



H1 / 22

HALF-YEAR REPORT AS OF 30 JUNE 2022

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# FREENET KEY FIGURES

## OPERATIONAL KPIs

In EUR millions/as indicated	H1/2022	H1/2021	Change	Q2/2022	Q2/2021	Change
Revenue	1,237.0	1,239.0	-0.2%	620.1	619.9	0.0%
Gross profit	436.8	424.3	2.9%	218.6	210.3	4.0%
EBITDA	240.9	222.3	8.4%	122.9	113.5	8.3%
Adjusted consolidated profit <sup>1</sup>	139.6	82.5	69.2%	76.8	32.8	134.4%
Adjusted earnings per share (in EUR) <sup>1,2</sup>	1.17	0.74	58.5%	0.65	0.34	89.7%

## SUBSCRIBERS

In '000s	30.6.2022	31.12.2021	Change	30.6.2021
Postpaid customers	7,200.3	7,178.0	0.3%	7,113.3
App-based tariffs <sup>3</sup>	106.2	88.0	20.7%	77.9
freenet TV subscribers (RGU)	741.3	796.6	-6.9%	845.0
waipu.tv subscribers	820.2	722.5	13.5%	644.6
Number of subscribers (total)	8,868.1	8,785.1	0.9%	8,680.8

## BALANCE SHEET KPIs

As indicated	30.6.2022	31.12.2021	Change	30.6.2021
Equity ratio (in %)	40.1	41.5	-1.4 pp	41.3
Leverage	1.8	1.8	0.0%	1.9

## CASH FLOWS, INVESTMENTS AND DEPRECIATION / AMORTISATION / IMPAIRMENT

In EUR millions	H1/2022	H1/2021	Change	Q2/2022	Q2/2021	Change
Free cash flow	124.6	112.2	11.1%	61.9	52.7	17.4%
Net investments (CapEx)	26.7	19.4	37.6%	13.9	10.8	28.7%
Depreciation, amortisation and impairment	-172.9	-113.3	52.6%	-88.0	-73.5	19.7%
Thereof amortisation of the mobilcom-debitel trademark	-96.3	0.0	n/a	-49.2	0.0	n/a

## SHARE

In EUR/as indicated	30.6.2022	31.12.2021	Change	30.6.2021
Market value per share <sup>4</sup>	23.67	23.27	1.7%	19.92
Market capitalisation (in EUR millions) <sup>4</sup>	2,814	2,980	-5.6%	2,551

## EMPLOYEES

	30.6.2022	31.12.2021	Change	30.6.2021
Headcount	3,650	3,784	-3.5%	3,812

<sup>1</sup> Adjusted for effects from the amortisation of the mobilcom-debitel trademark

<sup>2</sup> Basic and diluted

<sup>3</sup> Comprises subscribers of freenet FUNK and freenet FLEX

<sup>4</sup> Based on XETRA daily closing price

# TO OUR SHARE- HOLDERS

TO OUR SHAREHOLDERS

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# LETTER OF THE EXECUTIVE BOARD

## Dear shareholders, business partners, customers, employees and friends of freenet,

Last autumn, we announced a new phase of growth for freenet ('freenet 2025') at our Capital Markets Day, having spent the previous few years laying the groundwork for this strategy by entering new business areas and adjusting our organisational structure. Our declared goal is to increase our EBITDA to at least 520 million euros in 2025, which represents an annual growth rate of more than 4 per cent compared with the 2020 baseline.

Having successfully demonstrated our commitment to this ambition by increasing EBITDA by 5 per cent in 2021, we generated EBITDA of 241 million euros in the first six months of the current year, well in excess of the previous year's figure (222 million euros). This exceptionally strong performance, combined with the expectation that our business performance will not deteriorate in the second half of the year compared to the previous year, has prompted us to raise our full-year EBITDA guidance. Having originally envisaged EBITDA of 450 to 470 million euros for the 2022 financial year, we have now lifted this guidance to 460 to 480 million euros. As you can see, this means we are fully on track to reach our growth target for 2025.

To generate EBITDA of 520 million euros in 2025, we are focusing on further enhancing the profitability of our existing Mobile Communications business, massively increasing the waipu.tv customer base, and continually improving the efficiency of our organisation. We took several key steps towards achieving these goals in the first half of 2022:

In the Mobile Communications business, we continued working hard in the area of "prevention and retention" to develop a smart pricing algorithm based on customer-driven product and price setting logic. We can see that these efforts are positively impacting ARPU and thus average customer lifetime value. Smart pricing and the concept of customer lifetime value are core elements of our customer-focused business model. Our aim is to place the customer even more

emphatically at the heart of everything we do. Specialist magazine "connect" acknowledged our efforts in this area by ranking our no-frills subsidiary klarmobil in its top three providers in a recent test.

We will continue to build these vital personal relationships with our customers in the future via MediaMarkt-Saturn's stores. We recently extended our partnership with Media-Saturn Deutschland GmbH until 2027 and look forward to continuing our extremely successful collaboration on the same fair terms – with online retail set to be added in the future.

Meanwhile waipu.tv has surged past the 800,000 subscriber mark, putting us well on track to provide one million customers with one of Germany's most innovative IPTV products in the very near future. We entered into several new strategic partnerships with Deutsche Glasfaser, Roku TV and others in the first half of the current year, with further growth drivers to follow.

Media Broadcast, the provider of our freenet TV terrestrial television service, also remains highly active and is consistently expanding its business model into the Professional Services sector. As well as reaching a long-term agreement with 1&1 to repair and maintain its new 5G mobile communications network, Media Broadcast also signed an agreement with our first non-media customer TIP Innovationspark Nordheide to plan, build and operate its 5G campus network. Media Broadcast has already spent more than a year demonstrating its extensive technical expertise in the area of 5G campus networks for commercial applications.

In addition to driving growth in our individual business areas, we also streamlined our organisational structure further by beginning to consolidate our brands under the freenet umbrella brand. Our 550 shops have been almost completely rebranded, and as a testimonial for freenet, Dieter Bohlen continues to provide a strong brand identification. As part of this process, the mobilcom-debitel brand will gradually

disappear not just from our customers' consciousness but from our balance sheet, too. As at 31 December 2021, the intangible asset associated with this brand amounted to almost 293 million euros. This figure will be amortised gradually to zero euros by mid-2023. However, this will not affect cash or free cash flow, which means our shareholders can still expect the high dividend proposals they are accustomed to!

To ensure that we can continue to generate consistently high cash flows, we launched freenet Internet, the first app-based Internet product in Germany, at the end of the first half of 2022. This tariff can be managed on a completely digital and contactless basis via the app and can be cancelled on a monthly basis. After freenet FUNK and freenet FLEX, freenet Internet is the next logical step on the path to a customer-focused "digital first" approach. We expect these developments to contribute additional 15–25 million euros to EBITDA in 2025.

As you can see, although the world is currently in crisis mode, here at freenet we are still working tirelessly to achieve our ambitions while at the same time delivering extremely successful results – and the equity markets are rewarding our efforts! While markets have been in a tailspin for weeks now, the freenet share's performance has been solid as a rock. In addition to the consistently high cash flows generated by almost 9 million subscribers, our share's enhanced stability compared to the market as a whole is also due to freenet's largely inflation-proof business model (low energy intensity, capex-light strategy, low levels of debt, and a proactive staffing policy).

In addition to taking care of our operating business, we also held our third (and hopefully last) virtual Annual General Meeting in the first half of 2022. The AGM approved a dividend of 1.57 euros per share and reappointed the Supervisory Board. The new chairman of the Supervisory Board of freenet AG is Marc Tüngler, who has many years of experience as a Supervisory Board member at freenet. The other new appointments to the Supervisory Board were Prof. Dr. Kerstin Lopatta as a sustainability expert, Miriam Wohlfarth to continue driving digital transformation within the company, and capital markets expert Thomas Karlowits. We look forward to working with them all!

A new remuneration system for the Executive Board was also adopted at this year's Annual General Meeting. This new remuneration system is designed to motivate the Executive Board to implement the digital lifestyle strategy and provides incentives for sustainable, long-term, value-oriented company performance. The system also incorporates ESG targets for the first time.

At freenet, sustainability also means expressing our thanks to our employees on a regular basis with more than just kind words. That is why we have already raised our minimum hourly wage to more than 13 euros with effect from 1 April of this year to show our lower-earning staff that we appreciate their commitment and offer them some certainty in these challenging times. However, we are also focused on the security needs of our customers. In May this year, freenet.de's email services were awarded the IT security mark by the Federal Office for Information Security (BSI). This mark demonstrates that we are committed to complying with Germany's most stringent IT security standards governing email communications.

As you can see, so much has already happened at freenet this year, and we are confident that we will report at least as many exciting developments in the second half of 2022 once the financial year is over. Until then, we hope you will remain part of the freenet family!

Sincerely  
Your Executive Board team

Christoph Vilanek (CEO)	Ingo Arnold (CFO)	Stephan Esch (CTO)
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Antonius Fromme (CCE)	Rickmann v. Platen (CCO)
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# THE FREENET SHARE

## PERFORMANCE OF THE FREENET SHARE IN THE FIRST HALF OF 2022

In the first six months of this year, the international equity markets were dominated by heavy share price losses as various macroeconomic and geopolitical factors fuelled fears of a global recession.

The MDAX and SDAX, the two German equity indices on which freenet AG is listed, have both shed considerable value since the start of 2022. The STOXX 600 Europe Telecommunications (SXKGR) performance index, which tracks the performance (including the reinvestment of distributions) of 21 selected European telecommunications companies (including freenet), performed considerably better than the two aforementioned indices. While the TecDAX has fallen by 26.4 per cent and the MDAX by 26.5 per cent since the start of the year, the price of the SXKGR has risen by 2.6 per cent over the same period. This

suggests that investors are overweight on telecommunications stocks. The generally constant and predictable revenues and relatively low inflation risk associated with telecommunications companies are reflected in this investment decision. The telecommunications sector is considered to be a defensive investment in times of crisis. As a service provider, freenet's asset-light strategy and longer-term contract-based revenues mean the company is only marginally exposed to the risk of rising energy costs in particular. freenet share can be considered as reliable dividend stock and stable investment.

Despite current market trends, the share (including dividends) has gained 8.5 per cent since the end of 2021, reinforcing its position as a sound investment and significantly outperforming both the MDAX and TecDAX. As of 30 June 2022, freenet AG has a market capitalisation of 2.81 billion euros (end of 2021: 2.98 billion euros).

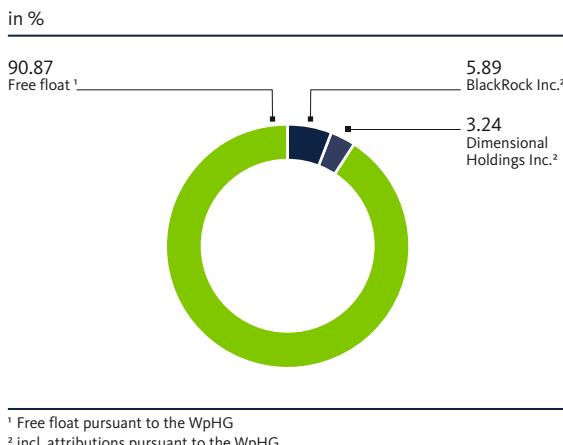
Figure 1: freenet share in the first half of 2022 (indexed)



## SHAREHOLDER STRUCTURE AS OF 30 JUNE 2022

The cancellation of shares repurchased by freenet AG has increased the relative stakes of existing shareholders in freenet AG in line with the reduction in share capital. No new shareholder voting rights notifications exceeding the threshold of at least 3 per cent of voting rights were published between the day the aforementioned shares were cancelled and 30 June 2022. As of 30 June 2022, BlackRock Inc. held the largest share of voting rights with 5.89 per cent. Dimensional Holdings Inc. holds 3.24 per cent of voting rights after adjusting for the new share capital figure. There have been no notifications that a shareholder holds at least 3 per cent of voting rights. As a result, the free float pursuant to the German Securities Trading Act (WpHG) is 90.87 per cent. For the latest changes to the shareholder structure of freenet AG, see [fn.de/shareholder](http://fn.de/shareholder)

**Figure 2: Shareholder structure as of 30 June 2022**



## ANALYSTS

The number of institutes or analysts officially covering the freenet share rose to 17 as of 30 June 2022 (end of 2021: 15). Ten analysts rate the stock as a Buy, five issued a Hold recommendation, and two analysts recommend selling the shares. One analyst issued a double upgrade of his recommendation compared to end of 2021, lifting the stock from a Sell to a Buy. One analyst also initiated coverage of freenet with a Buy. One analyst downgraded the stock from Hold to Sell, while another raised the rating from Sell to Hold. Yet another analyst initiated coverage with a Hold

recommendation. The median price target across all the analysts was 27.50 euros (end of 2021: 24.00 euros), with an average of 25.91 euros. Three analysts issued the highest price target of 30.00 euros (end of 2021: 29.00 euros), while the lowest price target observed among the analysts was 16.00 euros (end of 2021: 13.00 euros). For the latest analyst estimates on the freenet share, see [fn.de/analysts](http://fn.de/analysts)

**Figure 3: Distribution of analysts' recommendations as of 30 June 2022**

### Absolute figures



## 2022 ANNUAL GENERAL MEETING

On 5 May 2022, the Annual General Meeting of freenet AG was held virtually for the third time due to the prevailing pandemic situation in Germany. Around 40 per cent (previous year: 35 per cent) of share capital was represented at the event. A total of 733 shareholders attended virtually (previous year: 938), and more than 50 questions were submitted in advance and answered by the Executive Board or Supervisory Board during the Annual General Meeting (previous year: more than 100).

The Annual General Meeting confirmed the dividend proposal of 1.57 euros per outstanding share, thus enabling freenet to maintain dividend continuity and distribute 186.6 million euros to its shareholders for the 2021 financial year. The Annual General Meeting also confirmed the proposal for a new remuneration system for the Executive Board. As a result, from the 2022 financial year remuneration will be determined to an even greater extent by the company's long-term performance indicators and, for the first time, by the achievement of sustainability targets (known as ESG targets).

In addition, three new members were appointed to the Supervisory Board at the 2022 Annual General Meeting:

- As a proven expert in the area of sustainability reporting, Prof. Dr. Kerstin Lopatta will enhance the Supervisory Board's ESG expertise.
- As a company founder and entrepreneur in the fintech sector, Miriam Wohlfarth will support freenet's ongoing digital transformation efforts.
- As an experienced financial analyst covering companies in the telecommunications sector, Thomas Karlovits brings comprehensive industry and capital markets expertise to the Supervisory Board.

All three aforementioned individuals have been appointed until the 2026 Annual General Meeting. Sabine Christiansen (member since 2015), Robert Weidinger (member since 2012) and Marc Tüngler (member since 2012) were confirmed as Supervisory Board members for the same period. Following the Annual General Meeting, the newly appointed Supervisory Board selected Marc Tüngler as its new chairman. Marc Tüngler succeeds Prof. Dr. Helmut Thoma, who stepped down from the Supervisory Board.

## TERMINATION OF SHARE BUYBACK PROGRAMME AND CANCELLATION OF REPURCHASED SHARES

The 2020 Annual General Meeting authorised the Executive Board of freenet AG to repurchase shares totalling up to 10 per cent of the company's share capital with the approval of the Supervisory Board. Overall, freenet repurchased 7.15 per cent of share capital (9.16 million shares) during three share buyback programmes. All of the shares repurchased during the three share buyback programmes were redeemed with a corresponding reduction in share capital on 8 June 2022. As of 30 June 2022, the share capital of freenet AG amounts to 118,900,598 euros divided into 118,900,598 shares. Detailed information on the share buyback are available at [fn.de/sharebuyback](http://fn.de/sharebuyback).

**Table 1: Overview of freenet AG share buyback programmes**

	Shares
<b>Shares outstanding (before buyback)</b>	<b>128,061,016</b>
Buyback volume	12,801,101
Share buyback programme 2020	
Buyback volume	2,956,232
Share buyback programme 2021	
Buyback volume	5,552,664
Share buyback programme 2022	
Buyback volume	651,522
Total buyback volume	9,160,418
<b>Shares outstanding (after buyback)</b>	<b>118,900,598</b>

# INTERIM GROUP MANAGE- MENT REPORT

## INTERIM GROUP MANAGEMENT REPORT

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# PRINCIPLES OF CORPORATE MANAGEMENT

The freenet AG uses a standardised and reliable management system to implement its strategic goals and measure its operating performance across the entire Group. Performance is measured using financial and non-financial performance indicators that provide a foundation for value-oriented corporate governance. The established financial management system also ensures financial stability. The practicality of the management system is regularly reviewed by management and adjusted where necessary.

The performance indicators used for corporate management purposes also regularly represent alternative performance measures (APMs). The main features of the management

system are outlined below. Please refer to the “Corporate management” section of the 2021 Annual Report (see page 38 onwards) for a detailed presentation of the key figures used and the method for calculating them.

## FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

In order to measure and present the company's success and performance in a comprehensible way, the following performance indicators are used.

**Table 2: Financial and non-financial key performance indicators**

Financial key performance indicators (In EUR millions/as indicated)	H1/2022	H1/2021	Change	Q2/2022	Q2/2021	Change
Revenue	1,237.0	1,239.0	-0.2%	620.1	619.9	0.0%
EBITDA	240.9	222.3	8.4%	122.9	113.5	8.3%
Free cash flow	124.6	112.2	11.1%	61.9	52.7	17.4%
Postpaid ARPU (in EUR)	17.8	17.9	-0.6%	17.9	18.0	-0.6%

Non-financial key performance indicators (In '000s)	30.6.2022	31.12.2021	Change	30.6.2021
Postpaid customers	7,200.3	7,178.0	0.3%	7,113.3
freenet TV subscribers (RGU)	741.3	796.6	-6.9%	845.0
waipu.tv subscribers	820.2	722.5	13.5%	644.6
<b>Total subscriber base (excl. app-based customers)</b>	<b>8,761.9</b>	<b>8,697.1</b>	<b>0.7%</b>	<b>8,602.9</b>

The financial performance indicator free cash flow is not used for management purposes at segment level whereas postpaid ARPU is used for management purposes in the Mobile Communications segment only. The financial performance indicators EBITDA, free cash flow, postpaid ARPU, and adjusted EBITDA, which occasionally is calculated for information purposes, are also APMs. In the first half of 2022, there are no one-time effects that would require an adjustment of EBITDA (adjusted EBITDA).

With a business model consistently focused on customers and their needs, the performance of freenet – including its financial performance indicators – is closely linked to the development of its subscriber figures. This is why the acquisition of customers and their sustained loyalty are essential for the company's success. The strategically relevant customer group in each case varies depending on the operating segment. The postpaid customer base serves as a performance indicator for the Mobile Communication segment, and the

revenue-generating TV customer base, comprising freenet TV subscribers (RGU) and waipu.tv subscribers, serves as a performance indicator for the TV and Media segment.

The postpaid customer base, which comprises strategically important mobile communications customers, ensures the medium-term profitability and liquidity strength of freenet based on fixed-term contracts and is thus integral for managing the company's performance. Since entering the field of TV business, freenet has been addressing a further segment that strengthens and expands the company's strategic positioning as a digital lifestyle provider. In this context, the development of waipu.tv subscribers in particular serves as a measure for the success in establishing the new segment and thus for market penetration.

A comparison between the guidance of the performance indicators and the actual figures can be found in the section "Report on expected developments" on page 21.

# 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 Controlling and Accounting.

## CASH, LIQUIDITY AND CAPITAL STRUCTURE MANAGEMENT

The following are essential to ensuring both access to the (debt) 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 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 3: Capital structure management KPIs**

as indicated	Limits	Achieved as at 30.06.2022	30.6.2022	31.12.2021	Change	30.6.2021
Equity ratio (in %)	>25.0	Yes	40.1	41.5	-1.4 pp	41.3
Leverage	≤3.0	Yes	1.8	1.8	0.0%	1.9

At 40.1 per cent, the equity ratio on the reporting date was significantly above the threshold of 25.0 per cent and decreased slightly by 1.4 percentage points compared to the end of 2021. The reduction is the result of the dividend payment for the 2021 financial year of 186.6 million

euros approved by the shareholders at the Annual General Meeting on 5 May 2022 and made in the reporting quarter, as well as the continued acquisition of own shares in the first half of 2022 (see section “2022 share buyback programme”) in the amount of 14.7 million euros.

Leverage at the end of June 2022 was 1.8, well below the maximum limit and at the level comparable with 31 December 2021 and 30 June 2021.

As of 30 June 2022, the Executive Board confirms its financial guidance as well as all stated targets.

**Table 4: Net debt and leverage**

In EUR millions	30.6.2022	31.12.2021	Change	30.6.2021
Long-term borrowings	427.7	505.8	-15.4%	636.3
Short-term borrowings	172.4	143.6	20.0%	54.4
Net lease liabilities	398.9	425.3	-6.2%	440.0
Liquid assets	-145.0	-286.3	-49.3%	-288.9
<b>Net debt</b>	<b>854.0</b>	<b>788.4</b>	<b>8.3%</b>	<b>841.9</b>
<b>Leverage</b>	<b>1.8</b>	<b>1.8</b>	<b>0.0%</b>	<b>1.9</b>
Equity investment in CECONOMY <sup>1</sup>	86.8	123.7	-29.8%	134.3
<b>Adjusted net debt</b>	<b>767.2</b>	<b>664.7</b>	<b>15.4%</b>	<b>707.6</b>
<b>Adjusted leverage</b>	<b>1.6</b>	<b>1.5</b>	<b>7.8%</b>	<b>1.6</b>

<sup>1</sup> Closing price (XETRA) of the number of shares held by freenet

# COURSE OF BUSINESS AND SIGNIFICANT EVENTS

As a provider of mobile communications, Internet and TV entertainment products and services, freenet has a resilient business model characterised by

- value creation predominantly based on long-term subscriptions,
- largely digitalised processes and flexible sales structures, and
- a demand market that is not substantially impacted by macroeconomic factors.

As a result of this, freenet enjoyed a highly successful first half of 2022 despite the current macroeconomic and political challenges.

- The company continued its steady growth in subscriber agreements, with the number including the app-based tariffs rising by 0.9 per cent to 8.868 million as of 30 June 2022 (end of 2021: 8.785 million). By comparison, the number of waipu.tv subscribers recorded above-average growth in the first six months of the year (+13.5 per cent), rising to 820 thousand.
- At 1.237 billion euros, revenue remained stable as expected in the first half of 2022 compared to the same period in the previous year (1.239 billion euros), with 620 million euros of this figure generated in the second quarter.
- EBITDA improved considerably year-on-year to 240.9 million euros in the first half of 2022 (H1/2021: 222.3 million euros), with the second quarter figure of 122.9 million euros exceeding the previous quarter (118.0 million euros).
- At 124.6 million euros for the first six months of the current year, free cash flow also increased year-on-year (112.2 million euros).

## MOBILE COMMUNICATIONS SEGMENT: REINFORCING UMBRELLA BRAND, DISTRIBUTION AND PRODUCTS

Key developments in this segment during the first half of 2022 included bolstering the freenet umbrella brand, expanding distribution channels, upgrading the tariff portfolio and generating steady growth in customer numbers and service revenues.

freenet began the year by consolidating its brand portfolio and reinforcing the freenet umbrella brand. Products currently sold under the mobilcom-debitel brand will carry the freenet name in future. The aim of this standardisation and new brand architecture is to raise awareness of freenet as a brand and one of the largest digital lifestyle providers in Germany. To support these efforts, the company appointed entertainer Dieter Bohlen as an ambassador last autumn to enhance freenet's profile as a consumer brand and link together its individual product brands. The switch gradually came into effect across all analogue and digital channels over the first six months of the current year, with the majority of around 550 of the Group's own shops already rebranded by mid-2022. 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. While this will have a negative impact on relevant key financials such as EBIT or equity ratio, it will not affect freenet's liquidity and thus its ability to pay dividends.

Müller, together with dm and Rossmann one of the three largest drugstore chains in Germany, has been offering three different contracts on the Telefónica network in partnership with freenet since April. The waipu.tv IPTV

product from freenet's subsidiary EXARING AG is among the optional extras that can be added to these contracts. In May 2022, freenet also extended its exclusive distribution partnership with Media-Saturn Deutschland GmbH ahead of schedule for a further five years. As part of this successful collaboration that now stretches back over three decades, freenet sells its own mobile tariffs on the Deutsche Telekom and Vodafone networks as well as separate mobile communications products and services in Saturn and Media Markt stores. The renewed collaboration also includes Media-Saturn's online channels and omnichannel marketing.

freenet was the first service provider in Germany to offer the superfast 5G Magenta tariff portfolio, with customers now being able to choose from two "D" networks under the umbrella of a single provider. freenet also launched its first 5G tariff, "green 5G 40 GB". In May, the "klarmobil" no-frills brand followed suit with a corresponding 5G tariff in the D-network.

**Table 5: Mobile Communications customer figures**

in '000s	30.6.2022	31.12.2021	Change	30.6.2021
Postpaid customers	7,200.3	7,178.0	0.3%	7,113.3
App-based tariffs <sup>1</sup>	106.2	88.0	20.7%	77.9
<b>Number of subscribers (total)</b>	<b>7,306.5</b>	<b>7,266.0</b>	<b>0.6%</b>	<b>7,191.2</b>

<sup>1</sup> Comprises subscribers of freenet FUNK and freenet FLEX

While the aforementioned initiatives continue to drive subscriber growth in the core business, this trend is still being impacted by the now significantly more restrictive regulatory environment created by the entry into force of the new Telecommunications Act (TKG) on 1 December 2021. This impact is considered to be temporary overall, enabling freenet to maintain moderate growth in postpaid customers. The number of postpaid customers has risen slightly since

the end of 2021 by 0.3 per cent to 7.2 million. At the same time, the number of users of app-based tariffs exceeded the 100,000 mark for the first time, with 106.2 thousand customers using these innovative freenet products as of the end of June 2022 – an increase of 20.7 per cent since the start of the year. Postpaid ARPU remained stable in the first six months of 2022 at 17.8 euros (H1/2021: 17.9 euros). As a result, service revenues in the postpaid segment remained consistently high: they rose slightly by 0.5 per cent to 766.7 million euros compared with the first half of 2021 (763.1 million euros).

Products and services geared towards the digital lifestyle of customers constitute an excellent addition to the Mobile Communications and TV business, expanding freenet's existing offering. Smartphone insurance, antivirus software and other digital services for Mobile Communications contract customers have provided another particularly consistent revenue pillar for several years now. With this in mind, an even stronger freenet consumer brand should provide an additional boost to the business from now on. This segment contributed 93.1 million euros in the first half of 2022. This is a slight, temporary decrease of 1.6 per cent compared to the first half of 2021 (95.9 million euros) as a result of lower revenue from accessories (such as protective smartphone cases) due to supply chain disruption.

At the end of the first half of 2022, freenet unveiled another important addition to its product portfolio by launching freenet Internet, Germany's first app-based Internet product, making it a full-scale DSL provider that is perfectly equipped to shape convergent products with full customer ownership. This tariff can be managed on a completely digital and contactless basis via an app and can be cancelled on a monthly basis. freenet Internet costs 29.99 euros per month and is initially being offered as a fixed wireless access (FWA) product, with a broadband (DSL) version set to expand the technological offering by the end of the year. The launch of the app platform provides a foundation for generating an additional 15–25 million euros of EBITDA in 2025.

**Table 6: Mobile Communications revenue performance**

In EUR millions/as indicated	H1/2022	H1/2021	Change	Q2/2022	Q2/2021	Change
Postpaid ARPU (in EUR)	17.8	17.9	-0.7%	17.9	18.0	-0.8%
Revenue from services, postpaid	766.7	763.1	0.5%	385.2	384.2	0.3%
Revenue from services, no-frills / prepaid	57.3	53.2	7.7%	29.4	26.7	10.5%
Digital lifestyle revenue	93.1	95.9	-2.8%	48.2	49.0	-1.6%

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

freenet's TV and radio business is driven by the subsidiaries EXARING AG and its waipu.tv product as well as Media Broadcast, which provides freenet TV and comprehensive digital transmission solutions for broadcasting TV and radio signals via terrestrial transmitters and 5G campus networks. Both companies announced new partnerships, channels and customers in the first half of 2022.

waipu.tv continued its strong growth in the first six months of 2022, with the number of waipu.tv subscribers rising by 97.7 thousand in the first half of the year to reach 820.2 thousand as of 30 June (end of 2021: 722.5 thousand). More than half of this growth, or 51.3 thousand net new customers, was generated in the second quarter, underscoring the robust growth trend at waipu.tv.

**Table 7: TV and Media customer figures**

in '000s	30.6.2022	31.12.2021	Change	30.6.2021
freenet TV subscribers (RGU)	741.3	796.6	-6.9%	845.0
waipu.tv subscribers	820.2	722.5	13.5%	644.6
<b>Number of subscribers (total)</b>	<b>1,561.6</b>	<b>1,519.1</b>	<b>2.8%</b>	<b>1,489.6</b>

In addition to customers, the number of partnerships and channels on offer also grew. waipu.tv added more than a dozen new channels to its entertainment offering, with highlights including documentary channels Animal Planet and One Terra HD, Der Spiegel HD, Amuse Kids, and Street Comedy. The service also announced two important new collaborations. waipu.tv will begin an exciting new partnership with Deutsche Glasfaser in late 2022. 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, while the company's new customers will be able to use waipu.tv from the end of 2022. Deutsche Glasfaser's ambitious plans to attract new customers by expanding its fibre network will open up another growth channel for waipu.tv subscribers from the start of 2023. waipu.tv is also set to embark on a wide-ranging partnership with Roku TV during the current financial year. As well as being the leading TV streaming platform in the USA, Canada and Mexico, the US hardware

manufacturer has had a presence in Germany since the end of last year. The waipu.tv app will be available on Roku TV's highly customer-focused streaming platform.

Media Broadcast also expanded freenet TV's entertainment offering by adding the ShopLC live shopping channel, which has been available on a free-to-air basis since the start of May. The B2C business remained profitable in the first half of 2022 despite the gradual anticipated decline in users. The number of revenue-generating users (RGU) of freenet TV fell by 55.3 thousand in the first six months to 741.3 thousand.

Similarly, Media Broadcast is still achieving success in the area of B2B services. In March, the company reached a long-term agreement with mobile communications service provider 1&1 to repair and maintain its new 5G mobile communications network, thus expanding its Professional Services business into the telecommunications market. In addition to assuming responsibility for maintenance and fault clearance at several thousand mobile communication mast locations, Media Broadcast's specific tasks also include 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.

The freenet subsidiary is also working continuously to expand digital broadcasting networks, adding transmitters to the networks in several locations during the first half of 2022, including Saarland (second site), Reutlingen, Uelzen in Lower Saxony, Petkus in Brandenburg, Hamburg, Güstrow and Eisenhüttenstadt. The transmitter network for the first national DAB+ ensemble is set to consist of 161 sites by the end of the year, reaching nine out of ten people in Germany or around 75 million listeners.

Media Broadcast is also leading the way in the area of 5G campus networks, lending its expertise to the 5G-VIRTUOSA EU research project since September last year. Since the end of the first quarter, the freenet subsidiary has supplemented its existing 5G technology centre in Nauen, near Berlin, with a second site at its headquarters in Cologne, using fibre to connect this new cell to the 5G core at Nauen. This enables Media Broadcast to provide commercially successful solutions boasting high-performance technology at various external locations such as stadiums, production facilities, construction sites and agricultural land. The company has also signed an agreement with a German automotive supplier to plan, build and operate its 5G campus network.

# NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

## REVENUE AND RESULTS OF OPERATIONS

Table 8: Revenue and earnings performance indicators for the Group

In EUR millions	H1/2022 <sup>1</sup>	H1/2021	Change	Q2/2022 <sup>1</sup>	Q2/2021	Change
<b>Revenue</b>	<b>1,237.0</b>	<b>1,239.0</b>	<b>-0.2%</b>	<b>620.1</b>	<b>619.9</b>	<b>0.0%</b>
Gross profit	436.8	424.3	2.9%	218.6	210.3	4.0%
Overhead	-195.9	-202.0	-3.0%	-95.7	-96.8	-1.1%
<b>EBITDA</b>	<b>240.9</b>	<b>222.3</b>	<b>8.4%</b>	<b>122.9</b>	<b>113.5</b>	<b>8.3%</b>
Adjusted EBIT	164.3	109.0	50.7%	84.1	40.0	110.4%
Financial result	-4.0	-16.2	75.4%	-4.4	-7.3	40.4%
Adjusted EBT	160.3	92.8	72.8%	79.8	32.6	144.3%
<b>Adjusted consolidated profit</b>	<b>139.6</b>	<b>82.5</b>	<b>69.2%</b>	<b>76.8</b>	<b>32.8</b>	<b>134.4%</b>

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

At 1,237.0 million euros, consolidated revenue for the first half of 2022 remained at a similar level to the first half of 2021 (1,239.0 million euros). The number of postpaid customers relevant to the management of the Mobile Communications segment rose moderately to 7.2 million as of 30 June 2022 (30 June 2021: 7.1 million customers). At 17.8 euros, post-paid ARPU remained virtually unchanged compared to the prior-year period (H1/2021: 17.9 euros). As a result, the corresponding service revenues in the Mobile Communications segment rose by 3.6 million euros to 766.7 million euros in the first half of 2022 (H1/2021: 763.1 million euros). On the whole, mobile revenue was slightly down on the previous

year's level at 1,092.1 million euros (H1/2021: 1,099.9 million euros) due to lower hardware sales. By contrast, revenue in the TV and Media segment increased by 9.9 million euros year-on-year from 138.8 million euros to 148.7 million euros, primarily due to the fact that continued robust growth in waipu.tv subscribers more than offset the decline in freenet TV subscribers (RGU). Overall, these developments caused revenue to remain stable in line with guidance, with higher-margin service revenues making up an increasing share of the total.

As a result, gross profit grew by 12.5 million euros compared to the first half of 2021 to reach 436.8 million euros in the first

six months of 2022 (H1/2021: 424.3 million euros). The gross profit margin rose by 1.1 percentage points to 35.3 per cent, due in particular to the higher proportion of service revenue and otherwise constant consolidated revenue.

Overhead costs as the difference between gross profit and EBITDA decreased by 6.1 million euros compared with the first half of 2021, falling from 202.0 million euros to 195.8 million euros, primarily as a result of the 4.3 million euro decline in bad debt losses. At 106.2 million euros, the personnel expenses included in overhead costs were largely in line with the previous year's figure (H1/2021: 105.8 million euros) despite reduced use of short-time work amounting to 10.0 million euros (net effect). Any increase in personnel expenses was offset by the lower average number of employees compared to the first half of 2021 as well as a provision for personnel expenses recognised in the second quarter of 2021.

As a result of the increase in profitability outlined above, EBITDA rose significantly year-on-year to 240.9 million euros (H1/2021: 222.3 million euros), with both operating segments contributing to this growth. The Mobile Communications segment contributed 195.2 million euros to EBITDA in the first half of 2022 (H1/2021: 183.3 million euros), the TV & Media segment 54.3 million euros (H1/2021: 47.0 million euros) and the Other/Holding segment –8.6 million euros (H1/2021: –7.9 million euros).

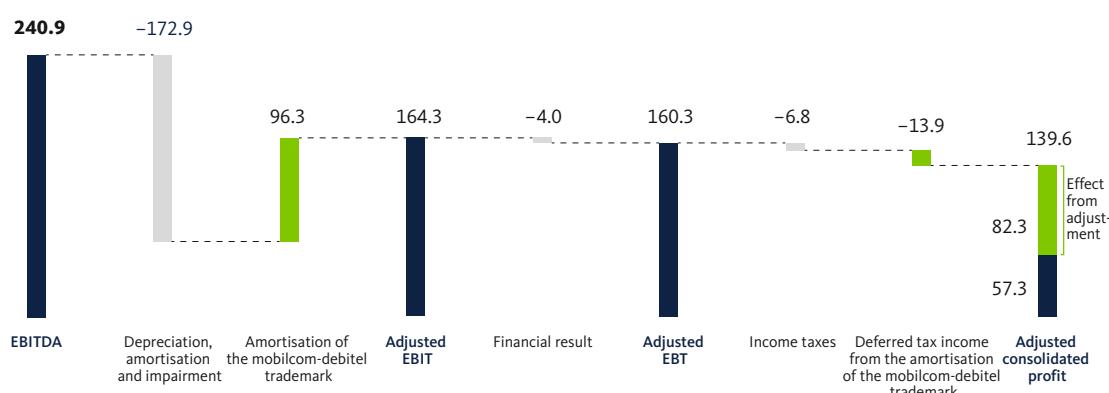
Depreciation, amortisation and impairment losses increased by 59.6 million euros year-on-year, from 113.3 million euros to 172.9 million euros. The sharp increase is attributable to the realignment of the brand strategy initiated at the beginning of the financial year. As part of the brand transformation, the mobilcom-debitel brand in use since 2009

will be gradually replaced 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 implementing the new brand strategy, 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 half of 2022, this resulted in amortisation of 96.3 million euros. The full effect of this is not reflected in depreciation, amortisation and impairment losses, since depreciation and impairments in connection with a right-of-use asset of EXARING AG in a fibre-optic network amounting to 36.0 million euros were recognised in the prior-year period and no depreciation, amortisation and impairment losses have been recognised in this regard since then.

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 figures will not be adjusted to reflect the depreciation of the right-of-use asset in the fibre-optic network mentioned above (36.0 million euros).

The financial result improved by 12.3 million euros to –4.0 million euros compared to the first half of 2021 (H1/2021: –16.2 million euros). The decrease of 4.3 million euros in interest expenses included in the financial result (H1/2022: 11.2 million euros; H1/2021: 15.6 million euros) is mainly due to lower bank interest as a result of the (early) repayment of borrowings. The other financial result of the first half of 2022 for the first time also includes a dividend of 5.5 million euros received from CECONOMY AG.

Figure 5: Reconciliation of EBITDA to adjusted consolidated profit in the first half of 2022 (in EUR millions)



Due to the effects explained above, adjusted earnings before tax (adjusted EBT) amounted to 160.3 million euros, an increase of 67.6 million euros year-on-year (H1/2021: 92.8 million euros).

Income tax expenses of 6.8 million euros (H1/2021: 10.3 million euros) were reported in the first half of 2022. Current tax expenses of 20.8 million euros (H1/2021: 16.1 million euros) and deferred tax income of 14.0 million euros (H1/2021: 5.8 million euros) were recognised. Tax income of 13.9 million euros resulted from the amortisation of the mobilcom-debitel trademark in the first half of 2022. 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 139.6 million euros in the first half of 2022 (H1/2021: 82.5 million euros).

## NET ASSETS AND FINANCIAL POSITION

Table 9: Condensed balance sheet of the Group

in EUR millions	30.6.2022	31.12.2021	Change	30.6.2021
Non-current assets	2,997	3,106	-3.5%	3,149
Current assets	678	846	-19.9%	794
<b>Assets</b>	<b>3,675</b>	<b>3,952</b>	<b>-7.0%</b>	<b>3,943</b>
Equity	1,472	1,639	-10.2%	1,628
Non-current liabilities	1,113	1,181	-5.8%	1,318
Current liabilities	1,090	1,132	-3.7%	996
<b>Equity and liabilities</b>	<b>3,675</b>	<b>3,952</b>	<b>-7.0%</b>	<b>3,943</b>

Total assets/total equity and liabilities amounted to 3,675.1 million euros as at 30 June 2022, a decrease of 277.3 million euros compared with 31 December 2021 (3,952.4 million euros).

On the assets side, non-current assets fell by 109.1 million euros from 3,106.2 million euros to 2,997.1 million euros in the first six months of this year. Other financial assets fell by 51.5 million euros to 150.2 million euros (end of 2021: 201.8 million euros) due to the decline in the market values of equity interests in CECONOMY AG and Media and Games Invest (MGI) SE. Intangible assets also decreased by 33.2 million euros to 425.7 million euros (end of 2021:

458.9 million euros). The change is mainly attributable to the 96.3 euro million amortisation of the “mobilcom-debitel” trademark, which was partially offset by the extension of the exclusive distribution right with Media-Saturn Deutschland GmbH for a nominal amount of 78.0 million euros. In this context, reference is made to selected explanatory note 4. In addition, lease assets decreased by 26.3 million euros to 375.1 million euros, mainly as a result of depreciation (end of 2021: 401.4 million euros).

Current assets fell by 168.2 million euros to 678.0 million euros (end of 2021: 846.2 million euros). This was primarily due to the 141.3 million euro decrease in liquid assets to 145.0 million euros (end of 2021: 286.3 million euros). This change mainly resulted from the dividend payment of 186.6 million euros made on 10 May 2022, the scheduled repayment of a promissory note loan in the amount of 50.0 million euros, plus the free cash flow of 124.6 million euros generated in the first half of 2022. Trade accounts receivable saw a reporting date-related decrease of 7.6 million euros to 238.0 million euros (end of 2021: 245.6 million euros).

On the equity and liabilities side, equity fell by 166.6 million euros to 1,472.3 million euros (end of 2021: 1,638.9 million euros). With consolidated profit coming in at 57.3 million euros, this reduction is primarily due to the dividend payment of 186.6 million euros and the change to the fair value of the equity interests in CECONOMY and MGI recognised in other comprehensive income. The equity ratio fell accordingly from 41.5 per cent at the end of December 2021 to 40.1 per cent at the end of June 2022. The decrease in borrowings by 49.3 million euros to 600.1 million euros (end of 2021: 649.4 million euros) is attributable to the repayment of a promissory note loan in the amount of 50.0 million euros. The increase in other financial liabilities by 51.5 million euros from 87.9 million euros to 139.4 million euros is mainly due to the corresponding liability recognised in connection with the extension of the exclusive distribution right with Media-Saturn Deutschland GmbH (capitalisation of an intangible asset). Trade accounts payable fell by 44.6 million euros to 294.2 million euros (end of 2021: 338.8 million euros), mainly as a result of reporting-date related developments in connection with liabilities to hardware suppliers and network operators. Pension provisions fell by 32.9 million euros to 63.4 million euros (end of 2021: 96.3 million euros) due to a sharp increase in the discount rate. In this context, reference is made to selected explanatory note 9. Lease liabilities decreased by 32.7 million euros to 448.2 million euros, mainly as a result of scheduled repayments (end of 2021: 480.9 million euros).

## CASH FLOWS

Table 10: Liquidity indicators for the Group

In EUR millions	H1/2022	H1/2021	Change	Q2/2022	Q2/2021	Change
Cash flows from operating activities	194.9	174.9	11.5%	97.6	85.9	13.6%
Cash flows from investing activities	-37.4	-17.2	-117.2%	-24.8	-10.3	-139.5%
Cash flows from financing activities	-298.8	-535.6	44.2%	-262.3	-287.1	8.6%
<b>Net change in cash funds</b>	<b>-141.3</b>	<b>-378.0</b>	<b>62.6%</b>	<b>-189.5</b>	<b>-211.6</b>	<b>10.4%</b>
<b>Free cash flow<sup>1</sup></b>	<b>124.6</b>	<b>112.2</b>	<b>11.1%</b>	<b>61.9</b>	<b>52.7</b>	<b>17.4%</b>

<sup>1</sup> 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 20.0 million euros year-on-year to 194.9 million euros in the first half of 2022 (H1/2021: 174.9 million euros). The increase is mainly attributable to the 18.6 million euro rise in EBITDA, while all other effects almost offset each other. The aggregate change in net working capital and contract acquisition costs of -14.7 million euros is also noteworthy in this context. This effect is offset by the 10.8 million euro reduction in interest payments to 9.2 million euros (H1/2021: 20.0 million euros) and the dividend of 5.5 million euros received from CECONOMY AG.

Cash flows from investing activities amounted to -37.4 million euros in the first half of 2022 compared to -17.2 million euros in the first half of 2021, a decrease of 20.2 million euros. The cash outflows for investments in property, plant and equipment and intangible assets netted out against the cash inflows from the disposal of such assets, increased by 7.3 million euros to 26.7 million euros compared with the first half of 2021 (19.4 million euros) due, among other things, to the renovation of the administration building in

Büdelsdorf. The cash investments were financed entirely out of the company's retained earnings. As part of the acquisition of The Cloud Group, Munich, as of 1 January 2019, an earn-out was agreed with the existing shareholders, which was paid out in the amount of 10.0 million euros in the first half of 2022 after the defined targets were achieved.

Cash flows from financing activities changed from -535.6 million euros in the first six months of 2021 to -298.8 million euros in the first six months of 2022. The change is mainly attributable to prior-year effects in connection with the repayment of promissory note loans (H1/2022: 50.0 million euros, H1/2021: 249.0 million euros). In addition, cash outflows under share buyback programmes decreased compared to the first half of 2021 (H1/2022: 14.7 million euros, H1/2021: 39.5 million euros).

Free cash flow of 124.6 million euros was generated in the first half of 2022, representing an increase of 12.5 million euros compared with the first half of 2021 (112.2 million euros).

# REPORT ON OPPORTUNITIES AND RISKS

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

However, the geopolitical and economic environment deteriorated significantly in the first half of 2022, particularly as a result of the war in Ukraine. For example, supply chains and energy supply could be disrupted, and there could be increasing bottlenecks in raw materials and wholesale products. Inflation could increase further, which would also directly affect freenet employees and customers.

The Executive Board of freenet AG continually evaluates these developments and effects on the company's business activities. A crisis team was set up for this purpose to be able to coordinate and establish countermeasures across the Group. The team will also take into account any effects of the ongoing Covid pandemic. At present, the duration and extent of these developments cannot be fully and reliably estimated. We believe that the negative effects of these general conditions on the financial and non-financial performance indicators will be small in financial year 2022. In the medium term, this could lead to moderate cost increases and temporarily adjusted consumer behaviour.

Due to higher construction costs and postponements in the progress of construction, it is almost certain that investments in the renovation of buildings in Büdelsdorf in the current financial year will be higher than originally projected. This represents a medium risk for freenet, but not a risk impacting on earnings.

Across the entire sector, consumer protection agencies have taken legal action against network operators and service providers in relation to the nature and extent of charges imposed on customers. In May 2022, freenet settled a case in connection with the amount of fees charged in the past for return debits notes. Sufficient risk provisions were recognised in previous years.

For more information on developments in the mobile communications and the TV/video market, please refer to the comments in the "Course of business" section.

As of 30 June 2022, there were still no risks in the "high" category. In addition, no risks have been identified which, either individually or in combination with other risks, could endanger the continued existence of freenet as a going concern. The potential effects on the current financial year continue to be qualified as minor.

# REPORT ON EXPECTED DEVELOPMENTS

freenet raised its full-year EBITDA guidance due to the positive performance of both the TV and Media segment and the Mobile Communications segment and the continuing positive outlook for the second half of 2022. The company now expects EBITDA of between 460 and 480 million euros (previously: 450 to 470 million euros), an increase of 10 million euros based on the midpoint of the original guidance. The guidance for the other financial and non-financial performance indicators remain unchanged (see table 11). At present, recent developments in the telecommunications and TV/video market (see "Course of business" section) and

the current geopolitical and macroeconomic environment (see "Report on opportunities and risks" section) do not provide any grounds for significant changes to the assumptions underlying these performance indicators from those used in the report on expected developments in the 2021 Annual Report. The assumptions made for the financial and non-financial key performance indicators of freenet AG are still considered appropriate. A detailed explanation of the outlook for the current year can be found in the 2021 Annual Report (see page 69 et seq.).

Table 11: Comparison of guidance and actual performance

Financial key performance indicators (In EUR millions/as indicated)	2021 reference value	Guidance for 2022 (25.02.2022)	Raised guidance, (11.8.2022)	Change in guidance	H1/2022
Revenue	2,556.3	Stable performance	Stable performance	→	1,237.0
EBITDA	447.3	450–470	<b>460–480</b>	↑	240.9
Free cash flow	234.4	230–250	230–250	→	124.6
Postpaid ARPU (in EUR)	18.1	Stable performance	Stable performance	→	17.8
Non-financial key performance indicators (In '000s)	2021 reference value	Guidance for 2022 (25.02.2022)	Confirmed guidance, (11.8.2022)	Change in guidance	30.6.2022
Postpaid customers	7,178.0	moderate growth	moderate growth	→	7,200.3
freenet TV subscribers (RGU)	796.6	marked decrease	marked decrease	→	741.3
waipu.tv subscribers	722.5	solid growth	solid growth	→	820.2

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

# **REPORT ON POST-BALANCE SHEET DATE EVENTS**

No events of material significance occurred after 30 June 2022.

Büdelsdorf, 11 August 2022

freenet AG

## The Executive Board

Christoph Winkel Jyo Dutt

Christoph Vilanek  
(CEO)

Ingo Arnold  
(CFO)

Stephan Esch  
(CTO)

A. Fromme  
(CCE)

Rickmann v. Platen  
(CCO)

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

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# CONSOLIDATED INCOME STATEMENT

**1 JANUARY TO 30 JUNE 2022**

	H1/2022 1.1.2022 – 30.6.2022	H1/2021 1.1.2021 – 30.6.2021	Q2/2022 1.4.2022 – 30.6.2022	Q2/2021 1.4.2021 – 30.6.2021
In EUR '000s / as indicated				
<b>Revenue</b>	<b>1,236,958</b>	<b>1,239,009</b>	<b>620,142</b>	<b>619,858</b>
Other operating income	23,336	20,195	12,643	10,602
Other own work capitalised	11,151	10,737	5,860	5,392
Cost of materials	-800,184	-814,712	-401,543	-409,605
Personnel expenses	-106,244	-105,843	-53,202	-55,374
Other operating expenses	-124,084	-127,073	-60,992	-57,390
Thereof loss allowances on financial assets and contract assets	-11,799	-16,095	-5,461	-7,435
Thereof without loss allowances on financial assets and contract assets	-112,285	-110,978	-55,531	-49,955
<b>EBITDA<sup>1</sup></b>	<b>240,933</b>	<b>222,313</b>	<b>122,908</b>	<b>113,483</b>
Depreciation, amortisation and impairment	-172,892	-113,300	-88,012	-73,501
<b>EBIT<sup>2</sup></b>	<b>68,041</b>	<b>109,013</b>	<b>34,896</b>	<b>39,982</b>
Loss of equity-accounted investments	-630	-898	-690	-381
Interest and similar income	3,830	1,099	2,813	524
Interest and similar expenses	-11,239	-15,568	-5,664	-7,116
Other financial result	4,048	-874	-832	-368
<b>Financial result</b>	<b>-3,991</b>	<b>-16,241</b>	<b>-4,373</b>	<b>-7,341</b>
<b>Earnings before taxes</b>	<b>64,050</b>	<b>92,772</b>	<b>30,523</b>	<b>32,641</b>
Income taxes	-6,791	-10,253	4,214	124
<b>Consolidated profit</b>	<b>57,259</b>	<b>82,519</b>	<b>34,737</b>	<b>32,765</b>
Consolidated profit attributable to shareholders of freenet AG	56,426	91,806	34,122	41,651
Consolidated profit/loss attributable to non-controlling interests	833	-9,287	615	-8,886
<b>Earnings per share (EPS), basic and diluted (in EUR)</b>	<b>0.47</b>	<b>0.74</b>	<b>0.28</b>	<b>0.34</b>
Weighted average number of shares outstanding, basic and diluted (in thousand)	119,050	124,026	118,851	123,444

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

<sup>2</sup> EBIT is defined as earnings before financial result and income taxes.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**1 JANUARY TO 30 JUNE 2022**

In EUR '000s	<b>H1/2022 1.1.2022 – 30.6.2022</b>	<b>H1/2021 1.1.2021 – 30.6.2021</b>	<b>Q2/2022 1.4.2022 – 30.6.2022</b>	<b>Q2/2021 1.4.2021 – 30.6.2021</b>
<b>Consolidated profit</b>	<b>57,259</b>	<b>82,519</b>	<b>34,737</b>	<b>32,765</b>
Currency translation differences	180	51	42	4
<b>Other comprehensive income/to be reclassified to the income statement in future periods</b>	<b>180</b>	<b>51</b>	<b>42</b>	<b>4</b>
Change in fair value of investments in equity instruments	-45,670	-37,867	-29,611	-22,434
Recognition of actuarial gains and losses arising from the accounting for pension plans according to IAS 19 (2011)	32,074	7,490	18,834	384
Income tax recognised in other comprehensive income	-9,026	-1,701	-5,258	224
<b>Other comprehensive income/not to be reclassified to the income statement in future periods</b>	<b>-22,622</b>	<b>-32,078</b>	<b>-16,035</b>	<b>-21,826</b>
<b>Cumulative other comprehensive income</b>	<b>-22,442</b>	<b>-32,027</b>	<b>-15,993</b>	<b>-21,822</b>
<b>Consolidated total comprehensive income</b>	<b>34,817</b>	<b>50,492</b>	<b>18,744</b>	<b>10,943</b>
Consolidated total comprehensive income attributable to shareholders of freenet AG	33,984	59,779	18,129	19,829
Consolidated total comprehensive income attributable to non-controlling interests	833	-9,287	615	-8,886

# CONSOLIDATED BALANCE SHEET

**30. JUNE 2022**

<b>ASSETS</b> In EUR '000s	<b>30.6.2022</b>	<b>31.12.2021</b>	<b>30.6.2021</b>
<b>Non-current assets</b>			
Intangible assets	425,664	458,911	452,823
Lease assets	375,130	401,423	413,443
Goodwill	1,382,394	1,382,394	1,382,394
Property, plant and equipment	125,731	124,349	134,157
Equity-accounted investments	220	100	940
Deferred income tax assets	139,239	134,229	133,559
Trade accounts receivable	48,429	56,895	65,167
Other receivables and other assets	99,151	95,094	93,452
Other financial assets	150,233	201,776	224,509
Contract acquisition costs	250,927	251,053	248,114
	<b>2,997,118</b>	<b>3,106,224</b>	<b>3,148,558</b>
<b>Current assets</b>			
Inventories	86,515	92,668	69,478
Current income tax assets	357	293	2,081
Trade accounts receivable	237,976	245,591	190,032
Other receivables and other assets	163,270	173,426	190,594
Other financial assets	44,890	47,936	53,065
Liquid assets	145,019	286,287	288,902
	<b>678,027</b>	<b>846,201</b>	<b>794,152</b>
<b>Total assets</b>	<b>3,675,145</b>	<b>3,952,425</b>	<b>3,942,710</b>

<b>EQUITY AND LIABILITIES</b>	<b>30.6.2022</b>	<b>31.12.2021</b>	<b>30.6.2021</b>
In EUR '000s			
<b>Equity</b>			
Share capital	118,901	128,061	128,061
Capital reserve	567,465	737,536	737,536
Treasury shares	0	-164,562	-90,961
Cumulative other comprehensive income	-144,852	-122,410	-107,545
Consolidated net retained profits	938,016	1,064,475	969,933
<b>Equity attributable to shareholders of freenet AG</b>	<b>1,479,530</b>	<b>1,643,100</b>	<b>1,637,024</b>
Non-controlling interests in equity	-7,223	-4,185	-8,728
	<b>1,472,307</b>	<b>1,638,915</b>	<b>1,628,296</b>
<b>Non-current liabilities</b>			
Lease liabilities	363,707	395,554	418,734
Other liabilities and deferrals	112,285	110,172	93,162
Other financial liabilities	96,576	23,832	29,410
Borrowings	427,674	505,786	636,327
Pension provisions	63,391	96,265	95,309
Other provisions	49,375	49,666	45,004
	<b>1,113,008</b>	<b>1,181,275</b>	<b>1,317,946</b>
<b>Current liabilities</b>			
Lease liabilities	84,528	85,332	85,402
Trade accounts payable	294,197	338,785	308,816
Other liabilities and deferrals	423,462	418,334	426,429
Other financial liabilities	42,798	64,045	49,661
Current income tax liabilities	41,999	34,808	40,087
Borrowings	172,391	143,619	54,430
Other provisions	30,455	47,312	31,643
	<b>1,089,830</b>	<b>1,132,235</b>	<b>996,468</b>
<b>Total equity and liabilities</b>	<b>3,675,145</b>	<b>3,952,425</b>	<b>3,942,710</b>

# STATEMENT OF CHANGES IN EQUITY

1 JANUARY TO 30 JUNE 2021

In EUR '000s	Cumulative other comprehensive income										Equity
	Share capital	Capital reserve	Treasury shares	Currency translation differences	Change in fair value of investments in equity instruments	Revaluation reserve in accordance with IAS 19	Consolidated net retained profits	Equity attributable to shareholders of freenet AG	Non-controlling interests in equity		
<b>As of 1.1.2021</b>	<b>128,061</b>	<b>737,536</b>	<b>-51,420</b>	<b>679</b>	<b>-42,873</b>	<b>-33,324</b>	<b>1,081,861</b>	<b>1,820,520</b>	<b>559</b>	<b>1,821,079</b>	
Dividend payment	0	0	0	0	0	0	-203,734	-203,734	0	-203,734	
Acquisition of treasury shares	0	0	-39,541	0	0	0	0	-39,541	0	-39,541	
Consolidated profit	0	0	0	0	0	0	91,806	91,806	-9,287	82,519	
Change in fair value of investments in equity instruments <sup>1</sup>	0	0	0	0	-37,291	0	0	-37,291	0	-37,291	
Recognition of actuarial gains and losses according to IAS 19 (2011) <sup>1</sup>	0	0	0	0	0	5,213	0	5,213	0	5,213	
Currency translation differences <sup>1</sup>	0	0	0	51	0	0	0	51	0	51	
Consolidated total comprehensive income	0	0	0	51	-37,291	5,213	91,806	59,779	-9,287	50,492	
<b>As of 30.6.2021</b>	<b>128,061</b>	<b>737,536</b>	<b>-90,961</b>	<b>730</b>	<b>-80,164</b>	<b>-28,111</b>	<b>969,933</b>	<b>1,637,024</b>	<b>-8,728</b>	<b>1,628,296</b>	

<sup>1</sup> Figures are shown offset against income tax recognised in other comprehensive income.

**1 JANUARY TO 30 JUNE 2022**

In EUR '000s	Cumulative other comprehensive income									
	Share capital	Capital reserve	Treasury shares	Currency translation differences	Change in fair value of investments in equity instruments	Revaluation reserve in accordance with IAS 19	Consolidated net retained profits	Equity attributable to shareholders of freenet AG	Non-controlling interests in equity	
<b>As of 1.1.2022</b>	<b>128,061</b>	<b>737,536</b>	<b>-164,562</b>	<b>790</b>	<b>-93,651</b>	<b>-29,549</b>	<b>1,064,475</b>	<b>1,643,100</b>	<b>-4,185</b>	<b>1,638,915</b>
Dividend payment	0	0	0	0	0	0	-186,595	-186,595	0	-186,595
Acquisition of further shares in subsidiaries	0	0	0	0	0	0	3,871	3,871	-3,871	0
Adjustment of option liabilities	0	0	0	0	0	0	-161	-161	0	-161
Acquisition of treasury shares	0	0	-14,669	0	0	0	0	-14,669	0	-14,669
Redemption of treasury shares	-9,160	-170,071	179,231	0	0	0	0	0	0	0
Consolidated profit	0	0	0	0	0	0	56,426	56,426	833	57,259
Change in fair value of investments in equity instruments <sup>1</sup>	0	0	0	0	-44,978	0	0	-44,978	0	-44,978
Recognition of actuarial gains and losses according to IAS 19 (2011) <sup>1</sup>	0	0	0	0	0	22,356	0	22,356	0	22,356
Currency translation differences <sup>1</sup>	0	0	0	180	0	0	0	180	0	180
Consolidated total comprehensive income	0	0	0	180	-44,978	22,356	56,426	33,984	833	34,817
<b>As of 30.6.2022</b>	<b>118,901</b>	<b>567,465</b>	<b>0</b>	<b>970</b>	<b>-138,629</b>	<b>-7,193</b>	<b>938,016</b>	<b>1,479,530</b>	<b>-7,223</b>	<b>1,472,307</b>

<sup>1</sup> Figures are shown offset against income tax recognised in other comprehensive income.

# CONSOLIDATED STATEMENT OF CASH FLOWS

**1 JANUARY TO 30 JUNE 2022**

In EUR '000s	H1/2022 1.1.2022 – 30.6.2022	H1/2021 1.1.2021 – 30.6.2021	Q2/2022 1.4.2022 – 30.6.2022	Q2/2021 1.4.2021 – 30.6.2021
<b>Earnings before interest and taxes (EBIT)</b>	<b>68,041</b>	<b>109,013</b>	<b>34,896</b>	<b>39,982</b>
<b>Restatements</b>				
Depreciation, amortisation and impairment of non-current assets	172,892	113,300	88,012	73,501
Dividends received from investees	5,548	0	0	0
Gain/loss on disposal of non-current assets	129	-214	107	-266
Increase in net working capital not attributable to investing or financing activities	-35,163	-61,576	-18,608	-30,947
Proceeds from the cash repayment of financial assets under leases	7,147	7,590	3,558	3,778
Capitalisation of contract acquisition costs	-135,881	-107,255	-67,349	-53,885
Amortisation of contract acquisition costs	136,007	148,476	67,876	73,506
Taxes paid	-14,599	-14,942	-6,338	-8,989
Income from interest and other financial result	-12	512	-40	760
Interest paid	-9,173	-20,004	-4,516	-11,532
<b>Cash flows from operating activities</b>	<b>194,936</b>	<b>174,900</b>	<b>97,598</b>	<b>85,908</b>
Payments to acquire property, plant and equipment and intangible assets	-28,475	-21,631	-15,109	-12,482
Proceeds from disposal of intangible assets and property, plant and equipment	1,790	2,233	1,240	1,644
Payments to acquire subsidiaries	-10,000	0	-10,000	0
Proceeds from deconsolidation of subsidiaries	0	2,000	0	0
Proceeds from selling equity-accounted investments	125	0	0	0
Repayment of contributions of equity-accounted investments	0	1,000	0	1,000
Payments into equity of equity-accounted investments	-750	-750	-750	-500
Payments to acquire other equity investments	-136	-96	-136	0
<b>Cash flows from investing activities</b>	<b>-37,446</b>	<b>-17,244</b>	<b>-24,755</b>	<b>-10,338</b>
Payments to company owners and minority shareholders	-186,595	-203,734	-186,595	-203,734
Payments to acquire own shares	-14,669	-39,541	0	-12,016
Payments to acquire minority interests	-3,871	0	-3,871	0
Cash repayments of borrowings	-50,000	-249,000	-50,000	-49,000
Cash repayments of lease liabilities	-43,623	-43,346	-21,850	-22,378
<b>Cash flows from financing activities</b>	<b>-298,758</b>	<b>-535,621</b>	<b>-262,316</b>	<b>-287,128</b>
<b>Net change in cash funds</b>	<b>-141,268</b>	<b>-377,965</b>	<b>-189,473</b>	<b>-211,558</b>
<b>Cash funds at beginning of period</b>	<b>286,287</b>	<b>666,867</b>	<b>334,492</b>	<b>500,460</b>
<b>Cash funds at end of period</b>	<b>145,019</b>	<b>288,902</b>	<b>145,019</b>	<b>288,902</b>

## COMPOSITION OF CASH FUNDS

In EUR '000s	30.6.2022	31.12.2021	30.6.2021
Liquid assets	145,019	286,287	288,902
<b>Cash funds</b>	<b>145,019</b>	<b>286,287</b>	<b>288,902</b>

## COMPOSITION OF FREE CASH FLOW

In EUR '000s	H1/2022 1.1.2022 – 30.6.2022	H1/2021 1.1.2021 – 30.6.2021	Q2/2022 1.4.2022 – 30.6.2022	Q2/2021 1.4.2021 – 30.6.2021
Cash flows from operating activities	194,936	174,900	97,598	85,908
Payments to acquire property, plant and equipment and intangible assets	-28,475	-21,631	-15,109	-12,482
Proceeds from disposal of intangible assets and property, plant and equipment	1,790	2,233	1,240	1,644
Cash repayments of lease liabilities	-43,623	-43,346	-21,850	-22,378
<b>Free cash flow<sup>1</sup></b>	<b>124,628</b>	<b>112,156</b>	<b>61,879</b>	<b>52,692</b>

<sup>1</sup> Free cash flow is an alternative performance measure that is defined in the "Corporate management" section of the 2021 Annual Report (see page 38 et seq.).

# SELECTED EXPLANATORY NOTES PURSUANT TO IAS 34

## MATERIAL ACCOUNTING POLICIES AND CONSOLIDATION PRINCIPLES

1. These condensed consolidated interim financial statements have been prepared in accordance with Regulation 1606/2002 of the European Parliament and of the Council, International Financial Reporting Standards (IFRSs) adopted by the European Union and IAS 34. The Group has taken into account all IFRSs that have been adopted by the EU and are mandatory. These interim consolidated financial statements have not been reviewed by an auditor.

The Group has adopted all accounting pronouncements required to be applied as of the reporting date, specifically: Annual improvements 2018-2020 Cycle, Amendments to IAS 37 (Onerous Contracts), Updating References to the Conceptual Framework (IFRS 3), Amendments to IAS 16 (Proceeds before Intended Use). These amendments have no material effect on these condensed interim consolidated financial statements of freenet AG.

Despite taking into account the current uncertainty and effects related to the war in Ukraine (e.g., with regard to a possible termination of Russian gas supply), the material estimates and assumptions have remained unchanged compared with the consolidated financial statements for 2021.

## SIGNIFICANT EVENTS AND TRANSACTIONS

2. The 2020 Annual General Meeting authorised the Executive Board of freenet AG to repurchase shares totalling up to 10 per cent of the company's share capital with the approval of the Supervisory Board. Overall, the company has repurchased 7.153 per cent of share capital (9,160,418 shares) under three share buyback programmes (2020, 2021 and 2022 share buyback programmes). All of the shares repurchased by freenet AG under the three share buyback programmes were redeemed with a corresponding reduction in share capital on 8 June 2022.

The share capital of freenet AG as of 30 June 2022 consists of 118,900,598 registered no-par-value shares, each with a theoretical nominal value of 1.00 euro. By resolution of the Executive Board on 8 June 2022, the registered share capital of 128,061 thousand euros was reduced to 118,901 thousand euros by redeeming 9,160,418 no-par value ordinary bearer shares, each with a theoretical nominal value of 1.00 euros per share.

The capital reserve of freenet AG amounted to 567,465 thousand euros as of 30 June 2022 (31 December 2021: 737,536 thousand euros). The decline in the capital reserve resulted from the reduction in capital caused by the redemption of the company's own shares.

3. In early January, as part of the realignment of the brand strategy, the Executive Board of freenet AG had 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 half of 2022, this resulted in amortisation of 96.3 million euros. In July 2022, the change of name of mobilcom-debitel GmbH to freenet DLS GmbH and of mobilcom-debitel Shop GmbH to freenet Shop GmbH was entered in the commercial register.

4. In May 2022, freenet AG extended its exclusive distribution rights with Media-Saturn Deutschland GmbH totalling a nominal 78.0 million euros ahead of schedule with a term running until at least 30 September 2025.

5. As at 30 June 2022, receivables originating from the existing factoring agreement regarding receivables from the mobile phone upgrade option amounting to 50.3 million euros (31 December 2021: 60.5 million euros) were sold and derecognised but not yet paid.

6. A promissory note loan from 2015 in the amount of 50.0 million euros was repaid in full in the first half of 2022.

7. The following significant transactions took place between the Group and related parties:

In EUR '000s	1.1.2022 – 30.6.2022	1.1.2021 – 30.6.2021
<b>Revenue attributable to billing of services</b>		
<b>Joint ventures</b>		
Jestoro GmbH, Hamburg	0	183
<b>Non-consolidated companies</b>		
Antenne Deutschland GmbH & Co KG	139	2,251
Bayern Digital Radio GmbH	225	219
Hessen Digital Radio GmbH	500	474
<b>Total</b>	<b>864</b>	<b>3,127</b>

In EUR '000s	1.1.2022 – 30.6.2022	1.1.2021 – 30.6.2021
<b>Expenses from the purchase of services</b>		
<b>Joint ventures</b>		
Check Tech Service GmbH, Hamburg (Tochterunternehmen der Jestoro GmbH)	0	35
<b>Non-consolidated companies</b>		
Antenne Deutschland GmbH & Co KG	60	75
Bayern Digital Radio GmbH	277	277
Hessen Digital Radio GmbH	36	71
<b>Total</b>	<b>373</b>	<b>458</b>

The following significant receivables from and liabilities to related parties existed as at 30 June 2022:

In EUR '000s	30.6.2022	30.6.2021
<b>Receivables from current service transactions</b>		
<b>Joint ventures</b>		
Jestoro GmbH, Hamburg	0	32
<b>Non-consolidated companies</b>		
Antenne Deutschland GmbH & Co KG	87	34
<b>Total</b>	<b>87</b>	<b>66</b>

All transactions were based on market prices. No collateral has been provided.

## OTHER DISCLOSURES

8. We provide the following information regarding fair values:

The following overview entitled "Fair value hierarchy as at 30 June 2022" shows the major parameters on which the

measurement of financial instruments measured at fair value, and of the financial instruments measured at amortised cost whose fair value could be determined, is based. For the definition of the individual levels in accordance with IFRS 13, please refer to the notes to the consolidated financial statements of freenet AG as of 31 December 2021.

## FINANCIAL INSTRUMENTS BY CATEGORY AS OF 30 JUNE 2022

In EUR '000s	IFRS 9 measure- ment category	Carrying amount	Measurement		Fair value of financial instruments
			30.6.2022	Amortised cost	
<b>Assets</b>					
Cash / liquid assets	AC	145,019	145,019		— <sup>1</sup>
Trade accounts receivable		286,405			
At amortised cost	AC	178,187	178,187		— <sup>1</sup>
Fair value through profit or loss	FVTPL	108,218		108,218	— <sup>1</sup>
Other financial assets		195,123			
Lease liabilities	n / a	49,184			
Non-derivative financial assets					
At amortised cost	AC	18,076	18,076		— <sup>1</sup>
Other financial assets					
At amortised cost	AC	9,476	9,476		— <sup>1</sup>
Fair value through profit or loss	FVTPL	19,432		19,432	
Other equity instruments					
Fair value through profit or loss	FVTPL	1,611		1,611	— <sup>1</sup>
Fair value through other comprehensive income	FVOCI	97,344			97,344
					97,344

<sup>1</sup> No fair value has been determined for the items; however, the carrying amount is a reasonable approximation of the fair value. This means that the aggregate fair value for the measurement categories AC and FVTPL are considerably lower than the corresponding aggregate carrying amounts in the balance sheet.

In EUR '000s	IFRS 9 measure- ment category	Carrying amount	Measurement			Fair value of financial instruments
			30.6.2022	Amortised cost	Fair value through profit or loss	
<b>Equity and liabilities</b>						
Lease liabilities	n / a	448,235				
Trade accounts payable	AC	294,197	294,197			
Borrowings		600,065	600,065			
Borrowings from promissory notes	AC	596,582	596,582			592,346
Other borrowings	AC	3,483	3,483			
Other financial liabilities		139,374				
At amortised cost	AC	131,769	131,769			
Fair value through profit or loss	FVTPL	7,605		7,605		— <sup>1</sup>
<b>Thereof aggregated by IFRS 9 measurement category</b>						
<b>Assets</b>						
At amortised cost	AC	350,758	350,758			— <sup>1</sup>
Fair value through profit or loss	FVTPL	129,261		129,261		— <sup>1</sup>
Fair value through other comprehensive income	FVOCI	97,344			97,344	97,344
<b>Equity and liabilities</b>						
At amortised cost	AC	1,026,031	1,026,031			592,346 <sup>1</sup>
Fair value through profit or loss	FVTPL	7,605		7,605		— <sup>1</sup>

<sup>1</sup> No fair value has been determined for the items; however, the carrying amount is a reasonable approximation of the fair value. This means that the aggregate fair value for the measurement categories AC and FVTPL are considerably lower than the corresponding aggregate carrying amounts in the balance sheet.

## FAIR VALUE HIERARCHY AS OF 30 JUNE 2022

In EUR '000s	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Trade accounts receivable, at fair value through profit or loss	108,218	0	0	108,218
Other financial assets, at fair value through profit or loss	19,432	0	0	19,432
Other equity instruments, at fair value through profit or loss	1,611	0	0	1,611
Other equity instruments, at fair value through other comprehensive income	97,344	97,344	0	0
<b>Equity and liabilities</b>				
Borrowings from promissory notes	592,346	0	0	592,346
Other financial liabilities, at fair value through profit or loss	7,605	0	0	7,605

There have been no changes regarding levels.

9. Pension provisions were remeasured based on updated interest rates (freenet, debitel programme: 3.52 per cent, Media Broadcast Group programme: 3.21 per cent), with premises remaining unchanged otherwise. The resulting actuarial gain of 32.1 million euros and the offsetting decrease in deferred tax assets by 9.0 million euros were recognised in the statement of comprehensive income. There was a net positive result of 23.0 million euros from items not to be reclassified to the income statement.

10. As in the 2021 consolidated financial statements, the calculation of current and deferred income taxes was based on an average tax rate of 30.30 per cent (previous year: 30.40 per cent).

11. No events of material significance occurred after 30 June 2022.

12. As its main decision-making body, the Executive Board organises and manages the company on the basis of the differences between the individual products and services offered by the company. As the Group performs its business operations almost entirely in Germany, its business is not organised or managed based on geographical regions. The Group was active in the following operating segments in the first six months of 2022:

- Mobile Communications:
  - Activities as a mobile communications service provider – marketing of mobile communications services (voice and data services) from the mobile communications network operators Deutsche Telekom, Vodafone and Telefónica
  - Based on the network operator agreements entered into with these network operators, a range of the company's own network-independent services and tariffs as well as a range of network operator tariffs
  - Sale/distribution of mobile communications devices as well as additional services for mobile data communications and digital lifestyle
  - Rendering of sales services
  - Planning, construction, installation and maintenance of WiFi networks
- TV and Media:
  - Rendering of services, mainly to end users, in the field of IPTV
  - Planning, project management, installation, operation, service and marketing of broadcast-related solutions for business clients in the radio and media sectors
  - Rendering of services to end users in the field of DVB-T2
- Other / Holding:
  - Rendering of portal services such as e-commerce / advertising services (these essentially comprise the offer of online shopping and the marketing of advertising space on websites), of payment services for end customers as well as various digital products and entertainment formats for downloading and displaying and use on mobile devices

- Development of communication solutions, IT solutions and other services for corporate customers
- Range of narrowband voice services (call-by-call, preselection) and data services
- Rendering of sales services

The “Other/Holding” segment includes other business activities in addition to operating activities. This mainly comprises the holding activities of freenet AG (with the rendering of services within the Group in central areas, such as legal, human resources and finance) as well as areas which cannot be clearly allocated to operating segments.

The segment revenue of 18.4 million euros (previous year: 21.6 million euros) reported for the “Other/Holding” segment in the first six months of 2022 is attributable to operating activities (18.7 million euros; previous year: 22.0 million euros) and other business activities (−0.3 million euros; previous year: −0.4 million euros).

Of the figure of 13.2 million euros (previous year: 12.6 million euros) reported as gross profit for the first six months of 2022 for the “Other/Holding” segment, 13.6 million euros (previous year: 13.0 million euros) is attributable to the operating activities and −0.4 million euros (previous year: −0.4 million euros) is attributable to the other business activities.

The EBITDA of −8.6 million euros (previous year: −7.9 million euros) reported for the “Other/Holding” segment for the first six months of 2022 was accounted for by operating activities to the extent of 5.5 million euros (previous year: 5.0 million euros) and by other business activities in the amount of −14.1 million euros (previous year: −12.9 million euros).

# SEGMENT REPORT

1 JANUARY TO 30 JUNE 2022

in EUR '000s	Mobile Communications	TV and Media	Other/ Holding	Elimination of intersegment revenue and costs	Total
<b>Third-party revenue</b>	<b>1,083,396</b>	<b>143,170</b>	<b>10,392</b>	<b>0</b>	<b>1,236,958</b>
Inter-segment revenue	8,743	5,532	8,009	-22,284	0
Total revenue	1,092,139	148,702	18,401	-22,284	1,236,958
<b>Cost of materials, third party</b>	<b>-749,493</b>	<b>-45,882</b>	<b>-4,809</b>	<b>0</b>	<b>-800,184</b>
Inter-segment cost of materials	-10,576	-7,571	-399	18,546	0
Total cost of materials	-760,069	-53,453	-5,208	18,546	-800,184
<b>Segment gross profit</b>	<b>332,070</b>	<b>95,249</b>	<b>13,193</b>	<b>-3,738</b>	<b>436,774</b>
Other operating income	23,484	195	797	-1,140	23,336
Other own work capitalised	7,354	3,116	681	0	11,151
Personnel expenses	-64,326	-26,686	-15,232	0	-106,244
Other operating expenses	-103,396	-17,538	-8,028	4,878	-124,084
Thereof loss allowances on financial assets and contract assets	-11,473	-285	-41	0	-11,799
Thereof without loss allowances on financial assets and contract assets	-91,923	-17,253	-7,987	4,878	-112,285
<b>Overhead total<sup>1</sup></b>	<b>-136,884</b>	<b>-40,913</b>	<b>-21,782</b>	<b>3,738</b>	<b>-195,841</b>
Thereof inter-segment allocation	-3,231	-473	-34	3,738	
<b>Segment EBITDA</b>	<b>195,186</b>	<b>54,336</b>	<b>-8,589</b>	<b>0</b>	<b>240,933</b>
Depreciation, amortisation and impairment					-172,892
<b>EBIT</b>					<b>68,041</b>
Financial result					-3,991
Income taxes					-6,791
<b>Consolidated profit</b>					<b>57,259</b>
Consolidated profit attributable to shareholders of freenet AG					56,426
Consolidated profit attributable to non-controlling interests					833
<b>Net cash investments</b>	<b>12,701</b>	<b>7,936</b>	<b>6,048</b>		<b>26,685</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.

**1 JANUARY TO 30 JUNE 2021**

in EUR '000s	Mobile Communications	TV and Media	Other/ Holding	Elimination of intersegment revenue and costs	Total
<b>Third-party revenue</b>	<b>1,091,885</b>	<b>133,478</b>	<b>13,646</b>	<b>0</b>	<b>1,239,009</b>
Inter-segment revenue	7,969	5,339	7,907	-21,215	0
Total revenue	1,099,854	138,817	21,553	-21,215	1,239,009
<b>Cost of materials, third party</b>	<b>-764,401</b>	<b>-41,507</b>	<b>-8,804</b>	<b>0</b>	<b>-814,712</b>
Inter-segment cost of materials	-9,737	-7,520	-174	17,431	0
Total cost of materials	-774,138	-49,027	-8,978	17,431	-814,712
<b>Segment gross profit</b>	<b>325,716</b>	<b>89,790</b>	<b>12,575</b>	<b>-3,784</b>	<b>424,297</b>
Other operating income	19,478	617	1,380	-1,280	20,195
Other own work capitalised	6,683	3,034	1,020	0	10,737
Personnel expenses	-63,144	-27,167	-15,532	0	-105,843
Other operating expenses	-105,455	-19,301	-7,381	5,064	-127,073
Thereof loss allowances on financial assets and contract assets	-15,977	-42	-76	0	-16,095
Thereof without loss allowances on financial assets and contract assets	-89,478	-19,259	-7,305	5,064	-110,978
<b>Overhead total<sup>1</sup></b>	<b>-142,438</b>	<b>-42,817</b>	<b>-20,513</b>	<b>3,784</b>	<b>-201,984</b>
Thereof inter-segment allocation	-3,560	-378	154	3,784	
<b>Segment EBITDA</b>	<b>183,278</b>	<b>46,973</b>	<b>-7,938</b>	<b>0</b>	<b>222,313</b>
Depreciation, amortisation and impairment					-113,300
<b>EBIT</b>					<b>109,013</b>
Financial result					-16,241
Income taxes					-10,253
<b>Consolidated profit</b>					<b>82,519</b>
Consolidated profit attributable to shareholders of freenet AG					91,806
Consolidated profit attributable to non-controlling interests					-9,287
<b>Net cash investments</b>	<b>12,413</b>	<b>5,050</b>	<b>1,935</b>		<b>19,398</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.

Büdelsdorf, 11 August 2022

freenet AG  
The Executive Board

Christoph Vilanek (CEO)   Ingo Arnold (CFO)   Stephan Esch (CTO)   Antonius Fromme (CCE)   Rickmann v. Platen (CCO)

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# **RESPONSIBILITY STATEMENT**

To the best of our knowledge and belief, and in accordance with the applicable reporting principles and in compliance with generally accepted accounting principles, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Büdelsdorf, 11 August 2022

freenet AG

## The Executive Board

Christoph Weise Jyo Russell

Christoph Vilanek  
(CEO)

Ingo Arnold  
(CFO)

Stephan Esch  
(CTO)

A. Fromme  
Antonius Fromme  
(GCE)

Rickmann v. Platen  
(CCO)

# FURTHER INFORMATION

# GLOSSARY

5G Fifth generation mobile communications, which is based on the existing mobile communications standard LTE.

Adjusted consolidated profit/loss Consolidated profit/loss plus amortisation of the mobilcom-debitel trademark and less the corresponding deferred tax income.

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

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

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

Diluted earnings per share Diluted earnings per share are calculated by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding increased by potentially dilutive shares. The number of potentially dilutive shares is calculated as the difference between the potential ordinary shares attributable to employee incentive programmes measured at the subscription price and the ordinary shares issuable at fair value.

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 interest and taxes.

EBT Earnings before taxes

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

Equity investments Market value of CECONOMY AG on the reporting date. The market value of CECONOMY AG is calculated by multiplying the closing price of the CECONOMY share on the Frankfurt stock exchange by the number of CECONOMY AG shares held by freenet (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 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).

Prepaid Mobile services billed in advance.

waipu.tv subscribers Customers who use subscribed to one of the fee-based tariffs.

# FINANCIAL CALENDAR

Date	Event
4 November 2022	Nine-month figures/Q3/2022

The updated financial calendar is available at [fn.de/calendar](http://fn.de/calendar).

Due to rounding, some of the figures may not add up precisely to the stated totals, and percentages may not precisely reflect the absolute figures.

The English version of the half-yearly report is a convenience translation of the German version.  
The German version is legally binding.

Further information on the freenet and the share is available at:  
[fn.de/investors](http://fn.de/investors)



If you have installed a QR-Code recognition software on your smartphone,  
scanning this code will take you directly there.



