| Total revenue | 548,732 | 69,503 | 11,535 | - 10,619 | 619,151 |
| Cost of materials, third party | - 379,967 | - 19,913 | - 5,227 | 0 | - 405,107 |
| Intersegment cost of materials | - 4,865 | - 3,760 | - 88 | 8,713 | 0 |
| Total cost of materials | - 384,832 | - 23,673 | - 5,315 | 8,713 | - 405,107 |
| Segment gross profit | 163,900 | 45,830 | 6,220 | - 1,906 | 214,044 |
| Other operating income | 9,419 | 137 | 686 | - 649 | 9,593 |
| Other own work capitalised | 3,352 | 1,481 | 512 | 0 | 5,345 |
| Personnel expenses | - 28,499 | - 14,609 | - 7,361 | 0 | - 50,469 |
| Other operating expenses | - 56,430 | - 10,838 | - 4,970 | 2,555 | - 69,683 |
| Thereof loss allowances on financial assets and contract assets | - 8,588 | 25 | - 97 | 0 | - 8,660 |
| Thereof without loss allowances on financial assets and contract assets | - 47,842 | - 10,863 | - 4,873 | 2,555 | - 61,023 |
| Total overhead¹ | - 72,158 | - 23,829 | - 11,133 | 1,906 | - 105,214 |
| Thereof inter-segment allocation | - 1,785 | - 212 | 91 | 1,906 | 0 |
| Segment EBITDA | 91,742 | 22,001 | - 4,913 | 0 | 108,830 |
| Depreciation, amortisation and impairment | | | | | - 39,799 |
| EBIT | | | | | 69,031 |
| Financial result | | | | | - 8,900 |
| Income taxes | | | | | - 10,377 |
| Consolidated profit | | | | | 49,754 |
| Consolidated profit attributable to shareholders of freenet AG | | | | | 50,155 |
| Consolidated profit attributable to non-controlling interests | | | | | - 401 |
| Net cash investments | 5,237 | 2,320 | 1,003 | | 8,560 |

¹ The overhead costs are defined as the difference between gross profit and EBITDA and include the items operating income, other own work capitalised, personnel expenses and other operating expenses

Büdelsdorf, 12 May 2022

 freenet AG
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FURTHER INFORMATION

GLOSSARY

Adjusted consolidated profit Consolidated profit plus amortisation of the “mobilcom-debitel” trademark and less the corresponding amount of deferred tax income.

Adjusted EBIT EBIT plus amortisation of the “mobilcom-debitel” trademark.

Adjusted EBT EBT plus amortisation of the “mobilcom-debitel” trademark.

Adjusted net debt Net debt (see “Net debt”) less equity investments (see “Equity investments”).

Adjusted leverage Ratio between adjusted net debt (see “Adjusted net debt”) and EBITDA (see “EBITDA”) generated in the last twelve months.

ARPU abbr. Average revenue per user. The customer group-specific usage fee divided by the average number of customers on the relevant reference date.

Earnings per share The portion of consolidated profit or loss which is attributable to an outstanding share. It is calculated by dividing consolidated profit/loss by the weighted average number of outstanding shares.

EBIT Earnings before interest and taxes.

EBITDA EBIT (see “EBIT”) plus depreciation, amortisation and impairment

EBT Earnings before taxes

Equity investments Market value of CECONOMY AG on the reporting date. The market value is calculated by multiplying the closing price of the CECONOMY share on the Frankfurt stock exchange by the number of shares held by the freenet Group (32,633,555 no-par-value shares) as of the relevant reference date.

Equity ratio Ratio between equity and total equity and liabilities.

Free cash flow Cash flows from operating activities (without payments for transaction costs from acquiring/selling companies) less CAPEX (see “Net investments”) and cash repayments of lease liabilities.

freenet TV subscribers (RGU) RGU means “revenue generating unit”; it refers to active freenet TV subscribers.

Gross profit Revenue less cost of materials.

Gross profit margin Ratio between gross profit and revenue.

IPTV abbr. Internet protocol television; refers to the transmission of television programmes and films using the Internet Protocol as opposed to other broadcasting channels such as cable television, DVB-T2 or satellite.

Leverage Ratio Ratio between net debt (see “Net debt”) and EBITDA (see “EBITDA”) generated in the last twelve months.

Net debt Long-term and short-term borrowings shown in the balance sheet, less liquid assets and plus net lease liabilities.

Net investments (CAPEX) Investments in property, plant and equipment and intangible assets, less proceeds from the disposal of intangible assets and property, plant and equipment.

Net lease liabilities Non-current and current lease liabilities shown in the balance sheet, less non-current and current lease receivables.

No-frills No-frills tariffs deliberately have a simple structure, and in general do not include a subsidised device. Traditionally, they are marketed by way of direct distribution (e.g. online) and not via specialist outlets.

Overhead Overhead includes the items other operating income, other own work capitalised, personnel expenses and other operating expenses

Postpaid Mobile services billed subsequently (usually 24-month contracts).

waipu.tv subscribers Customers who use subscribed to one of the fee-based tariffs (e.g. Comfort or Perfect).

FINANCIAL CALENDAR

| Date | Event |
|-----------------|---|
| 13 May 2022 | Quarterly Statement as of 31 March 2022 and Q1/2022 |
| 12 August 2022 | Interim Report as of 30 June 2022 and Q2/2022 |
| 4 November 2022 | Quarterly Statement as of 30 September 2022 and Q3/2022 |

Dates are subject to possible changes.

Any updates to our financial calendar are published on our [Investor Relations website](#).

Our reports are also available for download on our website at: [Publications](#)

The English version of the quarterly statement is a convenience translation of the German version of the quarterly statement. The German version of this quarterly statement is legally binding.

Current information regarding freenet AG and the freenet shares is available on our [investor relations website](#).



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