

Management Presentation

Preliminary results for FY/Q4 2022

Christoph Vilanek, CEO
Ingo Arnold, CFO

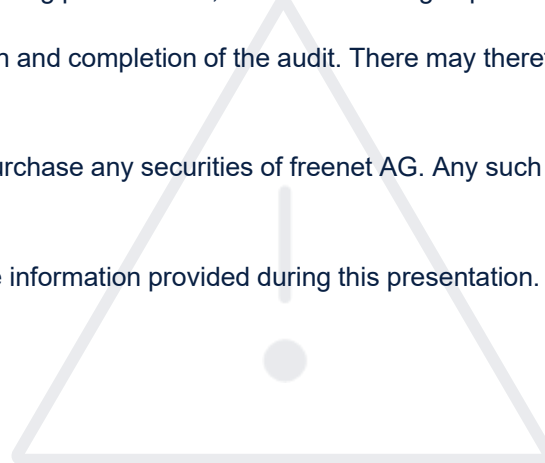
Cautionary statement

This presentation contains forward-looking statements which involve risks and uncertainties. The actual performance, results and timing of the business of freenet AG could differ materially from the expectations regarding performance, results and timing expressed in this presentation.

All figures are based on preliminary calculations before final consolidation and completion of the audit. There may therefore be discrepancies to **the final financial figures to be published on 24 March 2023**.

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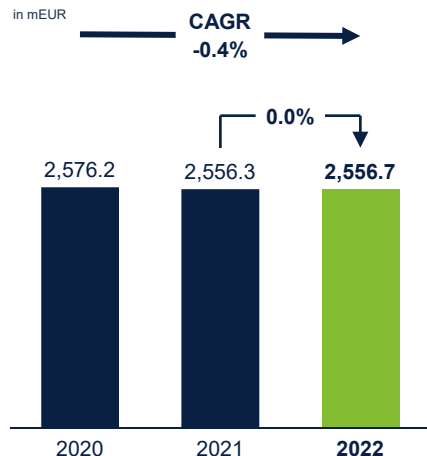


Agenda

- 1 Business C. Vilanek, CEO
- 2 Financials I. Arnold, CFO
- 3 Q&A

2022 financial guidance beat in key dimensions

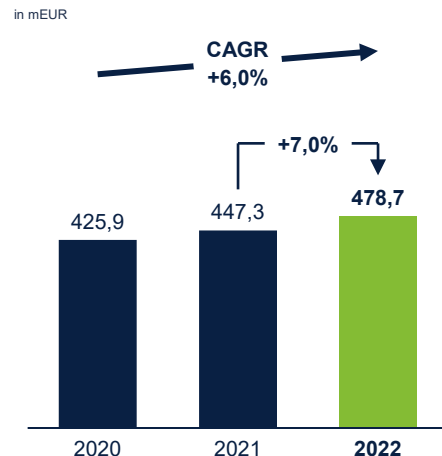
Revenue



Guidance 2022
stable



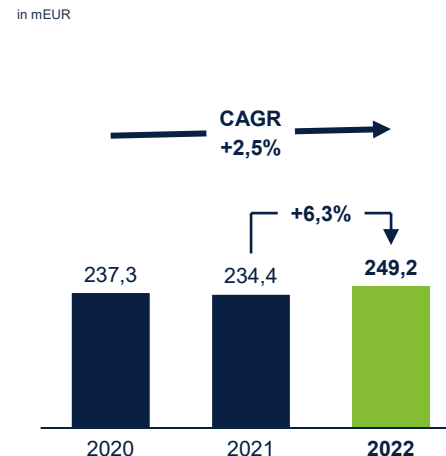
EBITDA



Guidance 2022
460-480
mEUR
(exceeding initial guidance
of 450-470 mEUR)



Free cash flow



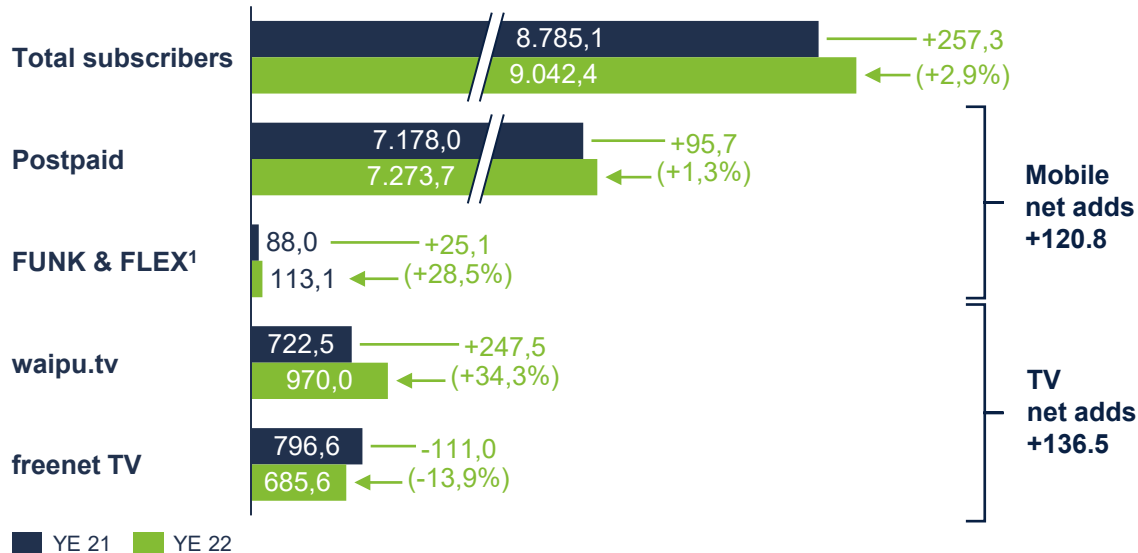
Guidance 2022
230-250
mEUR



9 million subscribers surpassed YE 2022

Subscribers as of 31st December

in '000s (end of period) / as indicated



Subscriber guidance 2022



Moderate growth of postpaid customers



Solid growth of total TV:

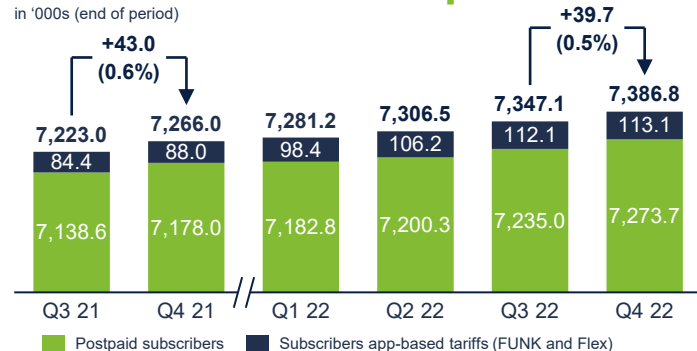
- Significant growth in IPTV
- Reduction in terrestrial access



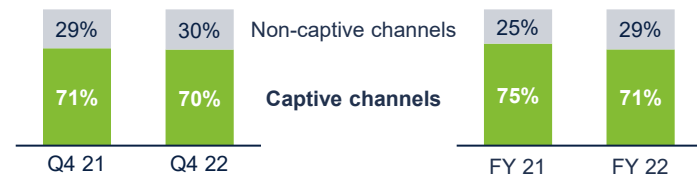
¹ ARPU and profitability comparable to postpaid contracts, but not yet counted within postpaid base

Mobile services deliver moderate growth

Mobile subscriber development



Captive channels solidify at around 70%



Orientation towards customer needs and enforced brand identity

- Consolidation of brand portfolio with freenet as umbrella brand
- Increase of brand consideration by 5 pp.
- Customer lifetime value concept and smart pricing models for customer acquisition and renewal
- Contract prolongation with MediaMarktSaturn till 2027
- Outsourcing contract for customer service renewed for 7 years at favorable conditions
- First GRAVIS store with new innovative and sustainable shop concept was opened

freenet internet offer started successfully

Timeline remains in place

H1/2022 Mobile LTE
Internet Flats
incl. Hardware
Online/Shops



in progress Launch of additional
technologies (i.e.,
Cable, FTTH, ...)

Q1/2023 Rollout VDSL based
freenet Internet
Online/Shops



Key features

- Asset-light (no CapEx)
- Internet access only
- Access technology agnostic pricing and customer journey

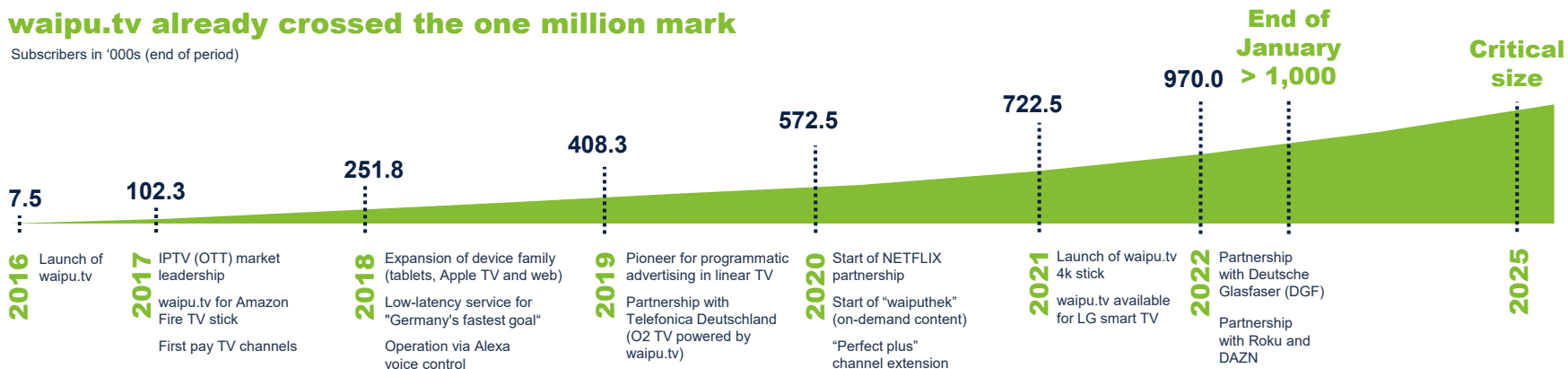
15-25_{mEUR}

**EBITDA contribution
until 2025 still valid**

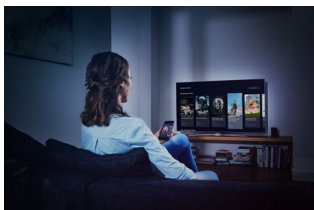
Dynamic growth in IPTV with +247.500 subs

waipu.tv already crossed the one million mark

Subscribers in '000s (end of period)



Selected financial indicators



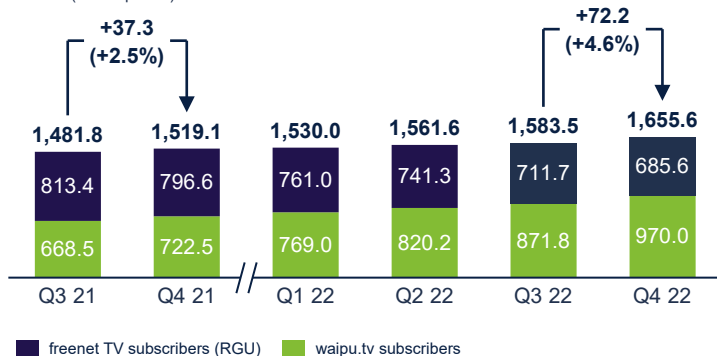
- Revenues: increase by 50.6% in 2022; ARPU at roughly 7.0 EUR
- Adjusted EBITDA: increase by 59.9% in 2022
- Advertising revenues: Targeted MRR of 0.6 mEUR in 2022 overachieved

waipu .tv

Overall successful TV and media business

TV subscribers

in '000s (end of period)



Operational highlights

waipu.tv

- New strategic partnerships with fibre providers (Deutsche Glasfaser, LilaConnect) and streaming players (Roku TV, DAZN)
- Expansion of program offer by 35 programs, incl. conversions to HD

freenet TV

- Price hike of 1 Euro/month (+15%) in 2022

Media Broadcast – B2B (inkl. DAB+)

- Service and maintenance contracts with 1&1 and Deutsche Glasfaser
- Implementation of 5G camera transmission via 5G campus network at the ‘SportsInnovation 2022’ as blueprint for future TV productions
- Continuous network expansion for digital radio transmission, DAB+ now reaching 75 million listeners among Germany

MEDIA
BROADCAST

waipu .tv

ESG achievements 2022 and key ambitions

Achievements 2022



Green electricity: 95% of total electricity consumption covered by renewables



Renovation headquarters: energy-efficient modernisation completed



Employee satisfaction: 67% satisfied with freenet as employer



Gender Balance: 50% women on capital side of Supervisory Board; appointment of first female Executive Board member

New Board member for Personnel and ESG



» We aim to incorporate sustainability and non-financial factors into every decision with the same weight as economic criteria.

Nicole Engenhardt-Gillé
(CHRO since January 2023)

Key ESG ambitions

- Decrease CO₂ emissions (Scope 1 + Scope 2) to zero until 2030
- Increase employer attractiveness and branding in a difficult applicant market
- Improve learning culture and skills among the entire organisation

Outlook 2023

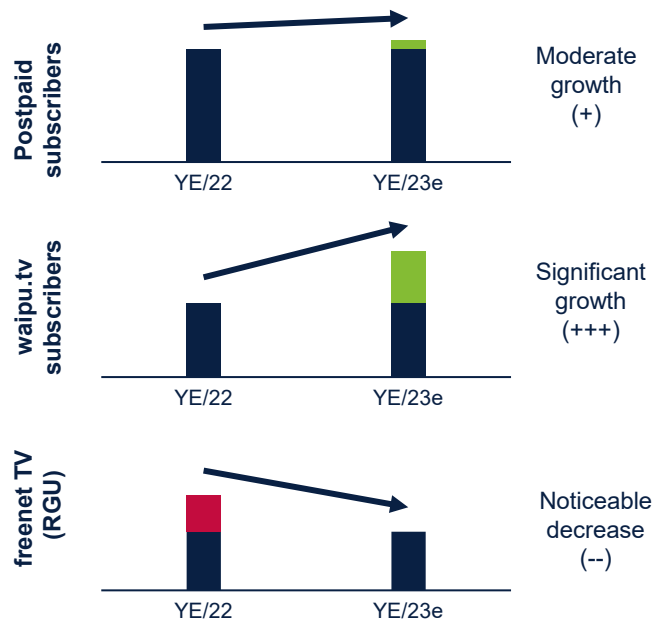
Mobile Communications

- **Rational competitive environment** in terms of pricing, with some scope for modest front-book price rises; overall stable ARPU expected
- **Loyalty of existing customers** and **customer satisfaction** remains constant
- **freenet Internet** with DSL launched in Q1 23, growing customer base expected; cable and fibre to come

TV and Media

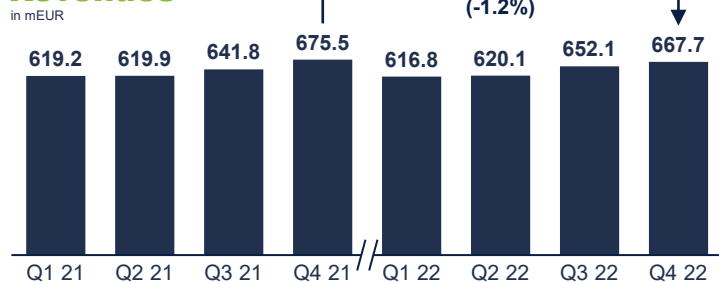
- **waipu.tv**
 - Existing customers of DGF migrated to waipu.tv during 1st HY
 - Overall environment remains positive (“NBK”; Smart TV coverage; fibre connections); profitable growth prioritized
- **freenet TV/ Media Broadcast**
 - TV business remains shrinking – intention to launch hybrid IPTV/ terrestrial stick before YE
 - Own Radio/ DAB+ channels getting closer to break even

Subscriber guidance 2023



Group: EBITDA grows 7.0% in FY 2022

Revenues



Gross profit



FY 22 vs. FY 21

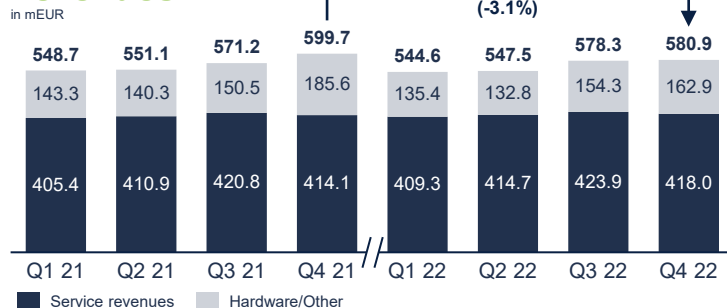
- Revenues at 2,556.7 mEUR on par with prior year (2,556.3 mEUR)
- Gross profit up +3.9% yoy to 886.7 mEUR (2021: 853.4 mEUR), increase based on better revenue quality (i.e., higher service revenue (SR) share) and target overachievement in mobile communications
- EBITDA reflects strong operating performance; up +7.0% yoy to 478.7 mEUR (2021: 447.3 mEUR) incl. negative one-off effects from LTI programs

EBITDA

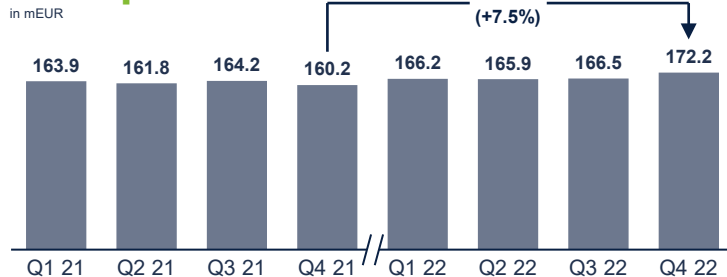


Mobile: Outperforms prior-year figures

Revenues



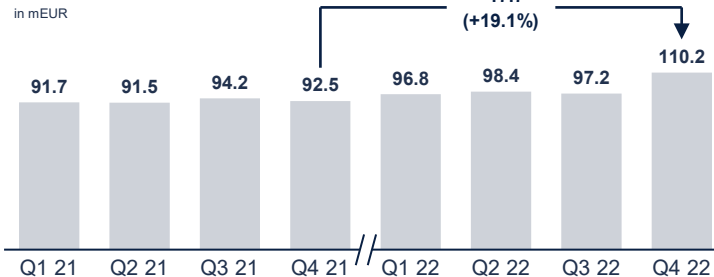
Gross profit



FY 22 vs. FY 21

- Revenues below prior year (-0.9%) mainly due to lower low-margin hardware revenues; SR share increases to 74.0% (2021: 72.7%)
- Gross profit increases +3.2% yoy to 670.8 mEUR (2021: 650.1 mEUR) incl. target overachievement in Q4. Margin improves to 30%.
- EBITDA up +8.8% yoy to 402.6 mEUR (2021: 370.1 mEUR) due to outperformance in every quarter

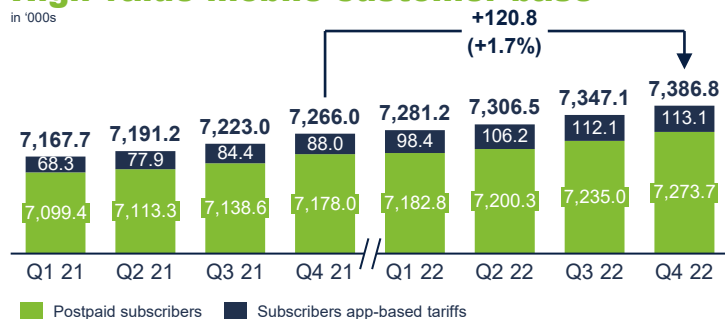
EBITDA



Mobile: DLS revenues better than previous year after slow start into 2022

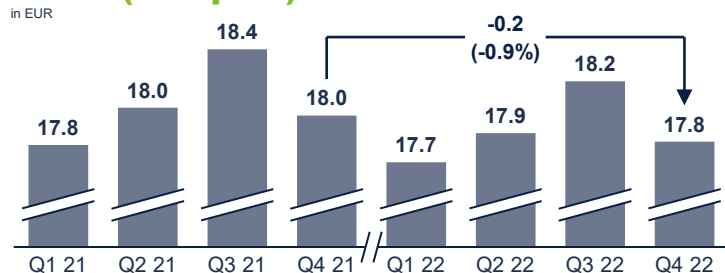
High-value mobile customer base

in '000s



ARPU (Postpaid)

in EUR

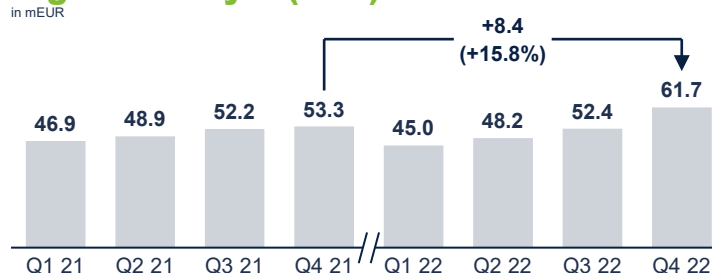


FY 22 vs. FY 21

- Moderate growth of high-value mobile customer base (+1.7% yoy to 7,386.8 k) and
- Postpaid ARPU stability (2022: 17.9 EUR vs. 2021: 18.1 EUR) lead to increase of service revenues
- DLS revenues up 2.9% to 207.2 mEUR (2021: 201.4 mEUR) due to year-end business with accessories

Digital lifestyle (DLS) revenues

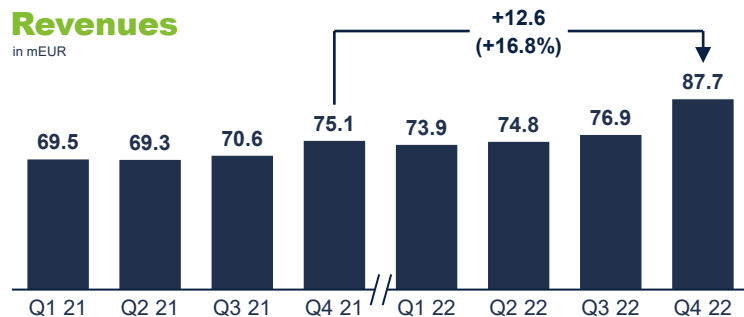
in mEUR



TV and Media: Double-digit growth in revenues and EBITDA

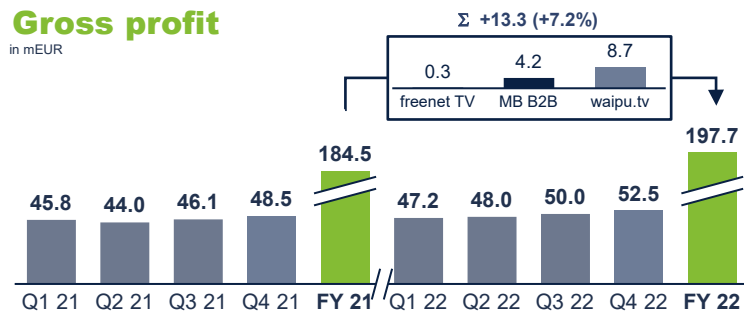
Revenues

in mEUR



Gross profit

in mEUR

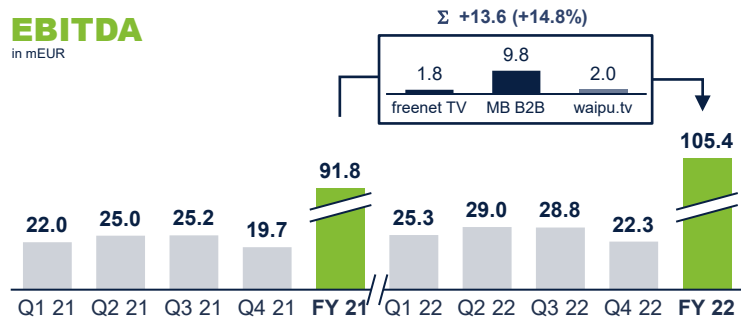


FY 22 vs. FY 21

- Driven by strong customer growth of waipu.tv, revenues increase by +10.1% yoy to 313.3 mEUR (2021: 284.5 mEUR) including one-time revenues from sale of waipu.tv sticks to DGF (in Q4)
- Gross profit up +7.2% yoy to 197.7 mEUR (2021: 184.5 mEUR) reflects high value contribution from customer growth throughout the year
- EBITDA up +14.8% yoy at 105.4 mEUR (2021: 91.8 mEUR) incl. negative one-off from revaluation of virtual shares (EXARING). EBITDA margin improves to 34%.

EBITDA

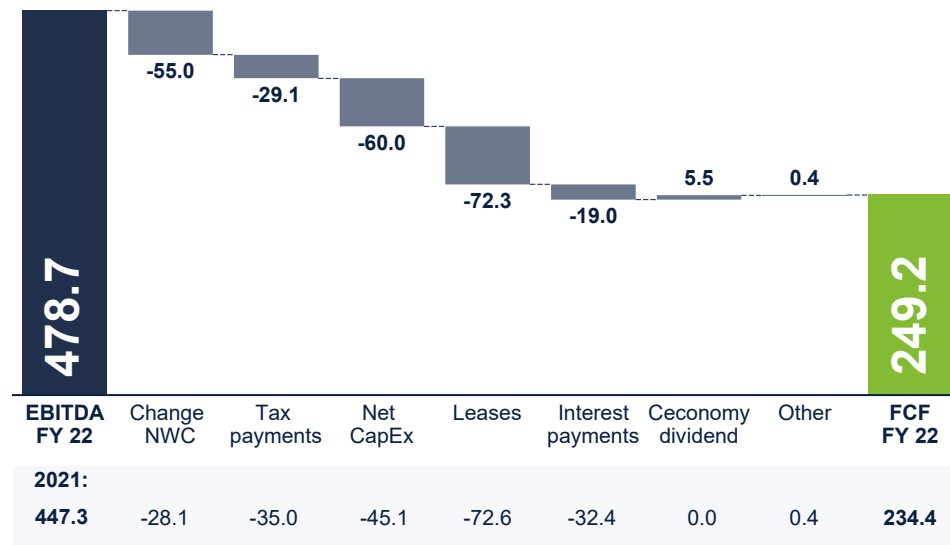
in mEUR



FCF at upper end of guidance leads to dividend proposal of 1.68 euros

EBITDA-to-Free cash flow (FCF) bridge

in mEUR



* DPS to be proposed to the AGM

Dividend proposal for FY 2022 according to financial policy

80

percent of FCF distributed

1.68*

EUR per dividend-bearing share (DPS)

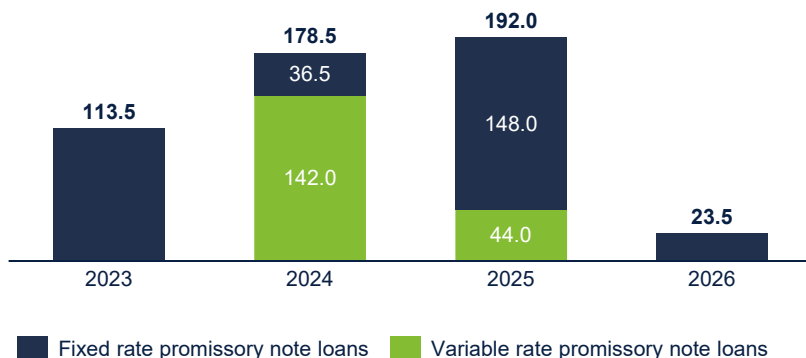
199.4

mEUR total distribution

Balance sheet under control: High equity ratio and low leverage

Maturity structure as of 31 December 2022

in mEUR



Σ 507.5 bank debt (gross) – 178.0 cash = 329.5 bank debt (net)

- Roughly 35% of promissory note loans have variable interest rates and are subject to interest rate risk
- Impact of interest rate changes cushioned by cash holdings
- Decision to refinance in 2023 (partly) or 2024 (half amount) will be taken in H1/23 depending on the general debt capital market environment
- Refinancing at “investment grade level” very likely, but on higher general interest level

40.5 %	1.5 x	0.8 x
Equity ratio (lower limit:>25%)	Leverage (Upper limit:≤3.0)	Leverage (Bank debt (only))

Guidance 2023 confirms financial ambition 2025

Financial guidance

in mEUR/ as indicated



	Prelims 2022	Guidance 2023
■ Revenue	2,556.7	stable
■ EBITDA	478.7	480 - 500
■ Free cash flow	249.2	250 - 270

Subscriber guidance

in '000s

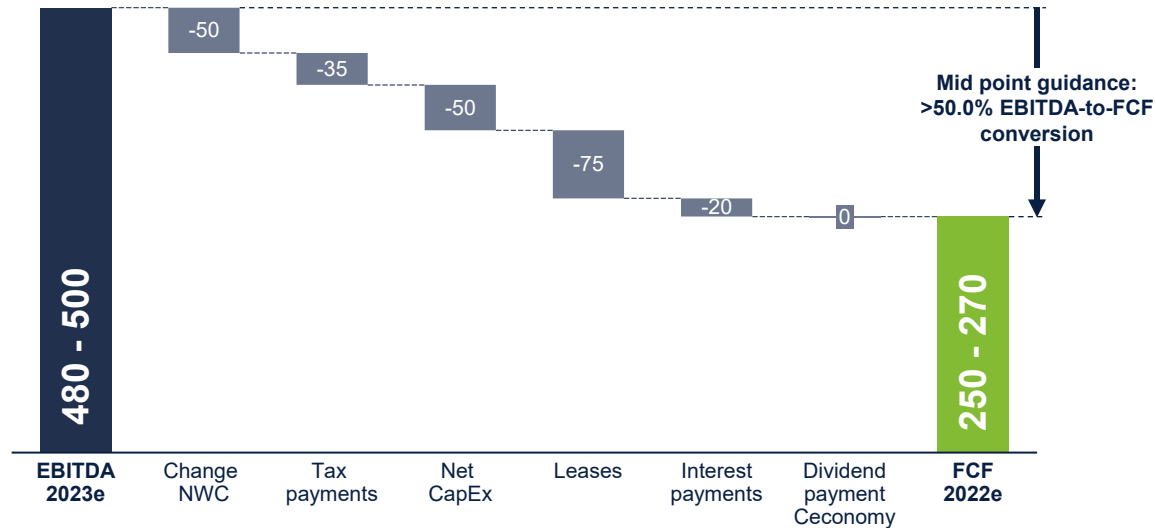


■ Postpaid customers (w/o app-based tariffs)	7,273.7	Moderate growth
■ waipu.tv subscribers	970.0	Significant growth
■ freenet TV subscribers (RGU)	685.6	Noticeable decrease

EBITDA-to-FCF bridge 2023

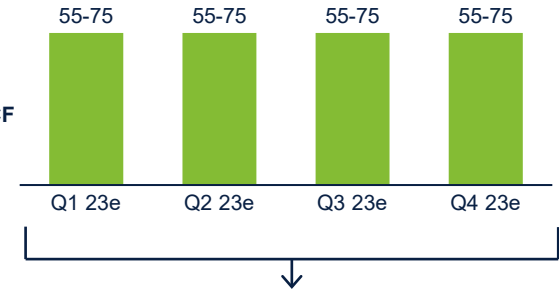
EBITDA-to-FCF bridge 2023

in mEUR



FCF quarterly breakdown

in mEUR



Even quarterly distribution without major deviations expected in FY 2023

Management Q&A

For further questions please contact:

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EBITDA ambition 2025 not back-end loaded towards the end

Road taken in 2021 continued in 2022, Ambition 2025 remains unchanged

in mEUR

