



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

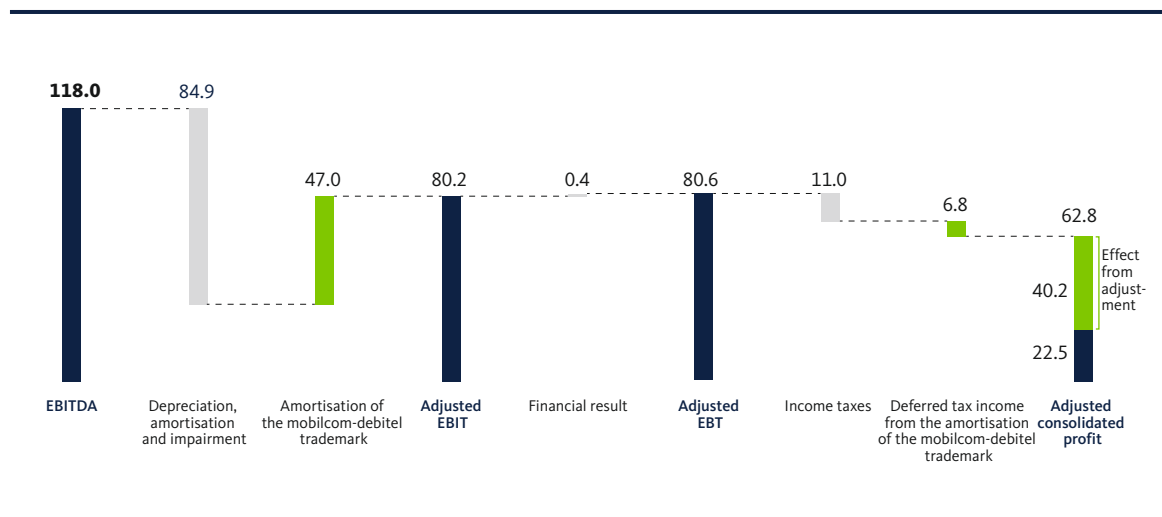
associated with the repayment of borrowings. The other financial result of the first quarter of 2022 for the first time includes a dividend of 5.5 million euros received from the equity interest in CECONOMY AG.

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.

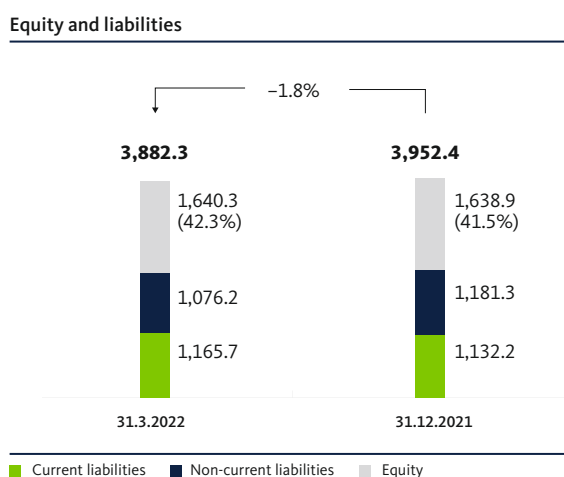
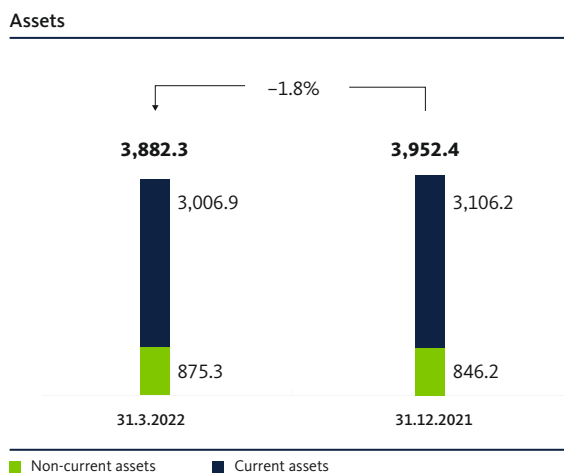
Overall, the Group generated adjusted consolidated profit of 62.8 million euros in the first quarter of 2022 (prior-year quarter: 49.8 million euros).

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)



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
 The Executive Board



Christoph Vilanek




Ingo Arnold



Stephan Esch



Antonius Fromme



Rickmann v. Platen

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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