

MANAGEMENT PRESENTATION

Results for Q3/9M 2022

CHRISTOPH VILANEK, CEO

INGO ARNOLD, CFO

4 November 2022

Analyst and Investor Conference Call

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AGENDA

1 BUSINESS

C. VILANEK, CEO

2 FINANCIALS

I. ARNOLD, CFO

3 Q&A

BUSINESS RESILIENT IN THE FACE OF MACRO ENVIRONMENT

8,931 ^{000s}

TOTAL SUBSCRIBER BASE

362.3 ^{mEUR}

EBITDA

187.3 ^{mEUR}

FREE CASH FLOW

+225.8 ^{000s}

REMARKABLE HIGH CUSTOMER INTAKE

+22.4 ^{mEUR}

BOTH SEGMENTS GROW EQUALLY

+14.3 ^{mEUR}

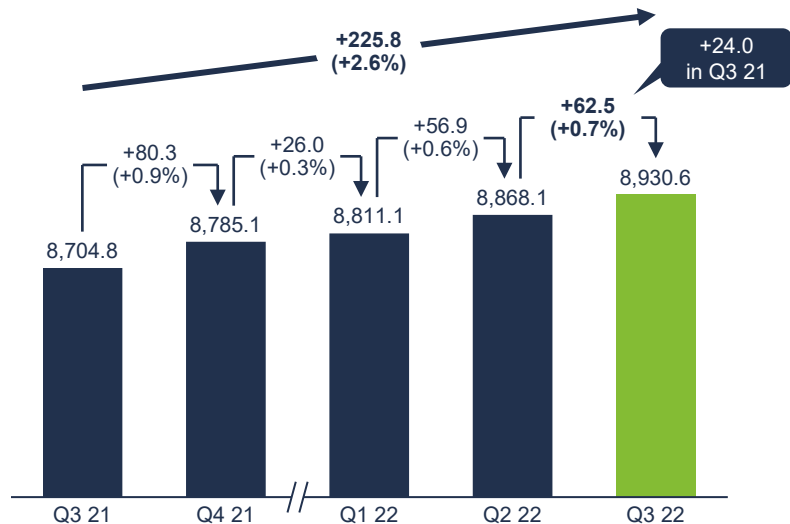
ABOVE EXPECTATION IN Q3

yo y change

TV CLOSE TO 50% SHARE OF TOTAL NET ADDS (+225,800 YOY)

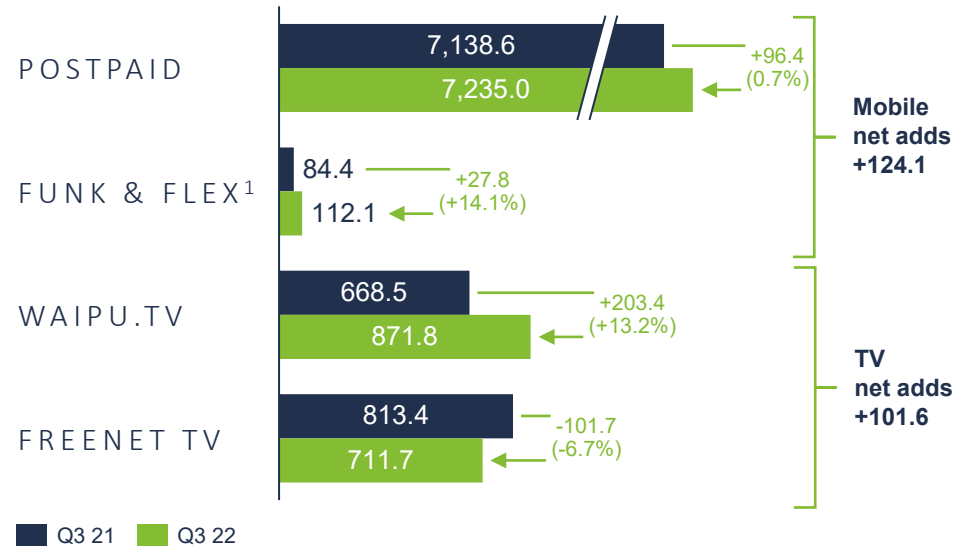
TOTAL SUBSCRIBER BASE

in '000s (end of period)



SUBSCRIBER BASE BREAK-DOWN

in '000s (end of period)



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

MOBILE SUBS (+40,600) EXCEEDING PRIOR YEAR NET ADDS

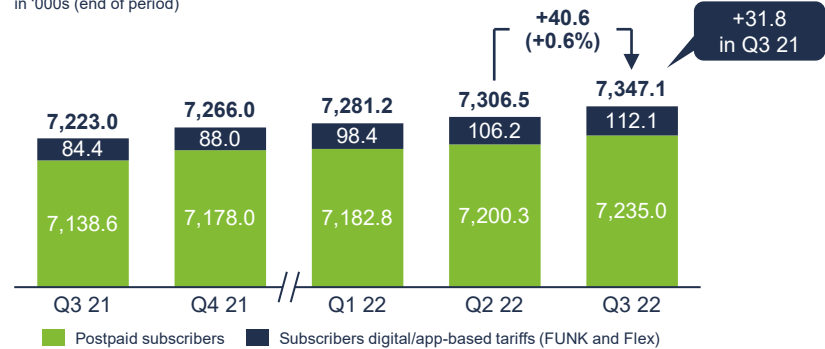
ORIENTATION TOWARDS CUSTOMER NEEDS AND ENFORCED BRAND IDENTITY

- Prolongation of successful collaboration with 'Chief Entertainment Officer' Dieter Bohlen as freenet testimonial
- Consistent orientation towards individual customer needs e.g., SIM-only deals addressing consumer sentiment
- Telecom Handel trade award:

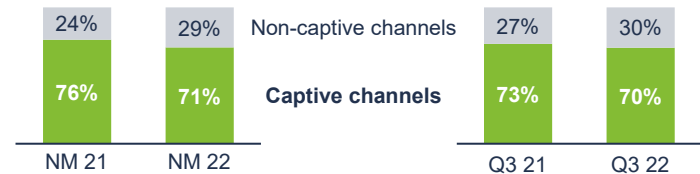


MOBILE SUBSCRIBER DEVELOPMENT

in '000s (end of period)



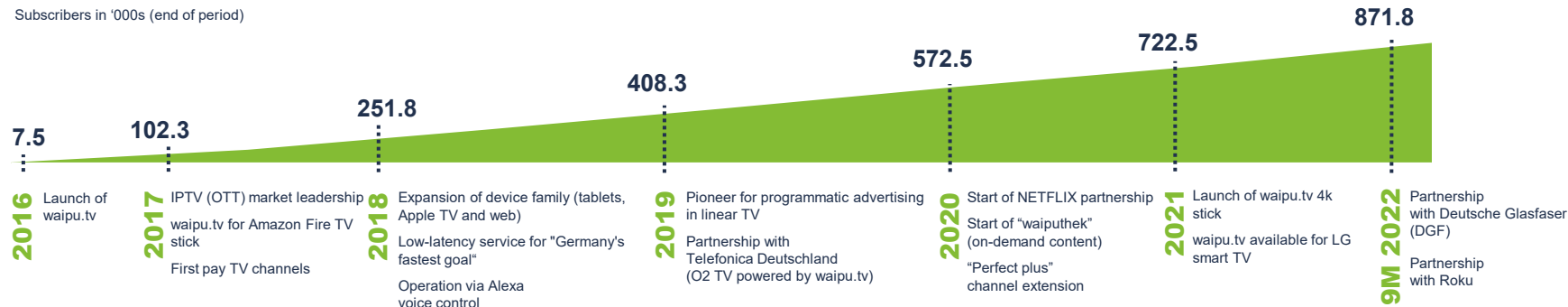
CAPTIVE CHANNELS SOLIDIFY AT 70%



WAIPU.TV WITH STRONGEST THIRD QUARTER NET ADDS (+51,600) ...

BEST GIFT TO CELEBRATE THE 6TH BIRTHDAY OF WAIPU.TV

Subscribers in '000s (end of period)



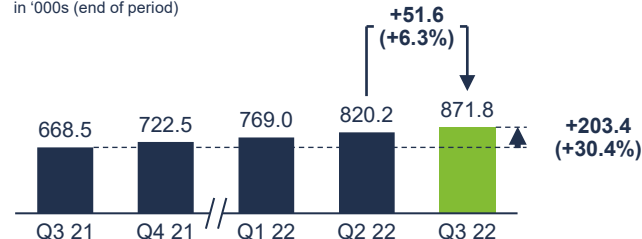
AWARDS CONFIRM HIGH PRODUCT QUALITY

- BILD - highest circulation daily newspaper in Germany - awards waipu.tv as "Deutschlands Kundenkönig"
- Awarded by Focus Money as premium TV provider with the highest recommendation rate



WAIPU.TV SUBSCRIBERS

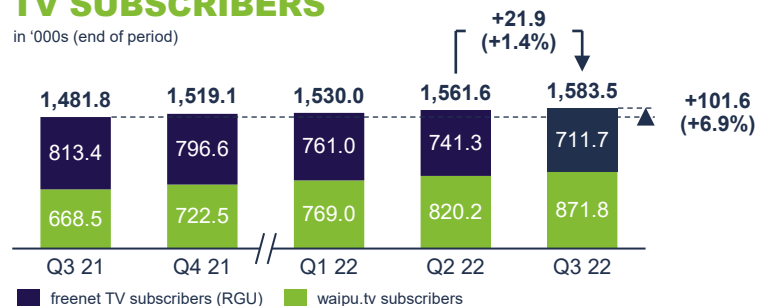
in '000s (end of period)



... RESULTING IN POSITIVE NET ADDS IN THE TV AND MEDIA SEGMENT

TV SUBSCRIBERS

in '000s (end of period)



OPERATIONAL HIGHLIGHTS

freenet TV

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

Media Broadcast – B2B

- Realisation of a 5G camera transmission via 5G campus network at the 'SportsInnovation 2022' as blueprint for future TV productions

DAB+/'Antenne Deutschland'

- According to 2022 Digitalisation Report Audio, radio use via DAB+ is rising steadily in Germany
- Further expansion of the DAB+ transmitter network including target areas in North Frisia and Schleswig-Holstein



NEAR-TERM OUTLOOK

GENERAL

- **Energy costs:** Due to infrastructure-light business model (no own mobile network) generally less opposed to cost inflation risk from energy price rises – for 2022 no noticeable impact expected
- **Personnel costs:** Stable personnel expenses expected for FY 22; extra support for low wage staff. Mid-single digit increase of wages expected for FY 2023
- **Customer payment behavior:** No worsening expected – telco and streaming not affected by consumer sentiment

MOBILE COMMUNICATIONS

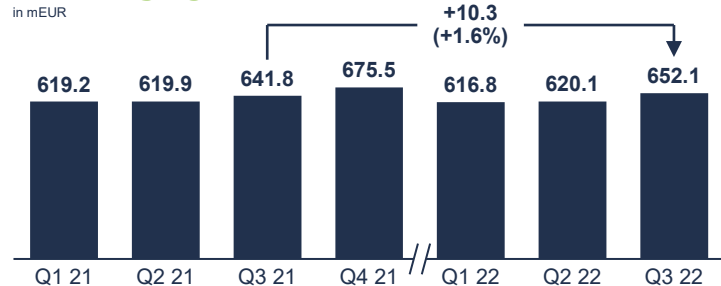
- **Rational competitive environment** in terms of pricing, with some scope for modest price rises
- **Reasonable year-end business** in terms of hardware supply situation; Deloitte study indicates: Customers will not save on smartphone purchases
- **Net adds** expected to develop in line with 2nd HY 21 (+74.8) – still valid
- **freenet Internet:** DSL launch delayed due to IT capacity (New launch date Q1 23)

TV AND MEDIA

- **waipu.tv:**
 - New DGF customers can now book waipu.tv, existing customers to be actively switched from January 2023.
 - Launch of Roku streaming stick and Roku TV with waipu.tv as sole pre-installed app for linear TV
 - Two channels of a major sports streaming service will be added in January
- **Media Broadcast** expected with EBITDA +3-5% vs. 2021, although freenet TV customers now expected below 700k

GROUP – BOTH SEGMENTS INCREASE PROFITABILITY EQUALLY

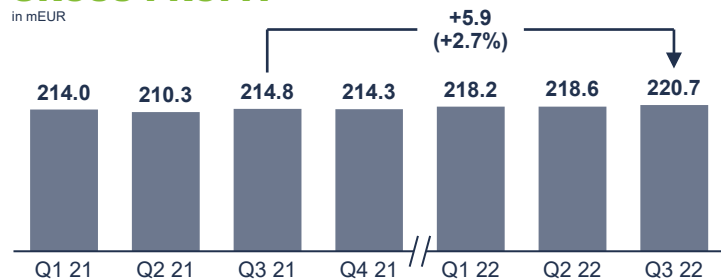
REVENUES



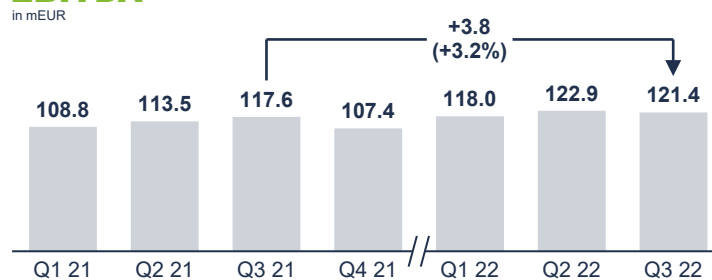
9M 22 VS. 9M 21

- Group revenues at 1,889.1 mEUR slightly above prior year (1,880.8 mEUR; +0.4% yoy) – driven by TV segment
- Gross profit up +2.9% yoy to 657.5 mEUR (9M 21: 639.1 mEUR), gross profit margin up 0.8 ppt at 34.8% due to increased revenue quality (i.e. share of service revenue)
- EBITDA reflects strong operating performance of both operating segments and tight cost base management; up +6.6% yoy to 362.3 mEUR (9M 21: 339.9 mEUR)

GROSS PROFIT

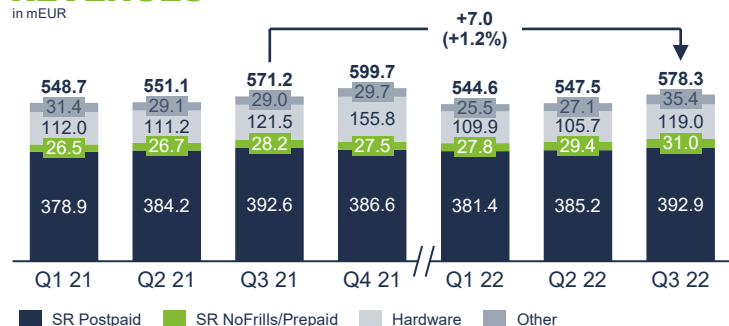


EBITDA



MOBILE – RESILIENCE OF THE BUSINESS MODEL CONFIRMED ONCE AGAIN

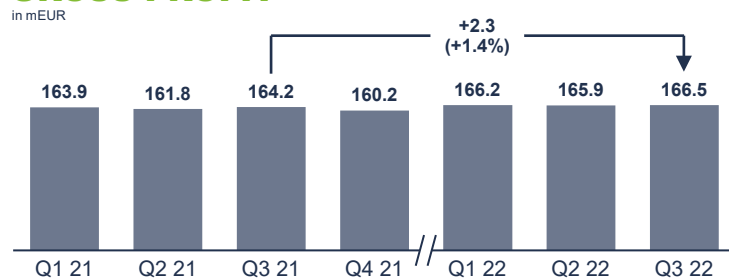
REVENUES



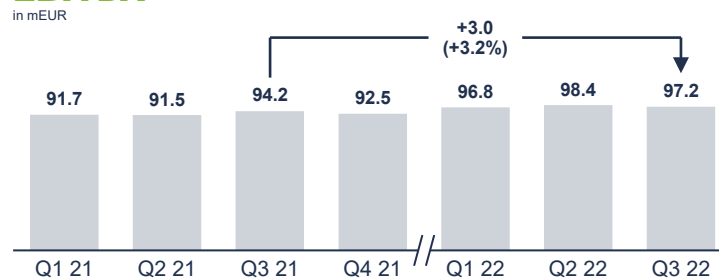
9M 22 VS. 9M 21

- Mobile Communications revenues make up the gap (1,670.4 mEUR; -0.7 mEUR yoy), higher service revenues share of 74.7% (9M 21: 74.0%) leads to gross profit improvement
- Gross profit increases +1.8% yoy to 498.5 mEUR (9M 21: 489.9 mEUR); margin remains at roughly 30%
- Profitability growth at EBITDA level mainly reinforced by lower bad debt: EBITDA up +5.4% yoy to 292.4 mEUR (9M 21: 277.5 mEUR)

GROSS PROFIT



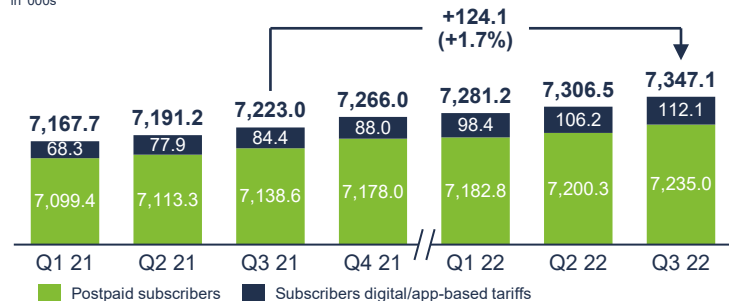
EBITDA



MOBILE – Q3 DLS REVENUES IN LINE WITH PRIOR YEAR (+0.3%)

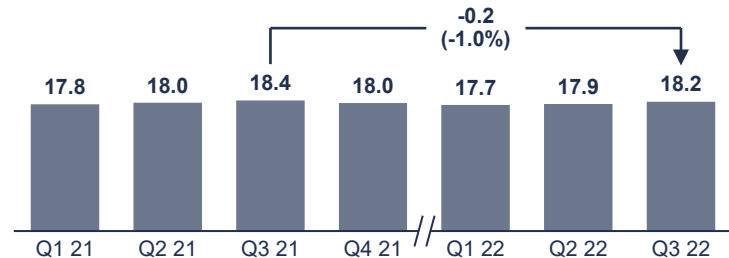
HIGH-VALUE MOBILE CUSTOMER BASE

in '000s



ARPU (POSTPAID)

in EUR

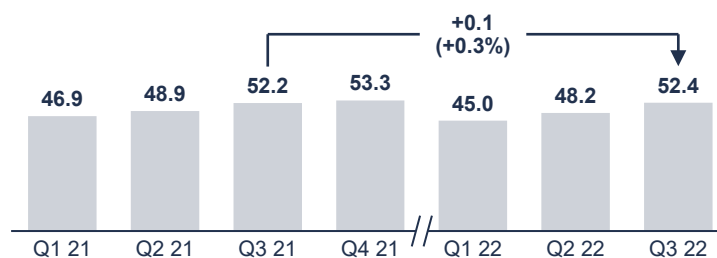


9M 22 VS. 9M 21

- Continuous growth of high-value mobile customer base (+1.7% yoy to 7,347.1 k)
- Postpaid ARPU stability (9M 22: 17.9 EUR vs. 9M 21: 18.1 EUR)
- DLS revenues down -2.6% to 145.5 mEUR (9M 21: 148.1 mEUR) but catching up – Q3 DLS revenues in line with prior year

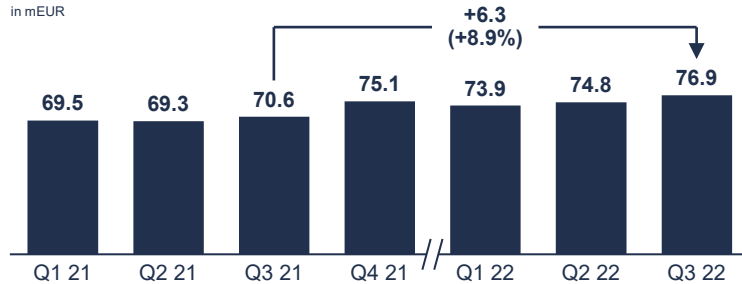
DIGITAL LIFESTYLE (DLS) REVENUES

in mEUR



TV AND MEDIA – PROFITABILITY-ORIENTED GROWTH

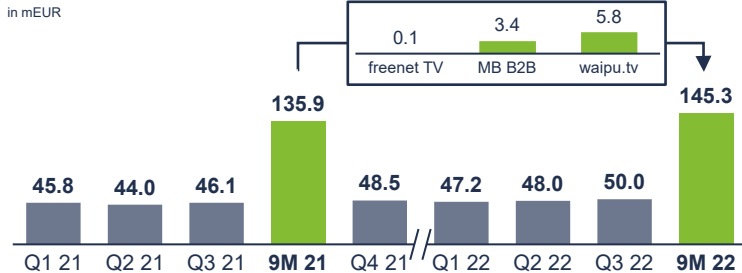
REVENUES



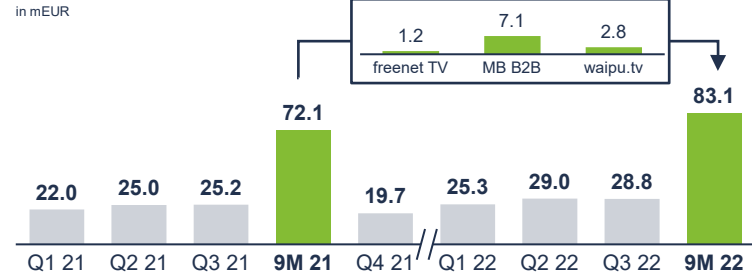
9M 22 VS. 9M 21

- Driven by strong customer growth of waipu.tv, revenues increase by +7.7% yoy to 225.6 mEUR (9M 21: 209.4 mEUR)
- High value contribution from customer growth reflected in both gross profit and EBITDA
- Gross profit up +6.9% yoy to 145.3 mEUR (9M 21: 135.9 mEUR)
- EBITDA margin of 36.9%; EBITDA up +15.3% yoy at 83.1 mEUR (9M 21: 72.1 mEUR)

GROSS PROFIT



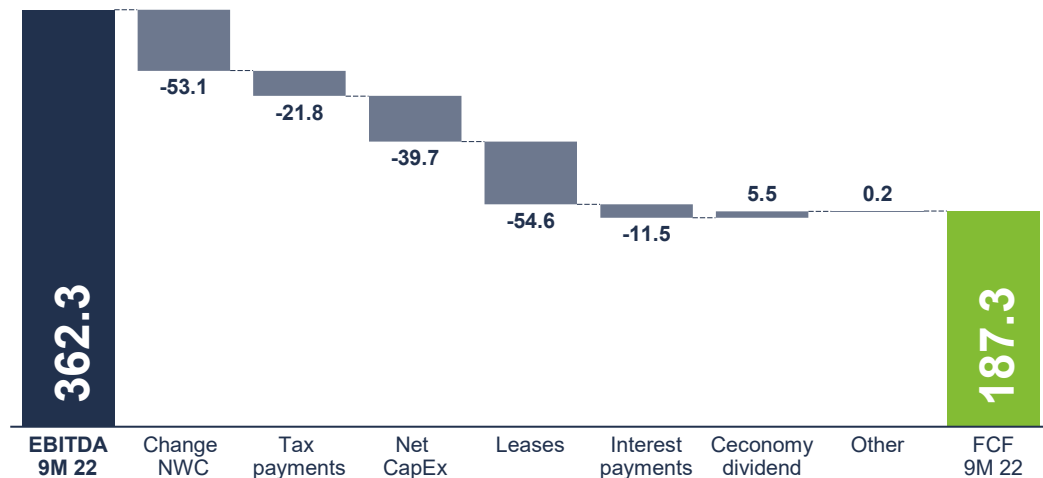
EBITDA



FREE CASH FLOW SLIGHTLY ABOVE MID-POINT GUIDANCE

EBITDA TO FREE CASH FLOW (FCF)

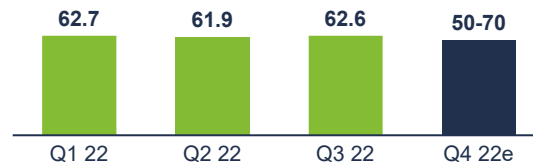
in mEUR



9M 21: 339.9 -36.4 -25.6 -28.5 -54.1 -22.5 0.0 0.0 172.9

FCF QUARTERLY BREAKDOWN

in mEUR



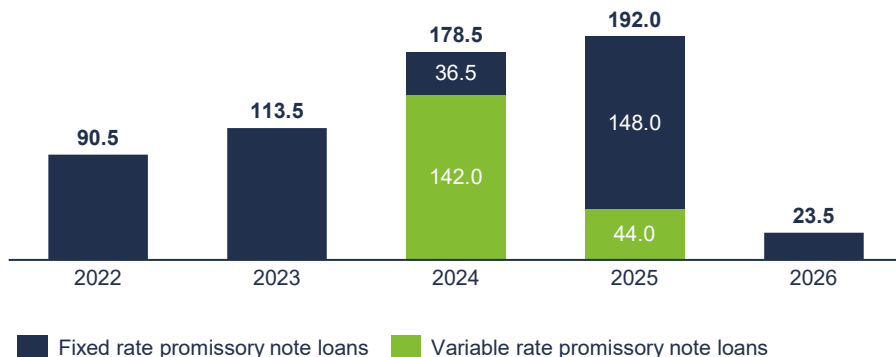
FURTHER EXPLANATIONS

- CapEx higher due to HQ renovation Büdelsdorf (ca. 6.0 mEUR) and infrastructure investments MB (ca. 3.5 mEUR)
- Change in NWC increased due to voluntary reduction of factoring handset receivables and court case settlement on return debit charges (-10 mEUR)

HEALTHY BALANCE SHEET AND SMALL INTEREST RATE EXPOSURE

MATURITY STRUCTURE AS OF 30 SEPTEMBER 2022

in mEUR



∑ 598.0 bank debt (gross) – 157.3 cash = 440.7 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)
- Current average interest rate paid significantly below 2%
- Relevant refinancing not necessary until 2023; refinancing at “investment grade level” very likely

39.4 %

EQUITY RATIO
(LOWER LIMIT: >25%)

1.8 x

LEVERAGE
(UPPER LIMIT: ≤3.0)

1.1 x

LEVERAGE
(BANK DEBT (ONLY))

UPPER HALF OF EBITDA AND FCF GUIDANCE LOOKS LIKELY TO REACH

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
- freetnet 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:

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Investor Relations & ESG

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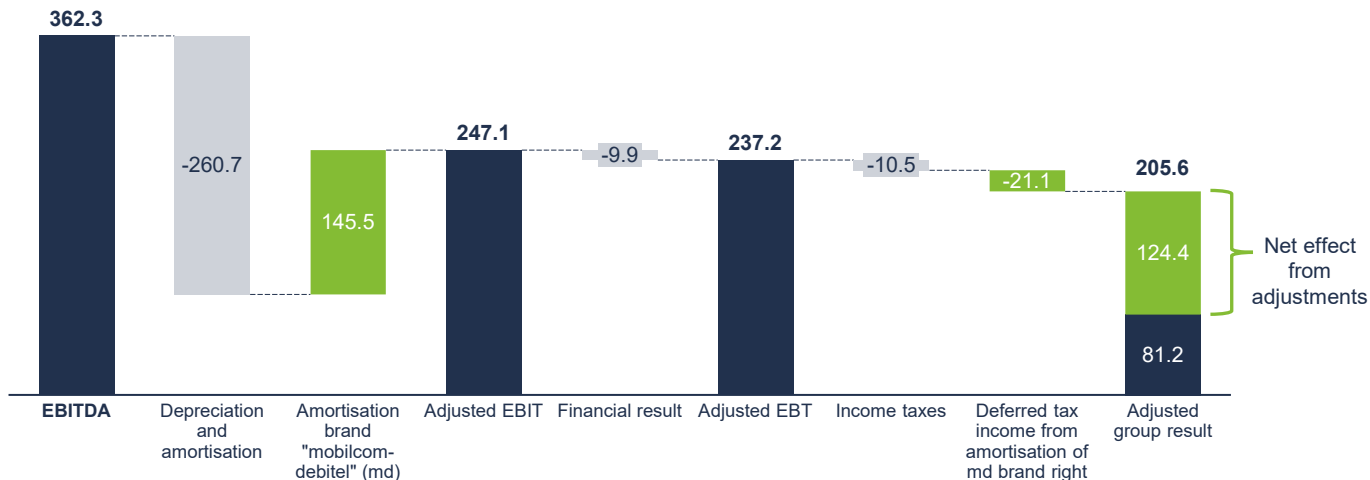
fn.de/investors

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ADJUSTED EARNINGS FIGURES EXCLUDING MOBILCOM-DEBITEL BRAND AMORTISATION

RECONCILIATION FOR 9M 22

in mEUR

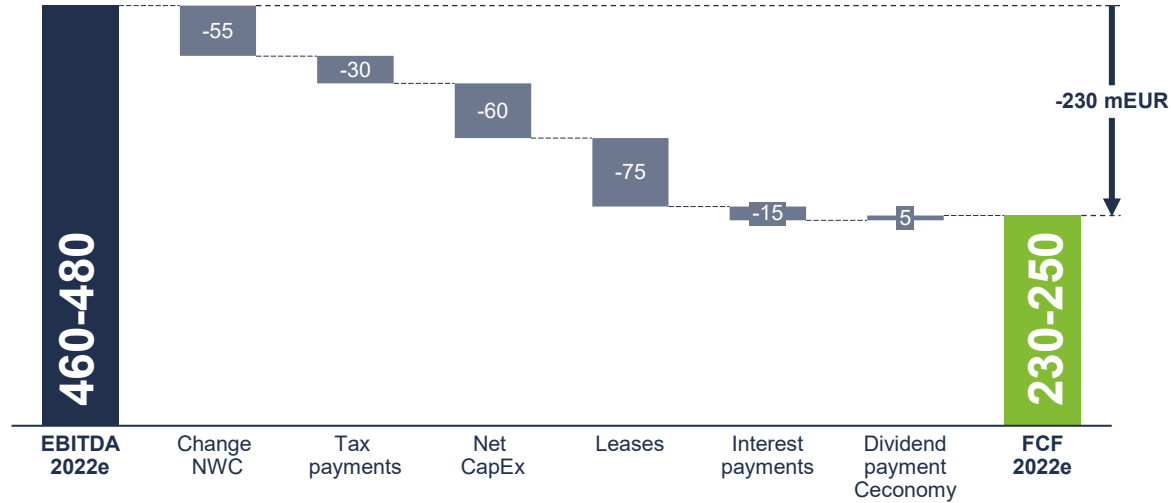


1.73 EUR
ADJUSTED EPS

FREE CASH FLOW GUIDANCE

EBITDA TO FREE CASH FLOW BRIDGE 2022

in mEUR



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

EBITDA AMBITION 2025 NOT BACK-END LOADED TOWARDS THE END

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

in mEUR

