

TWENTY  
Q3  
21

INTERIM STATEMENT AS OF 30 SEPTEMBER 2021

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# OVERVIEW OF KEY FINANCIALS<sup>1</sup> GROUP

## OPERATIONS

| In EUR millions/as indicated             | Q1-Q3<br>2021 | Q1-Q3<br>2020<br>restated <sup>2</sup> | Q3<br>2021 | Q3<br>2020<br>restated <sup>2</sup> | 2020    |
|--|---------------|--|------------|-------------------------------------|---------|
| Revenue                                  | 1,880.8       | 1,905.5                                | 641.8      | 634.5                               | 2,576.2 |
| Gross profit                             | 639.1         | 643.9                                  | 214.8      | 218.1                               | 862.1   |
| EBITDA                                   | 339.9         | 329.2                                  | 117.6      | 115.2                               | 425.9   |
| EBIT                                     | 188.5         | 210.4                                  | 79.5       | 75.0                                | 263.0   |
| EBT                                      | 165.3         | 175.8                                  | 72.5       | 63.7                                | 217.5   |
| Consolidated profit                      | 144.0         | 169.4                                  | 61.5       | 60.1                                | 561.0   |
| Thereof from discontinued operations     | 0.0           | 17.3                                   | 0.0        | 6.3                                 | 370.5   |
| Earnings per share (in EUR) <sup>3</sup> | 1.24          | 1.35                                   | 0.50       | 0.48                                | 4.44    |
| Thereof from discontinued operations     | 0.00          | 0.13                                   | 0.00       | 0.05                                | 2.91    |

## BALANCE SHEET

| In EUR millions/as indicated | 30.9.2021 | 30.9.2020 | 30.9.2021 | 30.9.2020 | 31.12.2020 |
|------------------------------|-----------|-----------|-----------|-----------|------------|
| Total equity and liabilities | 3,943.8   | 4,764.9   | 3,943.8   | 4,764.9   | 4,505.6    |
| Equity                       | 1,630.3   | 1,409.8   | 1,630.3   | 1,409.8   | 1,821.1    |
| Equity ratio (in %)          | 41.3      | 29.6      | 41.3      | 29.6      | 40.4       |
| Net debt                     | 817.9     | 1,840.0   | 817.9     | 1,840.0   | 740.6      |
| Leverage                     | 1.9       | 4.3       | 1.9       | 4.3       | 1.7        |

## CASH FLOW, INVESTMENTS AND DEPRECIATION

| In EUR millions  | Q1-Q3<br>2021 | Q1-Q3<br>2020 | Q3<br>2021 | Q3<br>2020 | 2020  |
|--|---------------|---------------|------------|------------|-------|
| Free cash flow (without Sunrise contribution) <sup>4</sup> | 172.9         | 182.4         | 60.8       | 79.5       | 201.3 |
| Net investments (CapEx)                                    | 28.5          | 31.3          | 9.1        | 14.0       | 46.2  |
| Depreciation and impairment                                | 151.4         | 118.8         | 38.1       | 40.3       | 162.9 |

## SHARE

| as indicated                            | 30.9.2021 | 30.9.2020 | 30.9.2021 | 30.9.2020 | 31.12.2020 |
|---|-----------|-----------|-----------|-----------|------------|
| Closing price Xetra (in EUR)            | 22.63     | 17.27     | 22.63     | 17.27     | 17.20      |
| Number of issued shares (in '000s)      | 128,061   | 128,061   | 128,061   | 128,061   | 128,061    |
| Market capitalisation (in EUR millions) | 2,898.0   | 2,211.6   | 2,898.0   | 2,211.6   | 2,202.0    |

## EMPLOYEES

|           | 30.9.2021 | 30.9.2020 | 30.9.2021 | 30.9.2020 | 31.12.2020 |
|-----------|-----------|-----------|-----------|-----------|------------|
| Employees | 3,827     | 4,062     | 3,827     | 4,062     | 4,004      |

# MOBILE COMMUNICATIONS SEGMENT

## OPERATIONS

| In EUR millions/as indicated | Q1-Q3<br>2021 | Q1-Q3<br>2020 | Q3<br>2021 | Q3<br>2020 | 2020    |
|------------------------------|---------------|---------------|------------|------------|---------|
| Revenue                      | 1,671.1       | 1,703.8       | 571.2      | 567.0      | 2,306.1 |
| Gross profit                 | 489.9         | 489.0         | 164.2      | 162.8      | 658.7   |
| EBITDA                       | 277.5         | 277.2         | 94.2       | 94.6       | 354.8   |

## CUSTOMER FIGURES

|   | Q1-Q3<br>2021 | Q1-Q3<br>2020 | Q3<br>2021 | Q3<br>2020 | 2020  |
|---|---------------|---------------|------------|------------|-------|
| Postpaid (in million) <sup>5</sup>                      | 7.139         | 7.005         | 7.139      | 7.005      | 7.079 |
| Net change  | 0.060         | 0.102         | 0.025      | 0.066      | 0.176 |
| freenet FUNK and freenet Flex (in million) <sup>5</sup> | 0.084         | 0.050         | 0.084      | 0.050      | 0.057 |
| Net change  | 0.028         | 0.016         | 0.006      | 0.008      | 0.023 |
| Postpaid ARPU (in EUR)                                  | 18.1          | 18.3          | 18.4       | 18.3       | 18.2  |

# TV AND MEDIA SEGMENT

## OPERATIONS

| In EUR millions/as indicated | Q1-Q3<br>2021 | Q1-Q3<br>2020 | Q3<br>2021 | Q3<br>2020 | 2020  |
|------------------------------|---------------|---------------|------------|------------|-------|
| Revenue                      | 209.4         | 190.9         | 70.6       | 65.0       | 259.0 |
| Gross profit                 | 135.9         | 125.2         | 46.1       | 44.1       | 168.8 |
| EBITDA                       | 72.1          | 59.0          | 25.2       | 22.6       | 79.7  |

## CUSTOMER FIGURES

|  | Q1-Q3<br>2021 | Q1-Q3<br>2020 | Q3<br>2021 | Q3<br>2020 | 2020    |
|--|---------------|---------------|------------|------------|---------|
| freenet TV subscribers (RGU) (in '000s) <sup>5</sup> | 813.4         | 942.0         | 813.4      | 942.0      | 901.9   |
| Net change   | - 88.5        | - 79.1        | - 31.7     | - 63.0     | - 119.2 |
| waipu.tv subscribers (in '000s) <sup>5</sup>         | 668.5         | 509.5         | 668.5      | 509.5      | 572.5   |
| Net change   | 96.0          | 101.2         | 23.9       | 5.4        | 164.2   |

<sup>1</sup> Unless indicated otherwise, key financials are defined in the "Corporate management" section of the 2020 Annual Report.

<sup>2</sup> Retrospective restatement of 2020 prior-year quarter comparatives due to discontinued Sunrise operations in accordance with IFRS 5.

<sup>3</sup> Basic and diluted.

<sup>4</sup> Q1-Q3/2020 free cash flow adjusted for dividend from Sunrise (Q2/2020: 46.0 million euros) and corresponding interest payments on the syndicated bank loan (Q1-Q3/2020: approx. 8.2 million euros).

<sup>5</sup> At the end of the period.

## INFORMATION ON THE PERFORMANCE OF THE FREENET GROUP

# COURSE OF BUSINESS AND SIGNIFICANT EVENTS

### EBITDA AND FREE CASH FLOW ON TRACK – NEW “CHIEF ENTERTAINMENT OFFICER” APPOINTED

The restrictions on economic and social life were progressively lifted over the first nine months of 2021, and a fair amount of “normality” has now returned to everyday life in Germany as a result. Cross-border travel is increasing, and both the mobilcom-debitel shops and the GRAVIS stores have been open again since the beginning of the third quarter. The normalisation gives a welcome boost to the operating business of the freenet Group, despite the fact that the largely subscription-based business model proved to be very robust, viable and relatively crisis-resistant even during the lockdowns.

The strong performance in the first six months led to the current year’s guidance for EBITDA and free cash flow being raised in August. The figures for the third quarter underline this optimistic outlook for the full year:

- At 1,880.8 million euros, revenue for the first nine months of 2021 was just shy of the figure for the previous year (Q1-Q3/2020: 1,905.5 million euros). Of this amount, revenue of 641.8 million euros was generated in the third quarter, a slight increase of 1.1 per cent compared with Q3/2020 (634.5 million euros).
- Standing at 117.6 million euros at the end of September 2021, third-quarter EBITDA was up 2.0 per cent year-on-year (Q3/2020: 115.2 million euros). Earnings for the first nine months came to 339.9 million euros, a significant increase of 3.3 per cent year-on-year (Q1 – Q3/2020: 329.2 million euros).

- At 60.8 million euros in Q3/2021, the free cash flow lies at the upper end of the guidance for the quarter (50 – 60 million euros). The drop compared with Q3/2020 (79.5 million euros) is largely due to positive reporting date effects in the same quarter of the previous year. The temporary effect also led to a 5.2 per cent decrease in the free cash flow year-on-year, at 172.9 million euros for the first nine months of the year (not including the positive contribution from the Sunrise dividend in 2020).
- The subscriber base including the app-based mobile communications tariffs grew by around 24,000 customers in the third quarter to reach a total of 8.705 million contracts (Q3/2020: 8.507 million).

The collaboration with brand ambassador Dieter Bohlen<sup>1</sup> that was launched in September is expected to further increase the profile of the freenet brand world. As the new Chief Entertainment Officer without a seat on the Executive Board, he will be part of a campaign that will link the freenet umbrella brand to all of its product and brand diversity in the fields of mobile communications, Internet and TV entertainment. Bohlen will actively take on different communication roles and bring the brands in question into the spotlight. The campaign will run until Christmas on high-reach channels such as ProSieben and Sat.1, but also online in the form of display advertising, on-site, via search and on the social media platforms YouTube, Facebook and Instagram.

<sup>1</sup> A successful German entertainer, musician and producer.

## STEADY GROWTH IN THE TARGET GROUP IN THE CORE BUSINESS OF MOBILE COMMUNICATIONS

The best offering of competitive tariffs for all German mobile communications networks plus innovative tariff models such as freenet FUNK and freenet Flex and efficient, variably controllable omni-channel sales with diverse, closely interlinked sales channels: these are the critical success factors for what has virtually been continuous customer growth in the core business area for many years. This positive trend will be sustained in the second half of 2021 in a still rational market environment, underpinned by various upgrades and price initiatives of the individual freenet brands.

During the third quarter, for example, mobilcom-debitel had success with a number of attractive, limited-time tariff campaigns for all three networks, featuring in particular large volumes of data. In July, klarmobil increased the surfing speed of two of its flat rates – the Allnet 10 GB LTE and the Allnet 20 GB LTE – to 50 Mbit/s and 100 Mbit/s, respectively. Infrequent users likewise benefited from very attractive offers – for example, a 3-euro rate with a data volume of 1 GB LTE plus 100 free minutes and text messages, or a data rate with 5 GB for around 5 euros per month.

As a consequence, the number of postpaid customers in the third quarter of 2021 increased by over 25,300 to 7.139 million. Customer growth was therefore up 0.4 per cent quarter-on-quarter. Around 60,000 customers have been added since the beginning of the year (+0.8 per cent). The number of users of app-based freenet FUNK and freenet Flex tariffs also trended upwards, rising by 6,400 to approximately 84,400 at the end of September. This brings the number of comparatively highly-profitable mobile communications customers to around 7.223 million at the end of the third quarter (Q1-Q3/2021: +87,500). The total number of contract customers has risen by 167,800 in the last twelve months.

At 18.4 euros for the third quarter, postpaid ARPU is benefiting from the slow recovery in customer mobility, including an increase in roaming revenues: it is thus stabilising further, but has not yet returned to pre-Covid levels. Service revenues reflected this trend, increasing by almost 2.2 per cent quarter-on-quarter to 392.6 million euros (Q3/2020: 381.9 million euros) in the postpaid segment and remain stable at 28.2 million euros in the no-frills/prepaid area at the level of the previous quarter and the previous year.

## GRAVIS FOCUSES ON SUSTAINABLE PRODUCT SOLUTIONS IN THE DIGITAL LIFESTYLE BUSINESS

When the retail lockdown was essentially lifted in the summer, the shops and stores were once again able to contribute to sales of services and products for digital life – alongside the freenet Group's online sales channels, which showed their mettle particularly in times of the Covid-19 crisis. The sale of digital lifestyle options along with a mobile communications contract constitutes an additional, continuous revenue pillar for the segment, for example through device insurance policies, anti-virus software, or other digital services.

As in previous quarters and years, smartphones from established manufacturers such as Apple, Samsung and Google were among the focal points, as were sought-after game consoles and fitness trackers, plus a large number of low-priced Apple products stocked by the Group's own GRAVIS stores. In June, GRAVIS also launched "Networx Greenline", its own sustainable line of products for Apple accessories. It started with two charging cables and a dual power supply: they are made of 30 per cent straw fibre, with parts made of recycled plastic, produced by an Apple-authorized manufacturer specialising in sustainable accessories and delivered to Germany by rail. More products are expected to follow before the end of the year. The goal is to reduce carbon emissions as much as possible throughout the supply chain and to achieve plastic savings of over 30 per cent by using an appropriate mix of materials in the products.

Furthermore, with the "GRAVIS macht Schule" (GRAVIS goes to school) programme, the subsidiary also continues to live up to the social responsibility that is so important to the freenet Group – especially under the Covid-19 restrictions. In this programme, GRAVIS provides three product packages to help teachers and pupils to work and study digitally at a beginner, advanced or professional level. What is more, GRAVIS, in collaboration with the service partner Biscuit, assists school classes with setting up, integrating and using hardware and software even after product purchase.

This means that the digital lifestyle business area made a meaningful contribution to the freenet Group's earnings, as it had done in previous quarters and years. In the third quarter, revenue stood at 52.2 million euros, an increase of 5.7 per cent on Q3/2020 (49.4 million euros). Revenues for the first nine months add up to 148.0 million euros, a significant increase of 9.5 per cent year-on-year (135.2 million euros).

### **INCREASES IN THE OFFERING, CUSTOMER FIGURES AND PROFITABILITY IN THE TV AND MEDIA SEGMENT**

The television and radio segment makes up the third revenue pillar of the freenet Group, complementing the mobile communications business. The IPTV product waipu.tv had several reasons to celebrate in the third quarter. First of all, the streaming service celebrated its fifth birthday and, to mark the occasion, reduced the monthly fee for two of its subscription packages by 50 per cent as part of a discount campaign. The entertainment offering with the recently launched BILD TV was another prominent addition to the programming. Above all, however, the freenet subsidiary continued its steady growth course: over the course of the quarter, the number of waipu.tv subscribers rose by 23,900 to reach 668,500 by the end of September (Q3/2020: 509,500). Notwithstanding the otherwise difficult summer months, customer growth thus increased sharply compared with the prior-year quarter (Q3/2020: +5,400). Over the year, the number of subscribers rose by 96,000, continuing a trajectory of solid growth.

The newly developed waipu.tv 4K streaming stick, which will come out in Q4/2021, is expected to be another future growth driver. Based on the latest processor technology, the stick has been specially developed for use of the waipu.tv platform. Thanks to its compact size, the stick disappears behind the TV, and "normal" TV users can easily control both their television set and the stick using the conventional remote control supplied. Using speed dial buttons, for example, they can put on their favourite channels, recordings from the waiputhek, or even Netflix or YouTube.

In the first half of 2021, Media Broadcast had concluded or extended partnerships with public broadcasters for comprehensive services related to the maintenance and servicing of their terrestrial broadcasting systems. The state-wide DAB+ platform then went on air in North Rhine-Westphalia in the third quarter. By contrast, performance in the antenna TV business was fairly muted. Following the 20 per cent price increase in May 2020, the expected decrease in revenue-generating freenet TV users (RGU) continued. In the third quarter of 2021, the number of customers decreased by 31,700 to 813,400 following a decline of 23,200 in Q2/2021 and 33,600 in Q1/2021. The business area remains very profitable, however, due not least to the price increase that has more than offset the decline in RGU.



# FINANCIAL MANAGEMENT

## FINANCIAL MANAGEMENT SYSTEM

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.

## CASH, LIQUIDITY AND CAPITAL STRUCTURE MANAGEMENT

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

- (1) capital structure management and
- (2) cash and liquidity management

Two alternative performance measures – equity ratio and leverage – are key figures for structuring capital across the Group. Mandatory limits have been defined for both of these APMs. In addition, adjusted leverage is also reported for information purposes. This provides a less conservative perspective on the freenet Group's debt by including the market values of equity investments in net debt (adjusted net debt).

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 and for leverage a maximum of 3.0 times EBITDA was set.

Table 1: Capital structure management KPIs

| as indicated        | Limits | Achieved as at<br>30.9.2021 | 30.9.2021 | 31.12.2020 | 30.9.2020 |
|---------------------|--------|-----------------------------|-----------|------------|-----------|
| Equity ratio (in %) | > 25.0 | ✓                           | 41.3      | 40.4       | 29.6      |
| Leverage            | ≤ 3.0  | ✓                           | 1.9       | 1.7        | 4.3       |

At 41.3 per cent, the equity ratio on the reporting date remained significantly above the threshold of 25.0 per cent and increased slightly by 0.9 percentage points compared to the end of 2020. In addition to the collection of current profits from continuing operations, this rise resulted from a reduction in total equity and liabilities (debt reduction in 2021 (nominally): 264.0 million euros). On the other hand, equity was reduced by the dividend payment for the 2020 financial year of 203.7 million euros approved by the shareholders at the Annual General Meeting on 18 June 2021

and made in the reporting quarter, as well as the continued acquisition of own shares (see section “2021 share buyback programme”) in the amount of 85.7 million euros. The equity ratio improved by 11.8 percentage points compared to 30 September 2020, primarily as a result of selling its equity interest in Sunrise Communications Group AG to Liberty Global for almost 1.1 billion euros in November 2020.

Leverage at the end of September 2021 was 1.9, also well below the maximum limit. The increase compared to year-end 2020 is mainly due to the dividend paid in June 2021 and the buyback of shares.

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

| In EUR millions                                   | 30.9.2021    | 31.12.2020   | 30.9.2020      |
|---|--------------|--------------|----------------|
| Long-term borrowings                              | 621.5        | 734.8        | 1,065.0        |
| Short-term borrowings                             | 57.0         | 206.0        | 544.5          |
| Net lease liabilities                             | 427.6        | 466.7        | 471.9          |
| Liquid assets                                     | -288.2       | -666.9       | -241.4         |
| <b>Net debt</b>                                   | <b>817.9</b> | <b>740.6</b> | <b>1,840.0</b> |
| <b>Leverage</b>                                   | <b>1.9</b>   | <b>1.7</b>   | <b>4.3</b>     |
| Market value of equity investments <sup>1,2</sup> | -121.8       | -184.9       | -1,251.3       |
| <b>Adjusted net debt</b>                          | <b>696.1</b> | <b>555.8</b> | <b>588.7</b>   |
| <b>Adjusted leverage</b>                          | <b>1.6</b>   | <b>1.3</b>   | <b>1.4</b>     |

<sup>1</sup> The market value of CECONOMY is calculated by multiplying the closing price of CECONOMY's ordinary shares on the Frankfurt stock exchange by the number of shares held by the freenet Group (32,633,555) as of the relevant reference date.

<sup>2</sup> On 30 September 2020 incl. Sunrise.

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 2020 Annual Report.

## 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 the freenet Group'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 forecasting and managing 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, freenet shareholders might participate in the company's success in the form of share buybacks.

## 2021 SHARE BUYBACK PROGRAMME (ONGOING)

At the Annual General Meeting on 27 May 2020, 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. A total of 2.31 per cent of share capital (approx. 2.96 million shares) were previously repurchased in 2020 as part of the first share buyback programme. An additional share buyback programme representing up to 7.61 per cent of share capital (9.75 million shares) was agreed on 25 February 2021 and is scheduled to run until 31 December 2021. Acquisitions are limited to a maximum of 135.0 million euros.

Approximately 4.34 million shares worth around 85.7 million euros had been repurchased by 30 September 2021. As a result, the proportion of directly and indirectly held treasury shares currently totals 5.74 per cent (7.35 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            | Q3/2021      | Q3/2020 restated <sup>1</sup> | Change     |            |
|----------------------------|--------------|-------------------------------|------------|------------|
|                            |              |                               | Absolute   | In %       |
| <b>Revenue</b>             | <b>641.8</b> | <b>634.5</b>                  | <b>7.3</b> | <b>1.1</b> |
| Gross profit               | 214.8        | 218.1                         | - 3.3      | - 1.5      |
| Overhead costs             | - 97.2       | - 102.9                       | 5.7        | 5.5        |
| <b>EBITDA</b>              | <b>117.6</b> | <b>115.2</b>                  | <b>2.4</b> | <b>2.0</b> |
| EBIT                       | 79.5         | 75.0                          | 4.6        | 6.1        |
| Financial result           | - 7.0        | - 11.2                        | 4.2        | 37.3       |
| EBT                        | 72.5         | 63.7                          | 8.8        | 13.8       |
| <b>Consolidated profit</b> | <b>61.5</b>  | <b>60.1</b>                   | <b>1.4</b> | <b>2.3</b> |

<sup>1</sup> Retrospective restatement of comparatives for the first nine months and third quarter of 2020 due to discontinued Sunrise operations in accordance with IFRS 5.

In the third quarter of 2021, consolidated revenue increased by 7.3 million euros to 641.8 million euros compared to the prior-year quarter. While the number of postpaid customers relevant to the management of the Mobile Communications segment again rose moderately (30 September 2021: 7.139 million customers, 30 September 2020: 7.005 million customers), postpaid ARPU remained stable (Q3/2021: 18.4 euros, Q3/2020: 18.3 euros). Overall, mobile revenue totalled 571.2 million euros in the third quarter of 2021 (Q3/2020: 567.0 million euros), slightly exceeding the figure shown for the prior-year quarter. Revenue in the TV and Media segment increased considerably by 8.6 per cent year-on-year to 70.6 million euros, primarily due to growth

in the waipu.tv customer base.

In the third quarter of 2021, gross profit decreased slightly by 1.5 per cent to 214.8 million euros compared to the prior-year quarter. This decline was primarily due to the freenet digital Group sold as of 30 September 2020, whose contributions (Q3/2020: 4.0 million euros) have not been included in gross profit since that date. The gross profit margin was 33.5 per cent (Q3/2020: 34.4 per cent).

Overhead costs as the difference between gross profit and EBITDA decreased by 5.7 million euros compared with the third quarter of 2020 to 97.2 million euros, primarily as a result of lower marketing expenses and lower loss allowances on receivables as well as a decrease in personnel expenses triggered by a smaller workforce.

Due to the effects explained, EBITDA rose by 2.0 per cent to 117.6 million euros (Q3/2020: 115.2 million euros). The Mobile Communications segment contributed 94.2 million euros to EBITDA (Q3/2020: 94.6 million euros), the TV & Media segment 25.2 million euros (Q3/2020: 22.6 million euros) and the Other/Holding segment - 1.8 million euros (Q3/2020: - 2.0 million euros).

Depreciation, amortisation and impairment losses decreased by 2.2 million euros year-on-year to 38.1 million euros due to the elimination of depreciation on a right-of-use asset for a fibre-optic network at EXARING AG. As explained in detail in the half-year financial report, the right-of-use asset was fully written down in the previous quarter (Q2/2021).

The financial result improved by 4.2 million euros to – 7.0 million euros compared to the third quarter of 2020. The decrease in interest expenses included in the financial result (Q3/2021: 6.9 million euros; Q3/2020: 12.0 million euros) is mainly due to lower bank interest associated with lower margins and the repayment of borrowings in previous quarters.

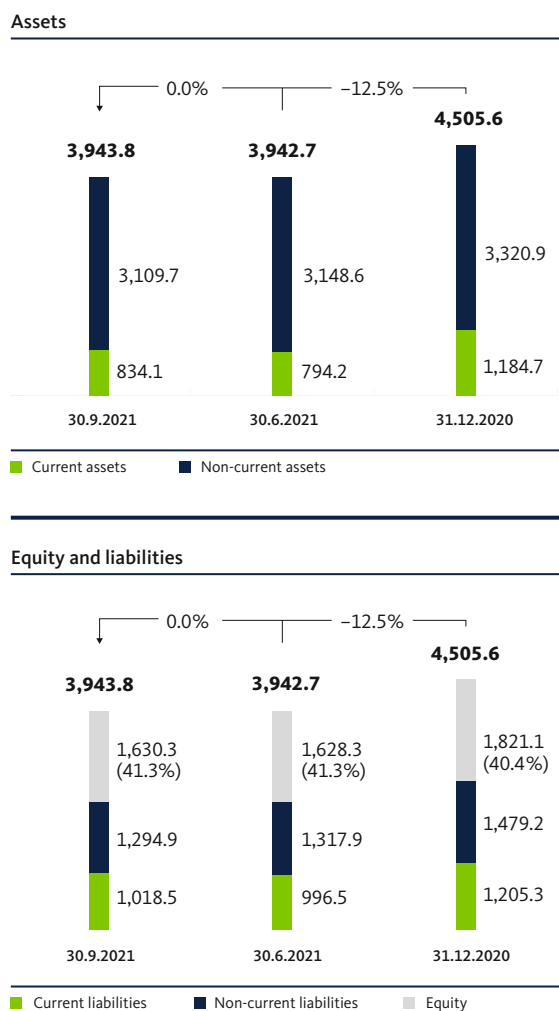
As a result of the effects explained above, earnings before tax (EBT) amounted to 72.5 million euros, an increase of 13.8 per cent year-on-year.

Income tax expenses of 11.0 million euros (Q3/2020: 9.9 million euros) were reported in the quarter under review. Current tax expenses of 9.9 million euros (Q3/2020: 6.5 million euros) and deferred tax expenses of 1.0 million euros (Q3/2020: 3.4 million euros) were recognised.

The consolidated profit reported in the third quarter of 2021 totalled 61.5 million euros – after 60.1 million euros in prior-year period. The prior-year period included consolidated profit from discontinued operations of 6.3 million euros (Q3/2021: 0.0 million euros). This item included all expenses and income attributable to the discontinued operations “Sunrise”.

## NET ASSETS AND FINANCIAL POSITION

Figure 1: Condensed balance sheet of the freenet Group (in EUR millions)



Total assets/total equity and liabilities as at 30 September 2021 remained virtually unchanged at 3,943.8 million euros compared with 30 June 2021 (3,942.7 million euros).

On the assets side, non-current assets fell by 38.9 million euros to 3,109.7 million euros. There was a decrease in other financial assets of 16.6 million euros to 207.9 million euros mainly as a result of the lower market value of the CECONOMY investment measured at fair value (30 September 2021: 121.8 million euros, 30 June 2021: 134.3 million euros). In addition, lease assets decreased by 12.1 million euros to 401.4 million euros as a result of depreciation.

In non-current assets, there was a notable 57.2 million euro increase in trade accounts receivable to 247.2 million euros, which primarily resulted from reporting date-related effects.

On the equity and liabilities side, equity increased by 2.0 million euros to 1,630.3 million euros. This positive change was primarily determined by the consolidated profit (61.5 million euros). The ongoing share buyback programme (-46.2 million euros) and the change to the fair value of CECONOMY recognised in other comprehensive income (-12.2 million euros) had an offsetting effect. As at 30 September 2021, the equity ratio was 41.3 per cent, unchanged from 30 June 2021.

Borrowings, still the largest item within current and non-current liabilities, decreased by 12.2 million euros to 678.6 million euros, triggered mainly by the unscheduled repayment of a promissory note tranche from 2018 in the amount of 15.0 million euros. Trade accounts payable increased by 16.9 million euros to 325.7 million euros. This was mainly attributable to reporting date-related effects in connection with liabilities to network operators and dealers.

## CASH FLOWS

Table 4: Cash flow indicators of the Group

| In EUR millions                                      | Q3/2021     | Q3/2020     | Change        |               |
|--|-------------|-------------|---------------|---------------|
|  |             |             | Absolute      | In %          |
| <b>Cash flows</b>                                    |             |             |               |               |
| from operating activities                            | 92.0        | 115.1       | - 23.1        | - 20.1        |
| from investing activities                            | - 9.4       | - 19.1      | 9.7           | 50.9          |
| from financing activities                            | - 83.3      | - 73.7      | - 9.6         | - 13.0        |
| Net change in cash funds                             | - 0.7       | 22.3        | - 23.0        | - 103.1       |
| <b>Free cash flow</b>                                | <b>60.8</b> | <b>79.5</b> | <b>- 18.8</b> | <b>- 23.6</b> |
| <b>Free cash flow (without Sunrise contribution)</b> | <b>60.8</b> | <b>82.1</b> | <b>- 21.3</b> | <b>- 26.0</b> |

Cash flows from operating activities were 92.0 million euros in the third quarter of 2021, which is a decrease of 23.1 million euros compared with the prior-year quarter. In addition to the increase in net working capital of 27.8 million euros – mainly due to positive reporting date-related effects in the prior-year quarter – the 4.5 million euro rise in tax payments (Q3/2021: 10.7 million euros; Q3/2020: 6.2 million euros) also had an adverse impact on cash flows from operating activities. Conversely, the decrease in interest paid by 5.0 million euros (Q3/2021: 3.0 million euros, Q3/2020: 8.0 million euros) and a 2.4 million euro increase in EBITDA had a positive effect.

Cash flows from investing activities in the third quarter of 2021 fell by 9.7 million euros to -9.4 million euros (Q3/2020: -19.1 million euros) as net investments (CapEx) decreased by 4.9 million euros to 9.1 million euros year-on-year and the deconsolidation of the freenet digital Group resulted in a decrease in cash funds of 4.4 million euros in the prior-year quarter.

Cash flows from financing activities rose by 9.6 million euros in the prior-year quarter to – 83.3 million euros. The change is mainly attributable to prior-year effects in connection with new borrowings (Q3/2021: 0.0 million euros, Q3/2020: 64.1 million euros) and the repayment of promissory note loans (Q3/2021: 15.0 million euros, Q3/2020: 100.0 million euros). In addition, cash outflows under the share buyback program increased by 29.9 million euros to 46.2 million euros year-on-year (Q3/2020: 16.3 million euros).

Free cash flow of 60.8 million euros was generated in the third quarter of 2021 as a result of the developments explained above, representing a decrease of 18.8 million euros compared with the same quarter of the previous year (79.5 million euros).

# REPORT ON OPPORTUNITIES AND RISKS

In the third quarter of 2021, there have been no significant changes in relation to the opportunities and risks associated with future business development.

The opportunities and risks to which the freenet Group is exposed as part of its business activities were described in detail in the 2020 Annual Report (cf. page 62 et seq.) and in the 2021 half-year report (cf. page 24) and continue to apply in principle.

All assessments made continue to be dependent upon the duration and extent of the coronavirus pandemic. It is still not possible to reliably and completely assess both.

# REPORT ON EXPECTED DEVELOPMENTS

Based on the highly positive performance of the TV and Media segment, considerable stability in the Mobile Communications business and the continuing positive outlook, the Executive Board lifted its original forecast for the EBITDA and free cash flow financial performance indicators for the 2021 full year when it published the 2021 half-year report. The forecast remains unchanged for all other financial and non-financial performance indicators.

The updated guidance takes into account the information available on the overall economic development in Germany and the forecast impact of the Covid pandemic on the

operating business in the remainder of the year. In addition, general market trends in the telecommunications and TV/video market do not provide any grounds for material changes that would have an effect on the freenet Group's net assets, financial position and results of operations.

The Executive Board therefore confirms the current guidance for the 2021 full year. However, if significant deviations from the current assessment occur, it may not be possible to meet the financial and non-financial key performance indicator forecasts.

Table 5: Comparison of forecast and actual performance

|   | 2020<br>reference<br>value | Initial fore-<br>cast for 2021<br>(25.02.2021;<br>confirmed<br>Q1/2021) | Raised<br>forecast<br>(H1/2021;<br>confirmed<br>Q3/2021) | Q1–Q3<br>2021 | Change in<br>forecast |
|---|----------------------------|---|--|---------------|-----------------------|
| <b>Financial performance indicators<br/>(in EUR millions or as indicated)</b> |                            |   |  |               |                       |
| Revenue   | 2,576.2                    | stable  | stable   | 1,880.8       | →                     |
| EBITDA  | 425.9                      | 415 – 435   | 430 – 445  | 339.9         | →                     |
| Free cash flow (without Sunrise contribution) <sup>1</sup>                    | 201.3                      | 200 – 220   | 215 – 230  | 172.9         | →                     |
| Postpaid ARPU (in EUR)  | 18.2                       | stable  | stable   | 18.1          | →                     |
| <b>Non-financial performance indicators (in millions)</b>                     |                            |   |  |               |                       |
| Postpaid customers  | 7.079                      | moderate<br>growth  | moderate<br>growth                                       | 7.139         | →                     |
| freenet TV subscribers (RGU)  | 0.902                      | moderate<br>decrease  | moderate<br>decrease                                     | 0.813         | →                     |
| waipu.tv subscribers  | 0.572                      | solid<br>growth   | solid<br>growth  | 0.669         | →                     |

<sup>1</sup> 2020 free cash flow adjusted for dividend from Sunrise (2020: 46.0 million euros) and corresponding interest payments on the syndicated bank loan (2020: approx. 10 million euros).

Legend: ▲ above previous guidance → unchanged from previous guidance ▼ below previous guidance

A detailed explanation of the original guidance can be found in the current 2020 Annual Report (p. 75 et seq.).

# REPORT ON POST-BALANCE SHEET DATE EVENTS

No events occurred after the reporting date that are expected to have a significant impact on the freenet Group's net assets, financial position and results of operations.

Büdelndorf, 4 November 2021

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 2020 (see page 126 et seq. of the 2020 Annual Report).

# CONSOLIDATED INCOME STATEMENT

1 JANUARY TO 30 SEPTEMBER 2021

| In EUR '000s/as indicated   | Q1-Q3<br>2021    | Q1-Q3<br>2020<br>restated <sup>1</sup> | Q3<br>2021     | Q3<br>2020<br>restated <sup>1</sup> |
|---|------------------|--|----------------|-------------------------------------|
| <b>Revenue</b>  | <b>1,880,819</b> | <b>1,905,509</b>                       | <b>641,810</b> | <b>634,529</b>                      |
| Other operating income  | 30,928           | 38,356                                 | 10,733         | 14,316                              |
| Other own work capitalised  | 15,868           | 14,949                                 | 5,131          | 5,895                               |
| Cost of materials   | -1,241,697       | -1,261,642                             | -426,985       | -416,401                            |
| Personnel expenses  | -159,872         | -169,640                               | -54,029        | -57,258                             |
| Other operating expenses  | -186,128         | -198,340                               | -59,055        | -65,831                             |
| Thereof: loss allowances on financial assets<br>and contract assets                       | -22,510          | -29,679                                | -6,415         | -9,156                              |
| Thereof: without loss allowances on financial<br>assets and contract assets               | -163,618         | -168,661                               | -52,640        | -56,675                             |
| <b>EBITDA<sup>2</sup></b>   | <b>339,918</b>   | <b>329,192</b>                         | <b>117,605</b> | <b>115,250</b>                      |
| Depreciation and impairment   | -151,370         | -118,838                               | -38,070        | -40,295                             |
| <b>EBIT<sup>3</sup></b>   | <b>188,548</b>   | <b>210,354</b>                         | <b>79,535</b>  | <b>74,955</b>                       |
| Profit or loss of equity-accounted investments  | -1,353           | 133                                    | -455           | 104                                 |
| Interest and similar income   | 1,710            | 1,850                                  | 611            | 594                                 |
| Interest and similar expenses   | -22,432          | -36,570                                | -6,864         | -12,025                             |
| Other financial result  | -1,206           | 33                                     | -332           | 93                                  |
| <b>Financial result</b>   | <b>-23,281</b>   | <b>-34,554</b>                         | <b>-7,040</b>  | <b>-11,234</b>                      |
| <b>EBT</b>  | <b>165,267</b>   | <b>175,800</b>                         | <b>72,495</b>  | <b>63,721</b>                       |
| Income taxes  | -21,243          | -23,660                                | -10,990        | -9,871                              |
| <b>Consolidated profit</b>  | <b>144,024</b>   | <b>169,414</b>                         | <b>61,505</b>  | <b>60,108</b>                       |
| Consolidated profit from continuing operations  | <b>144,024</b>   | <b>152,140</b>                         | <b>61,505</b>  | <b>53,850</b>                       |
| Consolidated profit from discontinued operations  | <b>0</b>         | <b>17,274</b>                          | <b>0</b>       | <b>6,258</b>                        |
| <b>Attribution of consolidated profit/loss</b>  |                  |  |                |                                     |
| Attributable to shareholders of freenet AG  | 152,788          | 173,280                                | 60,982         | 60,868                              |
| Consolidated profit/loss attributable to non-controlling interests                        | -8,764           | -3,866                                 | 523            | -760                                |
| <b>Earnings per share (EPS) basic/diluted (in EUR)</b>                                    | <b>1.24</b>      | <b>1.35</b>                            | <b>0.50</b>    | <b>0.48</b>                         |
| EPS from continuing operations, basic/diluted (in EUR)                                    | 1.24             | 1.22                                   | 0.50           | 0.43                                |
| EPS from discontinued operations, basic/diluted (in EUR)                                  | 0.00             | 0.13                                   | 0.00           | 0.05                                |
| Weighted average number of shares outstanding in thousand,<br>basic/diluted (in thousand) | 123,111          | 127,950                                | 121,314        | 127,950                             |

<sup>1</sup> Retrospective restatement of comparatives for the first nine months and third quarter of 2020 due to discontinued Sunrise operations in accordance with IFRS 5.

<sup>2</sup> EBITDA = earnings before financial result, taxes, depreciation, amortisation and impairment.

<sup>3</sup> EBIT = earnings before financial result and taxes.

# CONSOLIDATED BALANCE SHEET

**30 SEPTEMBER 2021**

| <b>ASSETS</b><br>In EUR '000s      | <b>30.9.2021</b> | 30.6.2021        | 31.12.2020       | 30.9.2020        |
|------------------------------------|------------------|------------------|------------------|------------------|
| <b>Non-current assets</b>          | <b>3,109,706</b> | <b>3,148,588</b> | <b>3,320,889</b> | <b>4,016,443</b> |
| Intangible assets                  | 451,679          | 452,823          | 494,722          | 486,366          |
| Lease assets                       | 401,362          | 413,443          | 441,342          | 450,515          |
| Goodwill                           | 1,382,394        | 1,382,394        | 1,382,394        | 1,381,597        |
| Property, plant and equipment      | 131,490          | 134,157          | 140,475          | 138,510          |
| Equity-accounted investments       | 82               | 940              | 2,088            | 757,413          |
| Deferred income tax assets         | 133,181          | 133,559          | 129,440          | 128,018          |
| Trade accounts receivable          | 63,074           | 65,167           | 63,678           | 64,118           |
| Other receivables and other assets | 92,561           | 93,452           | 107,015          | 109,997          |
| Other financial assets             | 207,947          | 224,509          | 270,400          | 216,610          |
| Contract acquisition costs         | 245,936          | 248,114          | 289,335          | 283,299          |
| <b>Current assets</b>              | <b>834,077</b>   | <b>794,152</b>   | <b>1,184,745</b> | <b>748,488</b>   |
| Inventories                        | 68,600           | 69,478           | 74,751           | 69,292           |
| Current income tax assets          | 1,089            | 2,081            | 2,103            | 2,080            |
| Trade accounts receivable          | 247,249          | 190,032          | 189,262          | 176,535          |
| Other receivables and other assets | 182,667          | 190,594          | 203,033          | 205,777          |
| Other financial assets             | 46,252           | 53,065           | 48,729           | 53,429           |
| Liquid assets                      | 288,220          | 288,902          | 666,867          | 241,375          |
| <b>Total assets</b>                | <b>3,943,783</b> | <b>3,942,710</b> | <b>4,505,634</b> | <b>4,764,931</b> |

| <b>EQUITY AND LIABILITIES</b><br>In EUR '000s            | <b>30.9.2021</b> | 30.6.2021        | 31.12.2020       | 30.9.2020        |
|--|------------------|------------------|------------------|------------------|
| <b>Equity</b>  | <b>1,630,324</b> | <b>1,628,296</b> | <b>1,821,079</b> | <b>1,409,845</b> |
| Share capital  | 128,061          | 128,061          | 128,061          | 128,061          |
| Capital reserves   | 737,536          | 737,536          | 737,536          | 737,536          |
| Treasury shares  | - 137,159        | - 90,961         | - 51,420         | - 16,316         |
| Cumulative other comprehensive income                    | - 120,824        | - 107,545        | - 75,518         | - 119,604        |
| Consolidated net retained profits                        | 1,030,915        | 969,933          | 1,081,861        | 674,779          |
| <b>Equity attributable to shareholders of freenet AG</b> | <b>1,638,529</b> | <b>1,637,024</b> | <b>1,820,520</b> | <b>1,404,456</b> |
| Non-controlling interests in equity                      | - 8,205          | - 8,728          | 559              | 5,389            |
| <b>Non-current liabilities</b>                           | <b>1,294,943</b> | <b>1,317,946</b> | <b>1,479,235</b> | <b>1,813,475</b> |
| Lease liabilities  | 401,781          | 418,734          | 451,452          | 459,755          |
| Other liabilities and deferrals                          | 99,580           | 93,162           | 108,790          | 103,889          |
| Other financial liabilities                              | 29,470           | 29,410           | 36,941           | 40,357           |
| Borrowings   | 621,513          | 636,327          | 734,826          | 1,065,024        |
| Pension provisions                                       | 97,162           | 95,309           | 103,508          | 102,218          |
| Other provisions   | 45,437           | 45,004           | 43,718           | 42,232           |
| <b>Current liabilities</b>                               | <b>1,018,516</b> | <b>996,468</b>   | <b>1,205,320</b> | <b>1,541,611</b> |
| Lease liabilities  | 85,610           | 85,402           | 85,209           | 84,869           |
| Trade accounts payable                                   | 325,731          | 308,816          | 379,323          | 406,238          |
| Other liabilities and deferrals                          | 430,726          | 426,429          | 404,847          | 391,063          |
| Other financial liabilities                              | 48,093           | 49,661           | 63,438           | 59,182           |
| Current income tax liabilities                           | 38,820           | 40,087           | 38,943           | 44,185           |
| Borrowings   | 57,042           | 54,430           | 206,001          | 544,452          |
| Other provisions   | 32,494           | 31,643           | 27,559           | 11,622           |
| <b>Total equity and liabilities</b>                      | <b>3,943,783</b> | <b>3,942,710</b> | <b>4,505,634</b> | <b>4,764,931</b> |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 1 JANUARY TO 30 SEPTEMBER 2021

| In EUR '000s  | Q1-Q3<br>2021   | Q1-Q3<br>2020   | Q3<br>2021     | Q3<br>2020     |
|---|-----------------|-----------------|----------------|----------------|
| <b>EBIT</b>   | <b>188,548</b>  | <b>210,354</b>  | <b>79,535</b>  | <b>74,955</b>  |
| <b>+/- Adjustments</b>  |                 |                 |                |                |
| Depreciation and impairment   | 151,370         | 118,838         | 38,070         | 40,295         |
| Dividends received from equity-accounted investments                                  | 0               | 46,047          | 0              | 0              |
| Gains on the sale of subsidiaries   | 0               | -634            | 0              | -634           |
| Gewinne (-)/loss (+) on disposal of non-current assets                                | 44              | 564             | 258            | 178            |
| Increase in net working capital not attributable to investing or financing activities | -79,792         | -36,110         | -18,216        | 9,598          |
| Proceeds from the cash repayment of financial assets under leases                     | 11,381          | 11,034          | 3,791          | 3,634          |
| Capitalisation of contract acquisition costs  | -178,140        | -221,343        | -70,885        | -76,291        |
| Amortisation of contract acquisition costs  | 221,539         | 235,284         | 73,063         | 77,162         |
| Tax payments  | -25,596         | -19,908         | -10,654        | -6,196         |
| Income from interest and other financial result                                       | 547             | 1,370           | 35             | 427            |
| Interest paid   | -23,007         | -32,117         | -3,003         | -8,039         |
| <b>Cash flows from operating activities</b>   | <b>266,894</b>  | <b>313,379</b>  | <b>91,994</b>  | <b>115,089</b> |
| Payments to acquire property, plant and equipment and intangible assets               | -31,455         | -32,335         | -9,824         | -14,311        |
| Proceeds from disposal of intangible assets and property, plant and equipment         | 2,943           | 991             | 710            | 263            |
| Payments (-) to acquire/proceeds (+) from acquiring subsidiaries                      | 0               | -25             | 0              | 0              |
| Payments (-)/proceeds (+) from deconsolidation of subsidiaries                        | 2,000           | -4,423          | 0              | -4,423         |
| Proceeds from selling equity-accounted investments                                    | 450             | 0               | 450            | 0              |
| Repayment of contributions of equity-accounted investments                            | 1,000           | 250             | 0              | 0              |
| Payments into equity of equity-accounted investments                                  | -1,250          | 0               | -500           | 0              |
| Payments to acquire other equity investments  | -298            | -975            | -202           | -607           |
| <b>Cash flows from investing activities</b>   | <b>-26,610</b>  | <b>-36,517</b>  | <b>-9,366</b>  | <b>-19,078</b> |
| Payments to company owners and minority shareholders                                  | -203,734        | -5,120          | 0              | 0              |
| Payments to acquire own shares  | -85,739         | -16,316         | -46,198        | -16,316        |
| Proceeds from new borrowings  | 0               | 64,088          | 0              | 64,088         |
| Cash repayments of borrowings   | -264,000        | -150,000        | -15,000        | -100,000       |
| Cash repayments of lease liabilities  | -65,458         | -61,831         | -22,112        | -21,509        |
| <b>Cash flows from financing activities</b>   | <b>-618,931</b> | <b>-169,179</b> | <b>-83,310</b> | <b>-73,737</b> |
| <b>Net change in cash funds</b>   | <b>-378,647</b> | <b>107,683</b>  | <b>-682</b>    | <b>22,274</b>  |
| Cash funds at beginning of period   | 666,867         | 133,692         | 288,902        | 219,101        |
| Cash funds at end of period   | 288,220         | 241,375         | 288,220        | 241,375        |

### COMPOSITION OF CASH FUNDS

| In EUR '000s                           | Q1-Q3<br>2021  | Q1-Q3<br>2020  | Q3<br>2021     | Q3<br>2020     |
|--|----------------|----------------|----------------|----------------|
| Liquid assets of continuing operations | 288,220        | 241,375        | 288,220        | 241,375        |
| <b>Cash funds</b>                      | <b>288,220</b> | <b>241,375</b> | <b>288,220</b> | <b>241,375</b> |

### COMPOSITION OF FREE CASH FLOW<sup>1</sup>

| In EUR '000s  | Q1-Q3<br>2021  | Q1-Q3<br>2020  | Q3<br>2021    | Q3<br>2020    |
|---|----------------|----------------|---------------|---------------|
| Cash flows from operating activities  | 266,894        | 313,379        | 91,944        | 115,089       |
| Payments to acquire property, plant and equipment and intangible assets       | - 31,455       | - 32,335       | - 9,824       | - 14,311      |
| Proceeds from disposal of intangible assets and property, plant and equipment | 2,943          | 991            | 710           | 263           |
| Cash repayments of lease liabilities  | - 65,458       | - 61,831       | - 22,112      | - 21,509      |
| <b>Free cash flow</b>   | <b>172,924</b> | <b>220,204</b> | <b>60,768</b> | <b>79,532</b> |

<sup>1</sup> Free cash flow is an alternative performance measure that is defined in the corporate management section of the 2020 Annual Report.

# SEGMENT REPORT

1 JANUARY TO 30 SEPTEMBER 2021

| In EUR '000s  | Mobile Communications | TV and Media    | Other/Holding   | Elimination of intersegment revenue and costs | Total              |
|---|-----------------------|-----------------|-----------------|---|--------------------|
| <b>Third-party revenue</b>  | <b>1,659,064</b>      | <b>201,409</b>  | <b>20,346</b>   | <b>0</b>                                      | <b>1,880,819</b>   |
| Inter-segment revenue   | 12,034                | 8,015           | 11,885          | - 31,934                                      | 0                  |
| Total revenue   | 1,671,098             | 209,424         | 32,231          | - 31,934                                      | 1,880,819          |
| <b>Cost of materials, third party</b>                                   | <b>- 1,166,703</b>    | <b>- 62,217</b> | <b>- 12,777</b> | <b>0</b>                                      | <b>- 1,241,697</b> |
| Inter-segment cost of materials   | - 14,520              | - 11,279        | - 389           | 26,188  | 0                  |
| Total cost of materials   | - 1,181,223           | - 73,496        | - 13,166        | 26,188  | - 1,241,697        |
| <b>Segment gross profit</b>   | <b>489,875</b>        | <b>135,928</b>  | <b>19,065</b>   | <b>- 5,746</b>                                | <b>639,122</b>     |
| Other operating income  | 28,746                | 652             | 3,357           | - 1,827                                       | 30,928             |
| Other own work capitalised  | 9,862                 | 4,695           | 1,311           | 0   | 15,868             |
| Personnel expenses  | - 94,839              | - 42,177        | - 22,856        | 0   | - 159,872          |
| Other operating expenses  | - 156,122             | - 26,973        | - 10,606        | 7,573   | - 186,128          |
| Thereof loss allowances on financial assets and contract assets         | - 22,383              | - 86            | - 41            | 0   | - 22,510           |
| Thereof without loss allowances on financial assets and contract assets | - 133,739             | - 26,887        | - 10,565        | 7,573   | - 163,618          |
| <b>Total overhead costs<sup>1</sup></b>                                 | <b>- 212,353</b>      | <b>- 63,803</b> | <b>- 28,794</b> | <b>5,746</b>                                  | <b>- 299,204</b>   |
| Thereof inter-segment allocation  | - 5,355               | - 537           | 146             | 5,746   | 0                  |
| <b>Segment EBITDA</b>   | <b>277,522</b>        | <b>72,125</b>   | <b>- 9,729</b>  | <b>0</b>                                      | <b>339,918</b>     |
| Depreciation, amortisation and impairment                               |                       |                 |                 |   | - 151,370          |
| <b>EBIT</b>   |                       |                 |                 |   | <b>188,548</b>     |
| <b>Financial result</b>   |                       |                 |                 |   | <b>- 23,281</b>    |
| Income taxes  |                       |                 |                 |   | - 21,243           |
| <b>Consolidated profit</b>  |                       |                 |                 |   | <b>144,024</b>     |
| Consolidated profit from continuing operations                          |                       |                 |                 |   | 144,024            |
| Consolidated profit from discontinued operations                        |                       |                 |                 |   | 0                  |
| <b>Attribution of consolidated profit/loss</b>                          |                       |                 |                 |   |                    |
| Attributable to shareholders of freenet AG                              |                       |                 |                 |   | 152,788            |
| Consolidated profit/loss attributable to non-controlling interests      |                       |                 |                 |   | - 8,764            |
| <b>Net cash investments</b>   | <b>17,101</b>         | <b>8,386</b>    | <b>3,025</b>    |   | <b>28,512</b>      |

<sup>1</sup> The overhead costs as the difference between gross profit and EBITDA include the items other operating income, other own work capitalised, personnel expenses and other operating expenses

# SEGMENT REPORT

1 JANUARY TO 30 SEPTEMBER 2020 (RESTATED)<sup>2</sup>

| In EUR '000s  | Mobile Communications | TV and Media    | Other/Holding   | Elimination of intersegment revenue and costs | Total              |
|---|-----------------------|-----------------|-----------------|---|--------------------|
| <b>Third-party revenue</b>  | <b>1,691,022</b>      | <b>183,680</b>  | <b>30,807</b>   | <b>0</b>                                      | <b>1,905,509</b>   |
| Inter-segment revenue   | 12,741                | 7,235           | 11,992          | - 31,968                                      | 0                  |
| Total revenue   | 1,703,763             | 190,915         | 42,799          | - 31,968                                      | 1,905,509          |
| <b>Cost of materials, third party</b>                                   | <b>- 1,200,725</b>    | <b>- 54,140</b> | <b>- 6,777</b>  | <b>0</b>                                      | <b>- 1,261,642</b> |
| Inter-segment cost of materials   | - 14,070              | - 11,558        | - 531           | 26,159  | 0                  |
| Total cost of materials   | - 1,214,795           | - 65,698        | - 7,308         | 26,159  | - 1,261,642        |
| <b>Segment gross profit</b>   | <b>488,968</b>        | <b>125,217</b>  | <b>35,491</b>   | <b>- 5,809</b>                                | <b>643,867</b>     |
| Other operating income  | 37,054                | 545             | 3,474           | - 2,717                                       | 38,356             |
| Other own work capitalised  | 9,502                 | 4,052           | 1,395           | 0   | 14,949             |
| Personnel expenses  | - 97,687              | - 43,509        | - 28,444        | 0   | - 169,640          |
| Other operating expenses  | - 160,596             | - 27,269        | - 19,001        | 8,526   | - 198,340          |
| Thereof loss allowances on financial assets and contract assets         | - 28,293              | - 1,082         | - 304           | 0   | - 29,679           |
| Thereof without loss allowances on financial assets and contract assets | - 132,303             | - 26,187        | - 18,697        | 8,526   | - 168,661          |
| <b>Total overhead costs<sup>1</sup></b>                                 | <b>- 211,727</b>      | <b>- 66,181</b> | <b>- 42,576</b> | <b>5,809</b>                                  | <b>- 314,675</b>   |
| Thereof inter-segment allocation  | - 5,451               | - 722           | 364             | 5,809   | 0                  |
| <b>Segment EBITDA</b>   | <b>277,241</b>        | <b>59,036</b>   | <b>- 7,085</b>  | <b>0</b>                                      | <b>329,192</b>     |
| Depreciation, amortisation and impairment                               |                       |                 |                 |   | - 118,838          |
| <b>EBIT</b>   |                       |                 |                 |   | <b>210,354</b>     |
| <b>Financial result</b>   |                       |                 |                 |   | <b>- 34,554</b>    |
| Income taxes  |                       |                 |                 |   | - 23,660           |
| <b>Consolidated profit</b>  |                       |                 |                 |   | <b>169,414</b>     |
| Consolidated profit from continuing operations                          |                       |                 |                 |   | 152,140            |
| Consolidated profit from discontinued operations                        |                       |                 |                 |   | 17,274             |
| <b>Attribution of consolidated profit/loss</b>                          |                       |                 |                 |   |                    |
| Attributable to shareholders of freenet AG                              |                       |                 |                 |   | 173,280            |
| Consolidated profit/loss attributable to non-controlling interests      |                       |                 |                 |   | - 3,866            |
| <b>Net cash investments</b>   | <b>17,651</b>         | <b>11,280</b>   | <b>2,413</b>    |   | <b>31,344</b>      |

<sup>1</sup> The overhead costs as the difference between gross profit and EBITDA include the items other operating income, other own work capitalised, personnel expenses and other operating expenses

<sup>2</sup> Retrospective restatement of 2020 prior-year quarter comparatives due to discontinued Sunrise operations in accordance with IFRS 5.

Büdelndorf, 4 November 2021


freenet AG

The Executive Board

  
Christoph Vilanek

  
Ingo Arnold

  
Stephan Esch

  
Antonius Fromme

  
Rickmann v. Platen

## FURTHER INFORMATION

# GLOSSARY

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

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

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 individual share. It is calculated by dividing consolidated profit/loss by the weighted average number of issued shares.

EBIT Earnings before financial result 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 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 costs Overhead costs 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).

Prepaid Mobile services billed in advance.

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

# FINANCIAL CALENDAR

| Date            | Event   |
|-----------------|---|
| 4 November 2021 | Capital Markets Day 2021//<br>Quarterly Statement as of 30 September 2021 and Q3/2021 |
| 25 March 2022   | Annual Report 2021  |
| 5 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 on the Internet.

Further up-to-date information on the freenet Group and the shares is also available at our corporate website.

The English version of this interim statement is a convenience translation of the German version.

The German version is legally binding.



If you have installed a QR-Code recognition software on your smartphone, scanning this code will take you directly to the freenet Group website.

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