

MANAGEMENT PRESENTATION

Results for Q2/H1 2022

CHRISTOPH VILANEK, CEO

INGO ARNOLD, CFO

12 August 2022

Analyst and Investor Conference Call

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AGENDA

1 BUSINESS

C. VILANEK, CEO

2 FINANCIALS

I. ARNOLD, CFO

3 Q&A

STRONG PERFORMANCE IN ALL AREAS

8,868 ^{000s}

TOTAL SUBSCRIBER BASE

240.9 ^{mEUR}

EBITDA

124.6 ^{mEUR}

FREE CASH FLOW

+187.2 ^{000s}

HIGH CUSTOMER INTAKE

+18.6 ^{mEUR}

GROWTH IN BOTH SEGMENTS

+12.5 ^{mEUR}

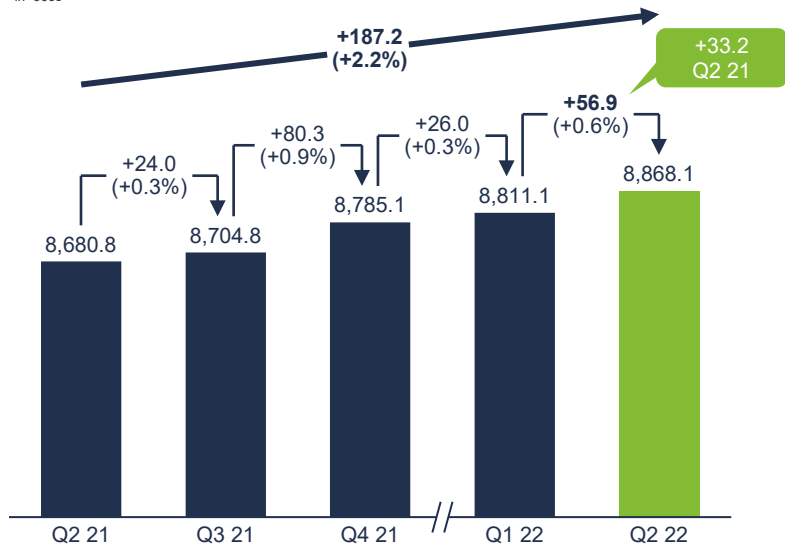
IN LINE WITH EXPECTATION

yoy change

+187,200 SUBSCRIBERS YOY AND IMPROVED NET ADDS VERSUS Q1 22

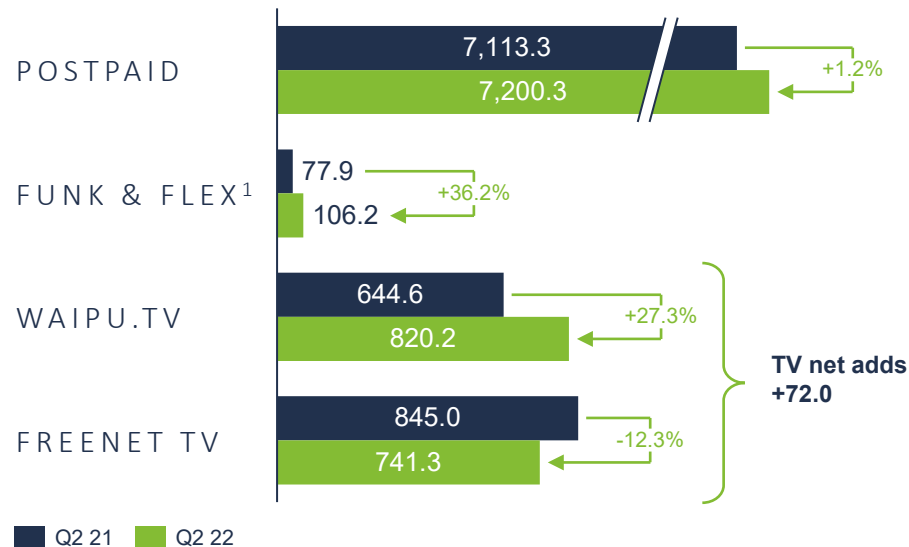
TOTAL SUBSCRIBER BASE

in '000s



SUBSCRIBER BASE BREAK-DOWN

in '000s



¹ ARPU and profitability comparable to postpaid contracts, but not yet counted within postpaid base

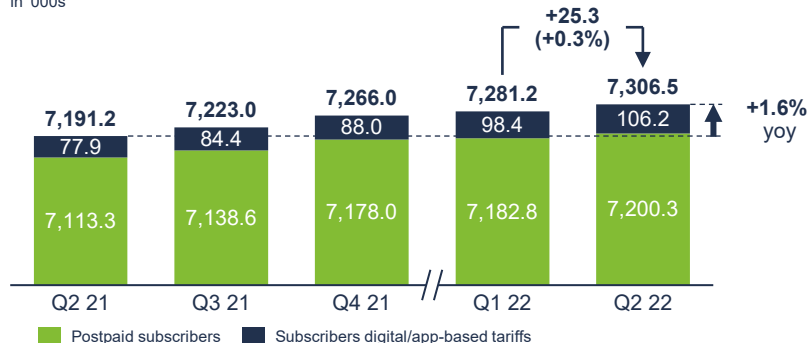
+25,300 MOBILE NET ADDS AFTER +15,200 IN Q1 22

PARTNERSHIPS, NEW TARIFFS AND ENFORCED BRAND IDENTITY

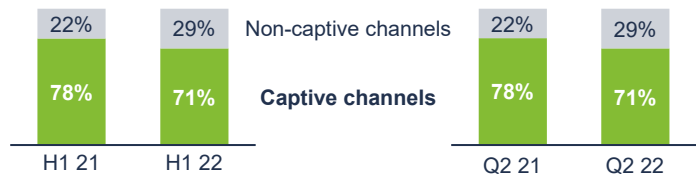
- Extension of exclusive sales partnership with Media-Saturn Deutschland GmbH by further five years until 2027
- Own 5G tariff offers complement MNO 5G tariffs (T-Mobile + Vodafone)
- Introduction of Smart Pricing in retail as part of the roll-out of the CLTV concept
- Brand transformation completed: “freenet” introduced as umbrella brand, majority of shops rebranded, and all websites transformed with promising results from SEA and SEO

MOBILE SUBSCRIBER DEVELOPMENT

in '000s



CAPTIVE CHANNELS STABLE ABOVE 70%



FREENET INTERNET LAUNCH AS APP-BASED MONTHLY SUBSCRIPTION

ADDING A COMPLEMENTARY PILAR TO MOBILE AND TV

- Launch of user-friendly, technology-agnostic platform with fixed wireless access as first solution
- Digital app-based access, self-administration and monthly subscription
- Fits asset-light strategy and focus on customer centricity
- 29.99 euros/month will be also valid for DSL, cable and fibre



TIMELINE



**Q4/
2022** Roll-out DSL
Omnichannel

**From
2023** Launch of additional
technologies (Cable,
FTTH,...)
Omnichannel

**Ambition
2025** 15-25 mEUR
EBITDA contribution
in 2025

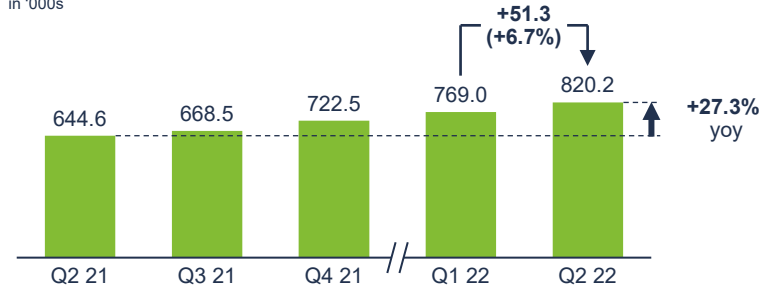
WAIPU.TV GROWS BY 51,300 SUBS IN Q2 22

COMPETITIVE OFFERS AND STRONG STRATEGIC PARTNERSHIPS

- Stronger net adds in H1 22 (+97,700) compared to H1 21 (+72,100)
- Strategic partnership with Deutsche Glasfaser (DGF) announced in March 2022; marketing to new DGF's customers starts in Q4 2022
- Partnership with Roku announced in May 2022 complementing existing platforms such as Fire TV, Apple TV and Samsung
- Cooperation with RTL expanded: Four new RTL pay-tv channels added to waipu.tv's program portfolio

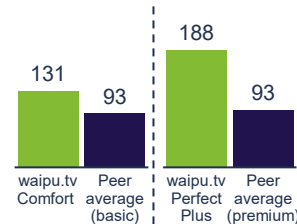
WAIPU.TV SUBSCRIBERS

in '000s

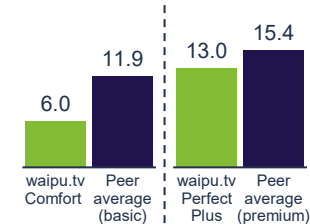


VALUE FOR MONEY LEADER

OF CHANNELS



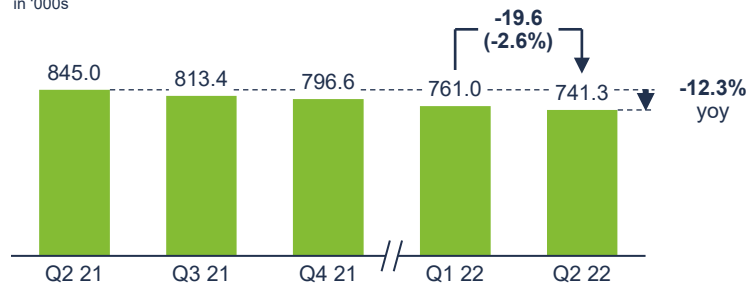
BASE PRICE IN EUR



MEDIA BROADCAST GAINING PACE IN 5G AND AUDIO

FREENET TV (RGU)

in '000s



OPERATIONAL HIGHLIGHTS

freenet TV

- Expansion of program offering by live shopping channel 'ShopLC'
- Price increase of 1 Euro/month (+15%) as of September 1st for new and December 1st for existing customers

Media Broadcast – B2B

- First 5G campus solution (plan, build, and operate) outside media sector with 'TIP Innovationspark Nordheide'

DAB+/'Antenne Deutschland'

- Media audit reports increase of +70,000 listeners to 229,000 per hour (highest absolute increase in the German market) from Q4 21 to Q2 22
- AdAudio – the ad sales unit – reports 660,000 listeners per hour under contract

OUTLOOK H2 22

GENERAL

- Consumer and market uncertainty anticipated, but history shows freenet can handle it
- Wage and price inflation will only have a 6-month impact, the actual impact is not expected until 2023, but has already been incorporated into several measures, e.g. workforce management, energy contracts, etc.

MOBILE COMMUNICATIONS

- Stable development expected with increasing share of SIM-only due to limited hardware supply and customer reluctance spending money
- Net adds expected to develop similar to H2 21

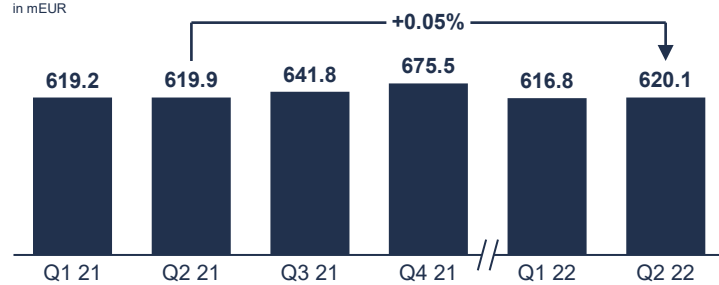
TV AND MEDIA

- waipu.tv to continue growth path somewhat depending on hardware availability
- Media Broadcast expected with EBITDA +3-5% vs. 2021

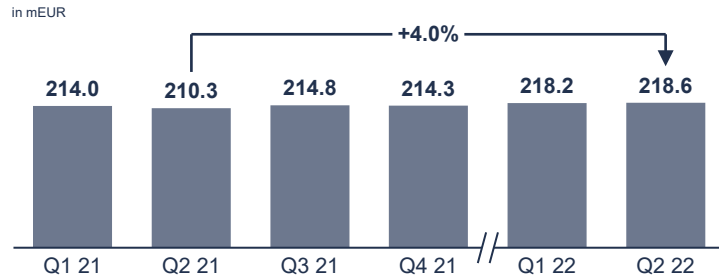
Increase in EBITDA guidance demonstrates the viability, crisis resistance and predictability of freenet's business model

GROUP – PROFITABILITY INCREASE IN H1 22

REVENUES



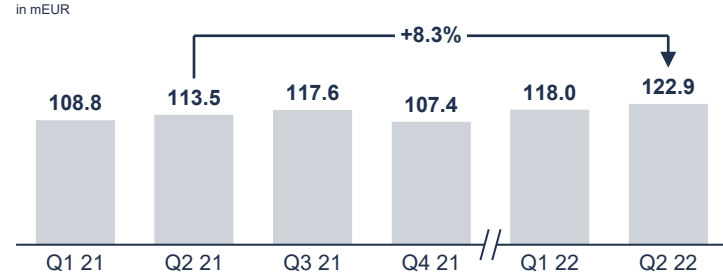
GROSS PROFIT



H1 22 VS. H1 21

- Group revenues at previous year's level (-0.2% yoy)
- Gross profit benefits from profitability growth in both operating segments; up +2.9% yoy to 436.8 mEUR (H1 21: 424.3 mEUR)
- Headwind from short-time work in 2021 (net effect: 10.0 mEUR) not visible in personnel expenses due to tight headcount control
- EBITDA reflects strong operating performance and cost base improvement; up +8.4% yoy to 240.9 mEUR (H1 21: 222.3 mEUR)

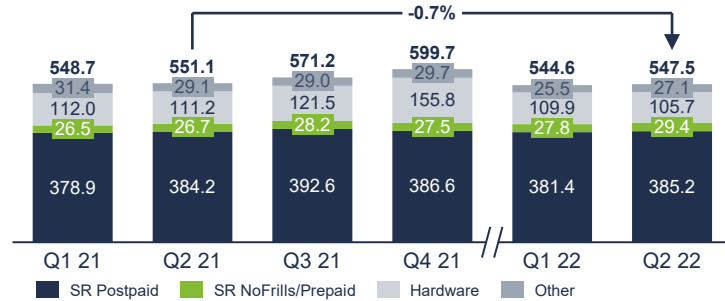
EBITDA



MOBILE – STILL VERY RESILIENT

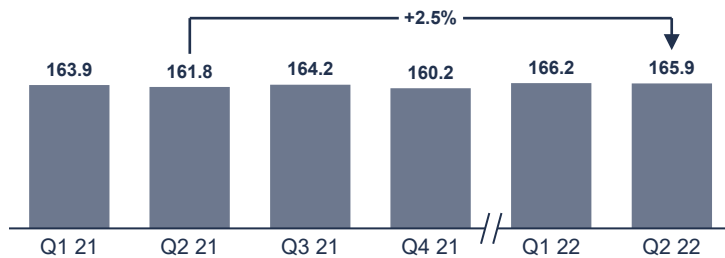
REVENUES

in mEUR



GROSS PROFIT

in mEUR

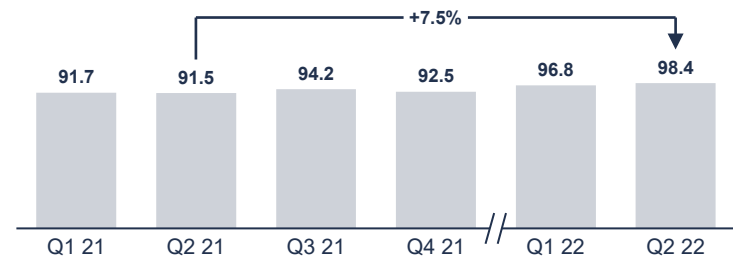


H1 22 VS. H1 21

- Mobile Communications revenues slightly down -0.7% yoy to 1,092.1 mEUR; share of service revenues up to 75.4% (H1 21: 74.2%) driving gross profit growth
- Gross profit margin above 30% leads to gross profit growth of +2.0% yoy to 332.1 mEUR (H1 21: 325.7 mEUR)
- Profitability growth at EBITDA level reinforced by tight cost management; EBITDA up +6.5% yoy to 195.2 mEUR (H1 21: 183.3 mEUR)

EBITDA

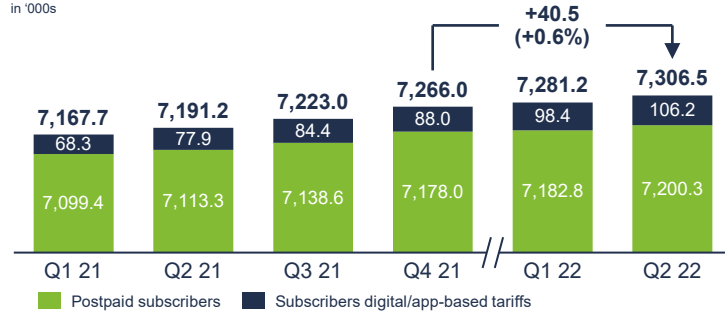
in mEUR



MOBILE – DLS REVENUES CATCHING UP

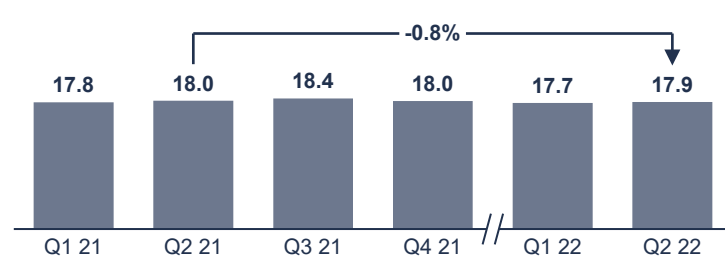
HIGH-VALUE MOBILE CUSTOMER BASE

in '000s



ARPU (POSTPAID)

in EUR

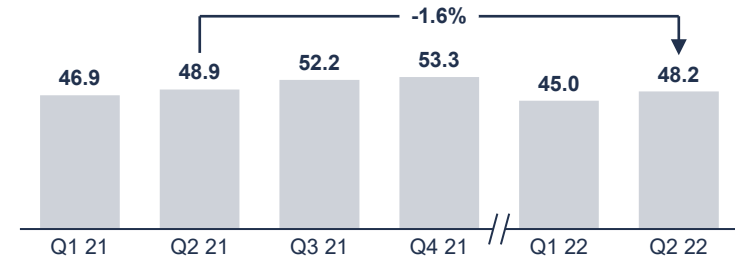


H1 22 VS. H1 21

- Steady growth of high-value mobile customer base (+1.6% yoy to 7,306.5 k)
- Postpaid ARPU remains stable (H1 22: 17.8 EUR vs. H1 21: 17.9 EUR)
- Catching up – Q2 DLS revenues almost at previous year's level
- In total, DLS revenues down -2.8% to 93.1 mEUR (H1 21: 95.9 mEUR); slowdown temporary due to supply chain issues

DIGITAL LIFESTYLE (DLS) REVENUES

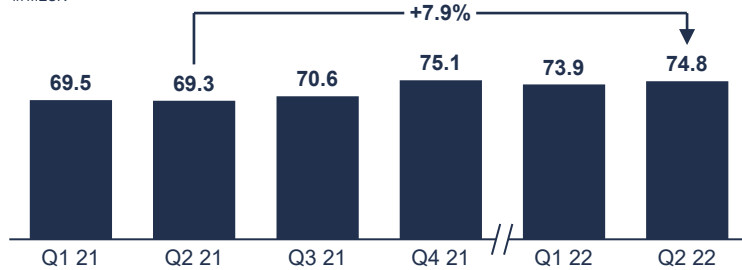
in mEUR



TV AND MEDIA – ABOVE EXPECTATIONS

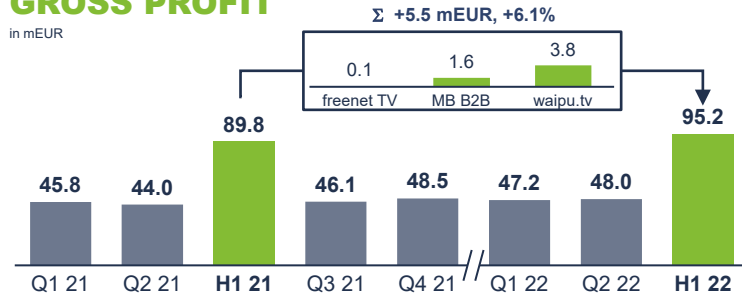
REVENUES

in mEUR



GROSS PROFIT

in mEUR

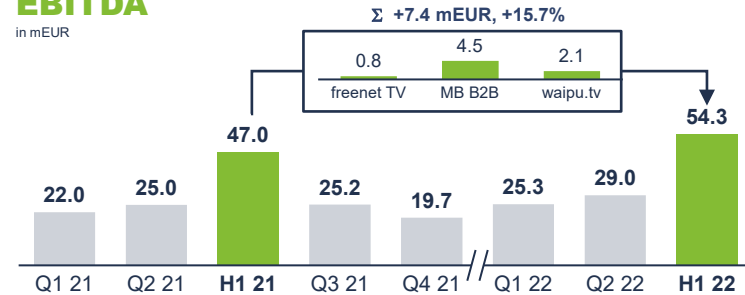


H1 22 VS. H1 21

- As a result of the strong customer growth of waipu.tv, revenues increase +7.1% yoy to 148.7 mEUR (H1 21: 138.8 mEUR)
- High value contribution from customer growth reflected in both gross profit and EBITDA
- Gross profit up +6.1% yoy to 95.2 mEUR (H1 21: 89.8 mEUR)
- EBITDA margin improves further (+2.7 PP); EBITDA up +15.7% yoy at 54.3 mEUR (H1 21: 47.0 mEUR)

EBITDA

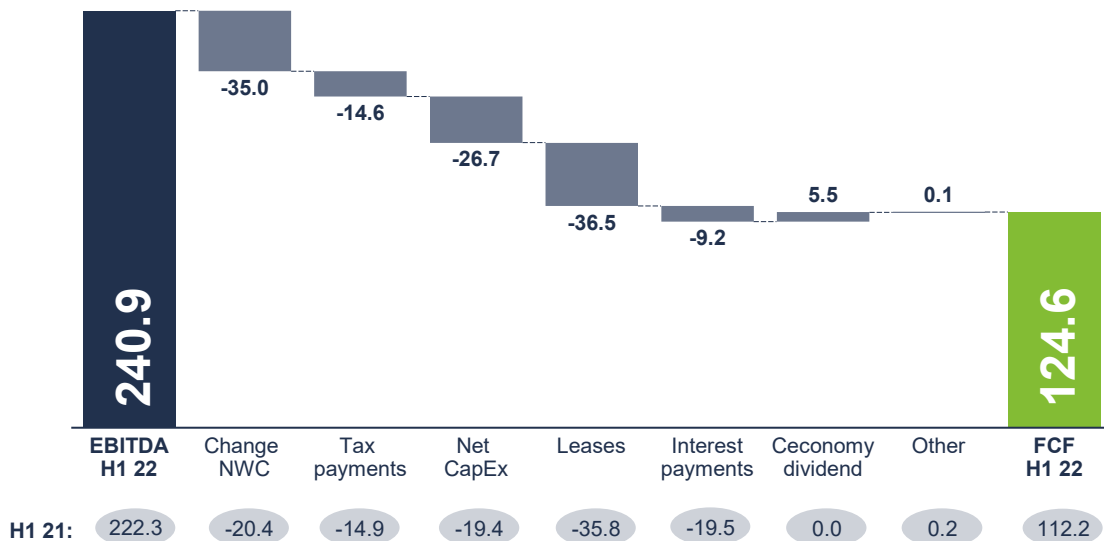
in mEUR



FREE CASH FLOW SLIGHTLY ABOVE MID-POINT GUIDANCE

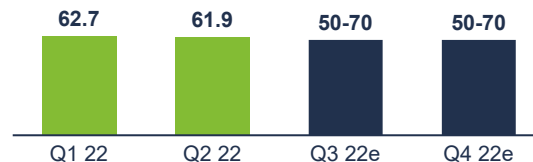
EBITDA TO FREE CASH FLOW (FCF)

in mEUR



FCF QUARTERLY BREAKDOWN

in mEUR



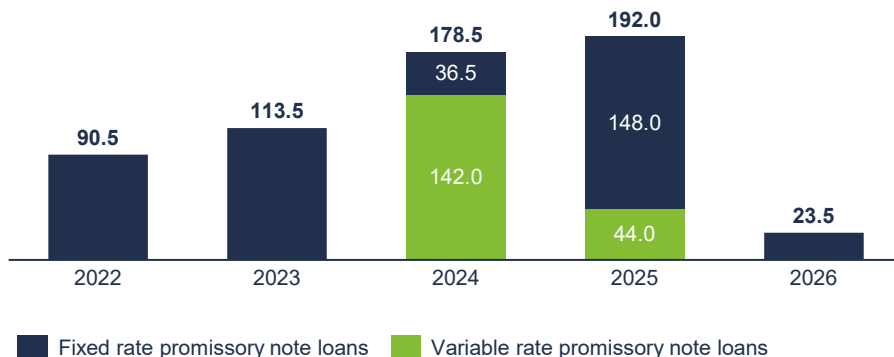
FURTHER EXPLANATIONS

- CapEx higher due to HQ renovation Büdelsdorf (ca. 4.9 mEUR) and regional DAB investments (ca. 1.9 mEUR)
- Change in NWC increased due to further voluntary reduction of factoring handset receivables
- Debt reduction leads to lower interest payments

INTEREST RATE INCREASES WITH MINOR EFFECTS ON FREENET

MATURITY STRUCTURE AS OF 30 JUNE 2022

in mEUR



∑ 598.0 bank debt (gross) – 143.0 cash = 455.0 bank debt (net)

- Only about 30% of the outstanding promissory note loans have variable interest rates and are thus subject to a risk of rising interest costs
- Impact of interest rate changes cushioned by high cash holdings (interest income)
- Net risk position on average below 50 mEUR
- Current average interest rate paid significantly below 2.0
- Relevant refinancing not necessary until 2023

40.1 %

EQUITY RATIO
(LOWER LIMIT: >25%)

1.8 x

LEVERAGE
(UPPER LIMIT: ≤3.0)

1.1 x

LEVERAGE
(BANK DEBT (ONLY))

STRONG PERFORMANCE LEADS TO INCREASE IN EBITDA GUIDANCE

FINANCIAL GUIDANCE

in mEUR



- Revenues
- EBITDA
- Free cash flow

RESULTS 2021

2,556.3
447.3
234.4

GUIDANCE 2022 INITIAL UPDATE

stable
450-470
230-250



+10.0 mEUR to mid point,
> 4% CAGR vs. 2020

SUBSCRIBER GUIDANCE

in '000s



- Postpaid customers
(w/o digital/app-based tariffs)
- waipu.tv subscribers
- freenet TV subscribers
(RGU)

7,178.0
722.5
796.6

Moderate
growth
Solid growth
Noticeable
decrease



OPEN FOR YOUR QUESTIONS.

FOR FURTHER QUESTIONS PLEASE CONTACT:

freenet AG

Investor Relations & ESG

ir@freenet.ag

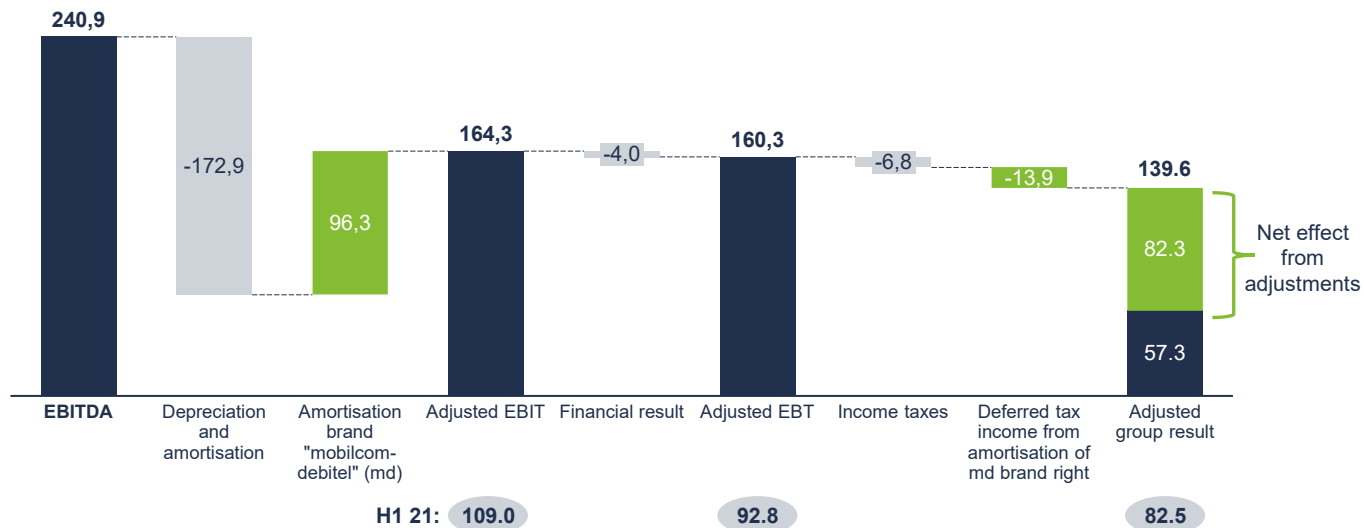
www.freenet.ag

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ADJUSTED EARNINGS FIGURES EXCLUDING MOBILCOM-DEBITEL BRAND AMORTISATION

RECONCILIATION FOR H1 22

in mEUR

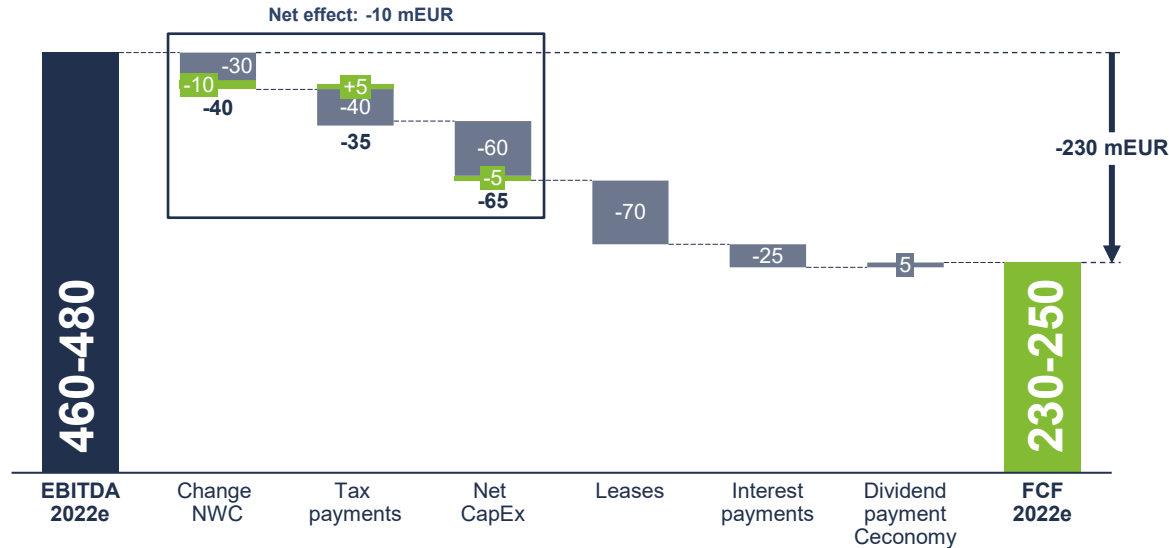


1.17 EUR
ADJUSTED EPS

FREE CASH FLOW GUIDANCE UNCHANGED

UPDATED EBITDA TO FREE CASH FLOW BRIDGE 2022

in mEUR



REASONS

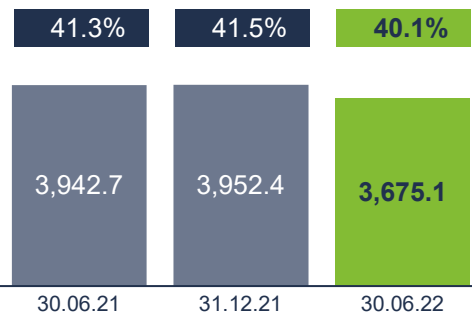
- Court case settlement on return debit charges effects CNWC (-10 mEUR)
- Tax payments expected lower (+5 mEUR)
- CapEx HQ renovation expected higher (-5 mEUR)

Mid point FCF guidance still provides EBITDA-to-FCF conversion above >50%

BALANCE SHEET KPIS REMAIN AT HEALTHY LEVEL

TOTAL ASSETS & EQUITY RATIO (Lower limit: >25%)

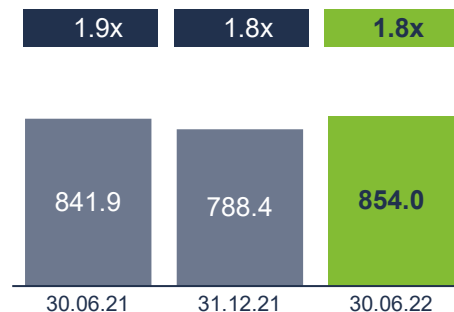
in mEUR/ as indicated



Equity ratio decreases compared to year-end 2021 mainly due to dividend payment in May and share buyback 2022 (SBB 2022)

NET DEBT & LEVERAGE* (Upper limit: ≤3,0x)

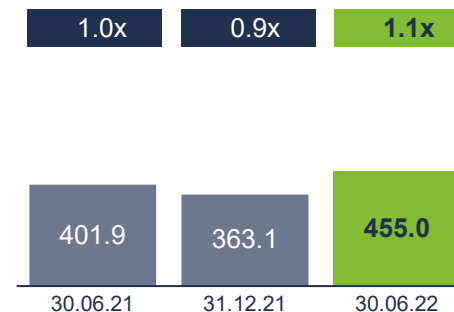
in mEUR/ as indicated



Leverage unchanged despite higher net debt due to higher EBITDA; Net debt increases due to lower cash balance considering dividend payment and SBB 2022

BANK NET DEBT & BANK LEVERAGE**

in mEUR/ as indicated



Bank leverage slightly higher despite higher net debt due to higher EBITDA; Bank net debt increases due to lower cash balance

* EBITDA = EBITDA of last twelve months (i.e., July 2021 to June 2022 or rather July 2020 to June 2021 for the previous year)

** Bank leverage = Bank net debt incl. interest accrual divided by lease-adjusted EBITDA of last twelve months

EBITDA AMBITION 2025 NOT BACK-END LOADED TOWARDS THE END

ROAD TAKEN IN 2021 CONTINUED IN 2022, AMBITION 2025 REMAINS UNCHANGED

in mEUR

