

Remuneration report

for financial year

2022

Translation –
the German Text is authoritative

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Remuneration report for financial year 2022

A. Background

The remuneration report provides information and explanations regarding the remuneration granted and owed to current and former members of the Executive Board and Supervisory Board of freenet AG for financial year 2022, along with the benefits awarded for the financial year. The report complies with the requirements of section 162 of the German Stock Corporation Act (AktG) and was prepared jointly by the Executive Board and Supervisory Board.

The content of the remuneration report was reviewed by the auditor of the financial statements.

B. Executive Board disclosures

1. Remuneration system

The remuneration of the Executive Board of the freenet AG consists of non-performance-related (fixed) and performance-related (variable) elements and includes the following main instruments base remuneration ("fixed salary"), short-term variable remuneration ("STIP") and long-term share-based payment ("LTIP"). Fringe benefits and retirement benefits also form part of the remuneration system.

The instruments that make up the remuneration of Executive Board members are generally equivalent to the remuneration system approved by the Annual General Meeting of freenet AG on 17 May 2018, referred to here as the "2018 remuneration system". In contrast, the long-term LTIP Programme 2, which ended in the previous year (2021) with the payout to Mr Esch (see the explanation in note 3.2), is a component of the 2014 remuneration system. A new remuneration system for Executive Board members amended to meet the requirements of section 87a AktG had been presented to freenet AG's Annual General Meeting on 18 June 2021, but was not approved. The Executive Board service agreements signed with Messrs v. Platen and Fromme with effect from 1 June 2021 for the time being corresponded to this remuneration system, referred to here as the "2021 remuneration system". The company made extensive changes to its remuneration system in financial year 2022. Its revised Executive Board remuneration system (hereinafter: the "2022 remuneration system") was approved by the Annual General Meeting held on 5 March 2022.

The description of the remuneration system in the notes below covers all of these arrangements and notes the relevant elements for the individual Executive Board members.

2. Non-performance-related instruments

Non-performance-related remuneration consists of basic remuneration (fixed salary) as well as fringe benefits and retirement benefits.

2.1 Base remuneration (fixed salary)

Base remuneration consists of a non-performance-related fixed salary paid in equal monthly instalments. This usually remains unchanged for the duration of the service agreement.

2.2 Fringe benefits

The company provides every Executive Board member with a company car (or, if the company car is waived, pays out the flat-rate equivalent of the expenses saved to the Executive Board member). The relevant Executive Board member pays taxes arising in connection with the personal use of their company car.

Where the Executive Board member resides somewhere other than their place of business when starting work with the company and maintains this place of residence, they can be reimbursed for travel costs between their place of business and residence to the extent agreed in their service agreement.

The company has arranged for an appropriate level of accident insurance for two Executive Board members.

For information on the limitation of the value of various fringe benefits, see note 6 "Compliance with maximum remuneration for current Executive Board members".

2.3 Retirement benefits

Defined-benefit obligations from indirect pension commitments are in place for Executive Board members Messrs Vilanek and Esch as well as former Executive Board member Mr Preisig. These pension benefits are funded with a reinsured occupational pension scheme. All pension commitments were determined by the salary amount and the length of service at the company.

For the Chief Executive Officer Mr Vilanek, the following arrangement has applied since 1 January 2019:

- On reaching the age of 60 years, Mr Vilanek shall receive an annual retirement pension amounting to 2.7 percent of their last annual fixed salary for each service agreement year commenced on the Executive Board of the company, to a maximum of 35 percent of the last annual fixed salary (maximum pension).
- Surviving dependant pension for the spouse or life companion and orphan's pension for any children until the end of their schooling or vocational training, terminating at the latest when they reach the age of 25 years, to a maximum total amount of the guaranteed pension or the value of pension entitlements accrued at the time of Mr Vilanek's death.

For the Executive Board member Mr Esch, the following arrangement has applied since 1 January 2020:

- On reaching the age of 60 years, Mr Esch shall receive an annual retirement pension amounting to 2.5 percent of his last annual fixed salary for each service agreement year commenced on the Executive Board of the company or its legal predecessor freenet.de AG, but no more than 225 thousand euros per annum (maximum pension).
- Surviving dependant pension for the spouse or life companion and orphan's pension for any children until the end of their schooling or vocational training, terminating at the latest when they reach the age of 27 years, to a maximum total amount of the guaranteed pension or the value of pension entitlements accrued at the time of Mr Esch's death.

For the former Executive Board member Mr Preisig, the following arrangement applies:

- On reaching the age of 60 years, Mr Preisig shall receive an annual retirement pension amounting to 2.5 percent of their last annual fixed salary for each service agreement year commenced on the Executive Board freenet AG or the former debitel AG. Mr Preisig has drawn a retirement pension since 1 December 2022. Including profit shares, the annual retirement pension currently amounts to 177 thousand euros.
- Surviving dependant pension for the spouse or life companion and orphan's pension for any children until the end of schooling or vocational training, terminating at the latest when they reach the age of 27 years, to a maximum total amount of the guaranteed pension.
- On reaching the age of 60, Mr Preisig shall receive a retirement pension from the debitel pension fund. Based on an awarded monthly retirement pension of 9,333 euros, this is taken into account on a pro rata basis in accordance with the actual length of service. All claims of Mr Preisig, his spouse or a life companion with rights as beneficiary, and any surviving dependants from the debitel pension fund shall be offset against the aforementioned claims arising from the service agreement with freenet AG.

Messrs Arnold, v. Platen and Fromme were each granted defined contribution benefits, with the pension benefits being reinsured by a life insurance policy. An amount of 8,333 euros are paid monthly into an occupational pension scheme for each Executive Board member in line with the company's commitment. The pension benefit amount is calculated according to the occupational pension scheme's benefit schedule and depends on the actuarial factors applied to the contributions.

3. Performance-related remuneration

The performance-related remuneration of Executive Board members is both linked to performance on the one hand and geared towards sustainable corporate governance on the other hand. To take both objectives into account, performance-related remuneration consists of both short-term and long-term instruments: short-term variable remuneration (STIP) and long-term variable remuneration (LTIP). The ultimate amount of each instrument depends on the achievement of defined targets. If these targets are not achieved, the performance-related payment awards are omitted entirely. If, however, the targets are significantly exceeded, any payout is limited to an appropriate maximum amount ("cap"). The performance criteria and target parameters of the STIP are derived from the company's strategic goals and operational management, and therefore serve to further the company's performance. The 2022 remuneration system complies with the requirement of at least one STIP sustainability target.

Up to and including the 2021 remuneration system, the starting point for the LTIP was the specific targets to be achieved for the STIP; in the long run the LTIP was also based on the company's achievement of an earnings target. Irrespective of the STIP targets, the LTIP in the 2022 remuneration system is based on earnings targets, share price targets and sustainability targets which are measured on a long-term basis. The LTIP of all relevant remuneration systems serves to promote the long-term, sustainable performance of the company.

Performance targets for both the STIP and LTIP are developed in accordance with freenet's corporate strategy. Linking these targets to performance indicators, particularly the customer base, facilitates further long-term economic development with a focus on attracting valuable customers. The non-financial performance targets of the 2022 remuneration system are based on the material ESG criteria for the Group, which are relevant not only for future economic viability but also for sustainable development.

The LTIP ensures that a material part of the variable remuneration takes account of services rendered in the longer term with delayed payments and reflects the absolute and (starting with the 2022 remuneration system) relative performance of freenet shares. This also serves to promote the long-term, sustainable development of the company.

Up to and including the 2021 remuneration system, in cases of exceptional performance or successes for the company, the Supervisory Board was able to decide at its own discretion whether to award any additional bonuses (special bonus) also retrospectively. However, the sum of these bonuses was not allowed to exceed 50 percent of base remuneration (fixed salary) for the relevant financial year. The 2022 remuneration system eliminates the possibility of such a special bonus.

3.1 Short-term variable remuneration (STIP)

Short-term variable remuneration (STIP) consists of an annual performance-related cash bonus that depends on the achievement of various targets for the relevant financial year. The amount accrued upon 100 percent target achievement is specifically laid down when the Executive Board service agreements are signed and applies to all of the years covered by the Executive Board service agreements ("expected variable remuneration" or "target remuneration").

The Supervisory Board stipulates the specific performance criteria and, in the event there are several strategic targets, their weighting prior to the beginning of each financial year for that financial year, taking into account the company's planning. This is intended to guarantee implementation of strategic and operational requirements materially important to the long-term performance of the company.

A target achievement scale corridor is set for each performance criterion and ranges from a quantitatively defined minimum to a quantitatively defined maximum level. Between the minimum and maximum levels, another figure is quantified to represent 100 percent target achievement ("target"). This target is assigned to the expected variable STIP remuneration laid down in the Executive Board service agreement. If the minimum level is not achieved, the variable remuneration for the relevant performance criterion is 0 percent of the expected variable remuneration. If the maximum level is achieved or exceeded, the variable remuneration for the relevant performance criterion is 150 percent of the expected variable remuneration (cap on variable remuneration). If the target achievement falls between the minimum and maximum, then the variable remuneration is determined on a straight-line basis between minimum and target as well as between target and maximum respectively. It may be stipulated that certain changes in the fundamentals for the individual performance criteria occurring during the financial year are not taken into account or lead to adjustments, e.g. that the acquisition of a significant company is not taken into account in the current financial year when calculating the company earnings.

The Supervisory Board determines the degree of achievement of each of the defined targets following approval of the consolidated financial statements for the previous financial year. Taking into account the weighting of the individual performance criteria and the actual target achievement, the aforementioned methodology is then applied to determine the STIP payout amount for the previous financial year. The approach applicable up to and including the 2021 remuneration system stipulates that a partial amount of 70 percent of the relevant STIP payout amount for 100 percent target achievement is paid during the year as an advance payment. After determining the actual target achievement, the advance payment is set off against the final remuneration earned from the STIP; the difference must be repaid if it exceeds this amount. Since 1 November 2022, the 2022 remuneration system has no longer included an STIP advance payment.

In principle, the 2022 remuneration system assigns the EBITDA target a 40 percent weighting and the customer base target a 30 percent weighting, together with an overall weighting of 30 percent for between one and three strategic targets. In deviation from this (also for individual financial years), the weighting for these strategic targets may be between 20 and 50 percent. In this case, the weighting of the EBITDA and customer base performance criteria will be adjusted accordingly (but the ratio of the two will remain unchanged).

Figure 1: Content and weighting of the STIP performance criteria in the 2022 remuneration system

Performance criteria (Target achievement: 0% – 150%)	Type	Weighting	
EBITDA	Financial	Min. 28.6%	40% Max. 45.7%
Number of valuable customers	Non-financial	Min. 21.4%	30% Max. 34.3%
Strategic targets (ST) (1 – 3 targets)	Financial and/or non-financial	Min. 20.0%	30% Max. 50.0%
ST 1	Yearly specification by the Supervisory Board taking into account ESG issues		
ST 2			
ST 3			

The strategic targets of the 2022 remuneration system must be geared towards particularly sustainable, long-term corporate development. To do this, the Supervisory Board always takes into account non-financial ESG issues (Environmental, Social, Governance; ESG targets) and in this context selects strategic targets from the categories shown in the following overview:

Figure 2: Selection of material ESG issues in the 2022 remuneration system

ESG Dimensions	Selected ESG issues
Environmental	<ul style="list-style-type: none"> Corporate environmental protection: <ul style="list-style-type: none"> Energy consumption Carbon emissions
Social	<ul style="list-style-type: none"> Employees Customer satisfaction
Governance	<ul style="list-style-type: none"> Compliance and integrity Digital responsibility Supply chain and human rights due diligence

The 2022 remuneration system also contains a provision allowing the Supervisory Board to review STIP payout claims and reduce or reclaim them where appropriate (clawback) in the event of breaches of duty or compliance violations.

3.2 Long-term variable remuneration (LTIP)

The LTIP programmes described below enable the participating members of the Executive Board to share in the sustainable, long-term business success of the company and functions as a special long-term incentive. Due to the different times at which Executive Board members were first or newly appointed, they participate in various LTIP programmes (see note 1). The details are outlined below.

All LTIP programmes grant Executive Board members share-based remuneration in the form of virtual shares annually over a multi-year assessment period. A payout from the virtual shares can only be made at the end of a multi-year performance period, and therefore after expiration of the corresponding holding period, if the further payout conditions are fulfilled. The amount of the cash payout is calculated depending on the share price at that time, taking into account dividend payments made in the meanwhile and achievement of an defined targets.

LTIP Programme 1, which had been granted to members of the Executive Board in 2011, was terminated in 2015 when paid out to the beneficiaries. In the previous year (2021), Programme 2, which was issued in 2014, was also terminated due to payout – the last payout to Mr Esch took place in 2021.

When the respective service agreements were extended (with Mr Vilanek from 1 January 2019, and with Mr Esch from 1 January 2020) and the respective first-time appointment to the Executive Board made (for both Mr v. Platen and Mr Fromme with effect from 1 June 2018; for Mr Arnold with effect from 1 January 2019), supplemental agreements to the service agreements were entered into with the aforementioned members of the Executive Board that granted new LTIP benefits (hereinafter referred to as "Programme 3"). No payments have yet been made under Programme 3.

When the respective service agreements of Mr v. Platen and Mr Fromme were extended with effect from 1 June 2021, supplemental agreements to the service agreements were entered into with the aforementioned members of the Executive Board that granted new LTIP benefits (hereinafter referred to as "Programme 4"). No payments have yet been made under Programme 4.

The Executive Board members Mr Arnold (as of the extension of his service agreement) and Mr v. Platen and Mr Fromme (in both cases, as of the adjustment of their current service agreements, effective since 1 June 2021, in line with the 2022 remuneration system) were granted new LTIP benefits through Programme 5, in each case with effect from 1 January 2022. No payments have yet been made under Programme 5 either.

Programme 2

In 2014, agreements concerning the service agreements that grant new LTIP benefits (hereinafter referred to as "Programme 2") were entered into with the members of the Executive Board at the time.

In addition to the annual STIP target agreement, a five-year target agreement was concluded in which EBITDA in financial years 2014 to 2018 (for Mr Vilanek) and EBITDA in financial years 2015 to 2019 (for Mr Preisig and Mr Esch) was designated as the target parameter. A basic amount was specified in each beneficiary's service agreement for this remuneration instrument; this basic amount was entered in a virtual account for the Executive Board member in question as a positive or negative amount as described below and in accordance with target achievement in each financial year, and paid out in annual instalments depending on future performance provided that account shows a credit balance. Basic amounts totalling 1,050 thousand euros per financial year were specified as target remuneration for the beneficiaries, of which 550 thousand euros for Mr Vilanek, 300 thousand euros for Mr Preisig and 200 thousand euros for Mr Esch.

If the Group EBITDA target is achieved in a financial year, 100 percent of the basic amount was credited to the virtual account as the basic amount multiplier. If the Group EBITDA defined for 120 percent target achievement was achieved, 200 percent of the basic amount was credited to the virtual account. If target achievement was between 100 and 120 percent, linear interpolation was used. Even if the 120 percent

target is exceeded, no more than 200 percent of the basic amount is credited to the virtual account. If the target achievement for the defined Group EBITDA was between the fixed 90 percent target and 100 percent, a percentage of the basic amount which is reduced on a linear basis was credited to the virtual account; if only 90 percent of the target was achieved, nothing was credited to the virtual account for the financial year in question. If Group EBITDA failed to meet the 90 percent target, a negative amount of up to 200 percent of the basic amount (if Group EBITDA is 80 percent of the target or less) was debited to the virtual account.

The amount shown on the virtual account (referred to as the "allotment amount" as the product of the basic amount and the respective basic amount multiplier described above) was converted into virtual shares. This calculation was based on a reference share price, i.e. the average Xetra closing price on the 20 stock exchange trading days after the day on which the consolidated financial statements for the relevant financial year are published.

In the event of payouts from Programme 2, the balance of virtual shares was converted into cash on the basis of the average Xetra closing price on the 20 stock exchange trading days following the date of publication of the consolidated financial statements for the relevant financial year. The increase in the share price was taken into account only up to a price of 50 euros (cap). With the exception of the final payout at the completion of the programme, a payout of 25 percent of the balance of virtual shares was possible for each financial year. Irrespective of that, the gross payout amount was restricted additionally as follows: the maximum gross amount to be paid out per financial year corresponded to 500 percent of the number of virtual shares in the respective sub-account, multiplied by the applicable share price on which the calculation of the allotment amount when the respective post was made in the sub-account was based and multiplied by 25 percent for the cap on the annual payout described above.

For the purpose of conversion into virtual shares, dividend payments, as well as circumstances for which dilution protection provisions were applicable in the case of marketable financial instruments dependent on the share value, must be included in the calculations.

As of 1 January 2021, Mr. Esch held a total of 88,718 virtual shares. These were paid to him in financial year 2021, ending Programme 2.

Details of the specific payment made under Programme 2 for Mr Esch in the previous year (2021) can be found in note 4.

Programme 3

Under Programme 3, a target agreement in line with the term of the respective service agreements covering five years (in relation to Mr Vilanek and Mr Esch) and three years (in relation to Mr Arnold, Mr v. Platen and Mr Fromme) was entered into, in addition to the annual target agreement, designating as the target parameter the target achievement from the respective annual variable remuneration for financial years 2019 to 2023 (for Mr Vilanek), financial years 2020 to 2024 (for Mr Esch), financial years 2019 to 2021 (for Mr Arnold) and financial years 2018 (prorated as of the date of appointment to the Executive Board, i.e. from 1 June 2018) to 2021 (prorated until the end of the service contract’s term on 31 May 2021) (for Mr v. Platen and Mr Fromme).

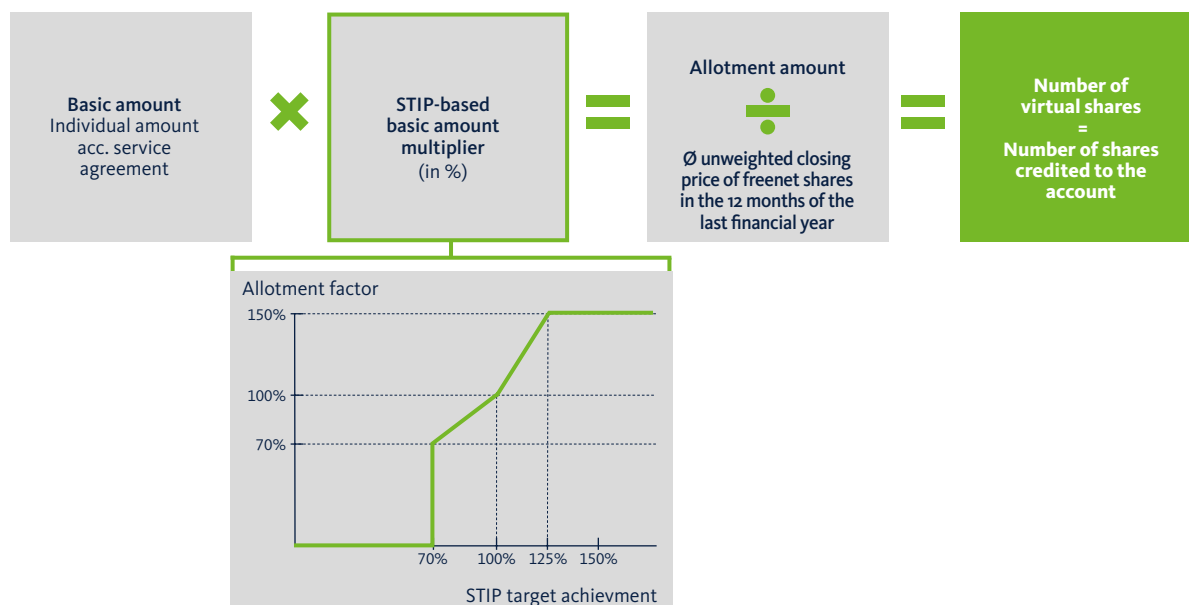
A basic amount was specified as the target remuneration in each beneficiary’s service agreement for Programme 3; this basic amount is entered in a virtual account for the respective Executive Board member as a positive amount as described below and in accordance with target achievement in each financial year, and paid out after the further terms of payout described in more detail in the text below are met, depending on future performance. Basic amounts totalling 1,650 thousand euros (of which 650 thousand euros for Mr Vilanek and 250 thousand euros in each case for Messrs Esch, Arnold, v. Platen and Fromme) were specified as target remuneration for the beneficiaries for each full financial year.

If the level of target achievement of the annual variable target agreement (STIP) for a financial year is 100 percent, 100 percent (as the basic amount multiplier) of the basic amount is credited to the virtual LTIP account. At most (if the level of target achievement is 125 percent or above), 150 percent of the basic amount is credited to the virtual account. If the level of target achievement is less than 70 percent, no virtual shares are credited for the financial year in question. If target achievement is between 70 and 125 percent, linear interpolation is used, in each case to the 100 percent value.

The amount shown on the virtual account (referred to as the “allotment amount” for the target period as the product of the basic amount and the aforementioned basic amount multiplier) is divided by the applicable share price to convert it into the number of virtual shares credited. The applicable share price is the average Xetra closing price for all stock exchange trading days in the twelve months of the relevant target period, i.e., the previous financial year. In any event, the credited number is limited in each case to 100,000 virtual shares annually (for Mr Vilanek) and to 40,000 annually (for Messrs Esch, Arnold, v. Platen and Fromme).

The explanations above are again summarised in the following figure:

Figure 3: Determination of the number of shares credited under Programme 3



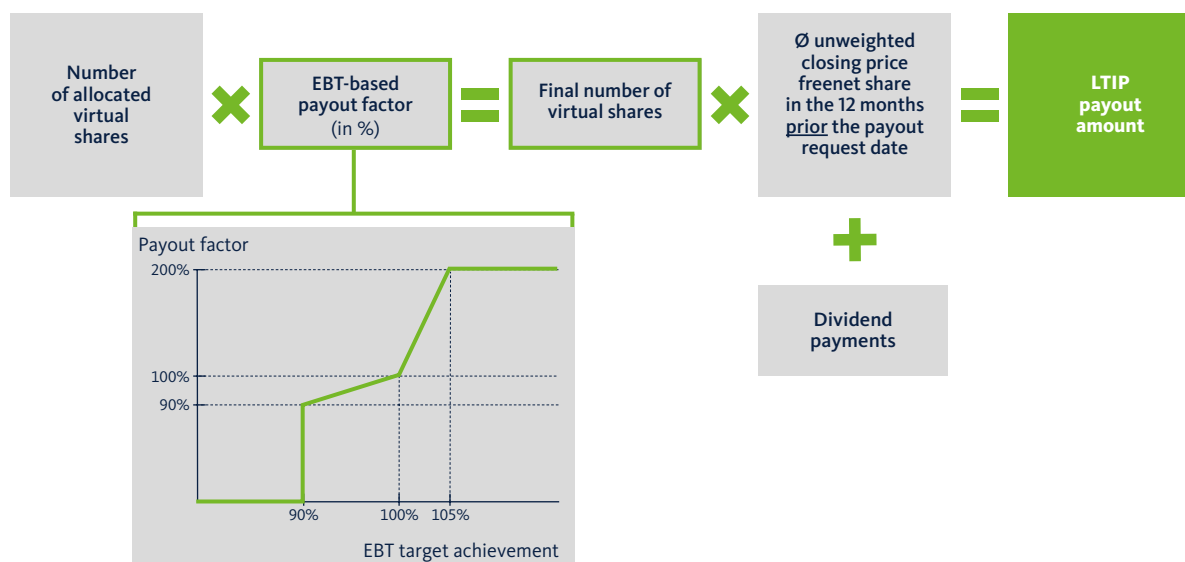
In the case of all payouts from the programme, a beneficiary is entitled to payouts from the LTIP only after adhering to the holding periods and exercise dates, if and to the extent that a certain long-term EBT target is achieved. The applicable reference value for this is Group EBT for financial year 2022 for all Executive Board members except for Mr Esch who are beneficiaries of Programme 3, and Group EBT for financial year 2023 for Mr Esch. If the Group EBT target is achieved precisely, the number of virtual shares credited to the account over several years as described above remains unchanged. If the EBT target is exceeded or missed, the number of virtual shares credited is doubled at most if target achievement is 105 percent or more or, in the worst-case scenario, set to zero if target achievement is 90 percent or less. In each case, a value is linearly interpolated between the aforementioned levels of achievement of the EBT target. The Executive Board member may request that the payout resulting from this be disbursed at the earliest when achievement of the EBT target (for all Executive Board members except for Mr Esch) is determined at the beginning of 2023 (and for Mr Esch at the beginning of 2024), but not before the end of the holding period for the number entered.

About the holding period: Basically the number entered must be held by the Executive Board member for three years as of 1 January of the year in which the virtual shares are entered in the virtual LTIP account. If the service agreement is not extended at the end of the regular service agreement term, the holding period for Messrs Vilanek, Esch and Arnold instead ends at the latest 18 months after the penultimate target period during the service agreement term (i.e. six months after the end of the regular service agreement term) and for Messrs v. Platen and Fromme at the latest 18 months after the last full target period during the service agreement term (i.e. 13 months after the end of the regular service agreement term).

About the exercise period: At the end of the holding period, but no earlier than after achievement of the EBT target is determined, the Executive Board member is entitled during a period of two years to request that the payout amount be disbursed. The payout may also be requested in partial amounts. If no payout is requested or if a payout is not requested within the specified period, the virtual shares concerned expire.

The maximum amount payable in each case is the number of virtual shares payable as calculated in accordance with the aforementioned principles, multiplied by the payout multiplier, plus the dividend. The payout multiplier is the average of the Xetra closing prices on all trading days during the twelve months before the date on which the payout is requested. The Executive Board member can therefore continue to benefit from the share price increase during the exercise period by not exercising virtual shares, but also bears the risk of a loss in value during this period. Irrespective of share price performance, the payout multiplier is in each case capped at 50 euros. The dividend is the sum total of the amounts of the gross dividend per share distributed in the period between the beginning of the holding period for the number entered and the date on which the payout is requested, multiplied by the number of virtual shares payable. When calculating this dividend, however, an amount of 20 euros per virtual share payable may not be exceeded (dividend cap). The last financial year of the service agreement in which Messrs Vilanek and Esch are beneficiaries of Programme 3 (2023 for Mr Vilanek, 2024 for Mr Esch) comes after the year in which the EBT target must be met (2022 for Mr Vilanek, 2023 for Mr Esch). For this last financial year, the crediting of virtual shares depends on achievement of the EBT target. A payout is only possible for this last financial year if the EBT in this last financial year exceeds the EBT of the previous year (the year of the EBT target) by at least 1.5 percent.

Figure 4: Payout conditions under Programme 3



In the event of early termination of the employment relationship, separate provisions apply (which are presented in note 8).

Standard market anti-dilution provisions apply, i.e. in the event of a share split, a share consolidation or a capital increase from retained earnings where new shares are issued, for example, the number of virtual shares in the LTIP virtual account is adjusted accordingly.

The development of the number of virtual shares in Programme 3 in financial year 2022 and in the previous year (2021) is shown in the following overview:

Programme 3	Number of virtual shares 01.01.2022	Addition	Disposal by payout	Number of virtual shares 31.12.2022
Christoph Vilanek	100,161	46,763	0	146,924
Ingo Arnold	38,523	17,986	0	56,509
Stephan Esch	21,416	17,986	0	39,402
Rickmann v. Platen	48,858	7,494	0	56,352
Antonius Fromme	48,858	7,494	0	56,352
	257,816	97,723	0	355,539

Programme 3	Number of virtual shares 01.01.2021	Addition	Disposal by payout	Number of virtual shares 31.12.2021
Christoph Vilanek	44,479	55,682	0	100,161
Ingo Arnold	17,107	21,416	0	38,523
Stephan Esch	0	21,416	0	21,416
Rickmann v. Platen	27,442	21,416	0	48,858
Antonius Fromme	27,442	21,416	0	48,858
	116,470	141,346	0	257,816

The shares added in 2022 are for financial year 2021 and in 2021 are for financial year 2020. At the time this report was prepared, virtual shares had not yet been added to the LTIP virtual account for financial year 2022. As of the preparation of this remuneration report, the EBT target for 2022 which is relevant for Mr Vilanek, Mr Arnold, Mr v. Platen and Mr Fromme had not yet been determined with final effect through the approval of the consolidated financial statements as of 31 December 2022. Nonetheless, it is assumed that this EBT target was achieved in full, thus doubling the number of virtual shares for these Executive Board members. For financial year 2022, 232,828 virtual shares are expected to be added for Mr Vilanek (of which 189,876 virtual shares due

to the doubling of the number of shares by virtue of the full achievement of the EBT target for 2022), 56,509 virtual shares for Mr Arnold (solely due to the doubling of the number of shares by virtue of the full achievement of the EBT target for 2022), 16,520 virtual shares for Mr Esch and 56,352 virtual shares for Mr v. Platen and 56,352 virtual shares for Mr Fromme (solely due to the doubling of the number of shares by virtue of the full achievement of the EBT target for 2022).

Programme 4

In Programme 4, a target agreement was signed with Messrs v. Platen and Fromme (also in addition to the annual target agreement) for a five-year term originally corresponding to the term of the new service agreements. This target agreement defines the target achievement for the annual variable remuneration of financial years 2021 (pro-rated from the new Executive Board appointment, from 1 June 2021 onward) to 2026 (pro-rated up to 31 May 2026) based on target parameters. Since the Executive Board service agreements of Mr v. Platen and Mr Fromme have been transitioned to the 2022 remuneration system and Programme 5 has now been granted accordingly to Mr v. Platen and Mr Fromme as of 1 January 2022 (see also our comments on Programme 5 below), Programme 4 has been curtailed, and the STIP remuneration from 1 June 2021 to 31 December 2021 is now the only target parameter.

Basic amounts totalling 169 thousand euros in each case were specified as target remuneration for the beneficiaries for the period from 1 June 2021 to 31 December 2021.

The basic principles and terms of exercise for Programme 4 generally correspond to those of Programme 3 as outlined above. In contrast to Programme 3, the holding period of three years was increased to four years. Limits on the annual number of shares to be credited, a dividend cap and a maximum payout factor are not specified – instead, the total payout amount from Programme 4 (in relation to the term of the service agreement, not individual payout years) is limited to 400 percent of the basic amount for Programme 4.

The reference value applicable to the EBT target is Group EBT for financial year 2025.

In financial year 2022, virtual shares were credited to Mr v. Platen and Mr Fromme for the first time for Programme 4, more specifically 12,170 shares in each case, which is therefore also the closing balance for this programme.

Programme 5

In financial year 2022, in connection with the introduction of the new Executive Board remuneration system, Executive Board members Messrs Arnold, v. Platen and Fromme were granted new long-term variable salary instrument under Programme 5, more specifically from 1 January 2022 to 31 December 2026 for Mr Arnold and from 1 January 2022 to 31 May 2026 for Mr v. Platen and Mr Fromme.

A basic amount was specified as the target remuneration in each beneficiary's service agreement for Programme 5; this basic amount is entered in a virtual account for the Executive Board member in question as a positive amount in accordance with the target achievement explained below, and paid out after the further terms of payout are met, depending on future performance. Virtual shares are entered in the LTIP account on an annual basis (one LTIP tranche per year) at the beginning of the performance period of the LTIP tranche in question. The performance period of each LTIP tranche begins on 1 January, for the first time on 1 January 2022, and lasts four years. The LTIP tranche credited to all beneficiaries as at 1 January 2022 ends at midnight on 31 December 2025 and is designated "Tranche 2022/2025". Basic amounts, in each case per LTIP tranche, totalling 469 thousand euros for Mr Arnold, 435 thousand euros for Mr v. Platen and 435 thousand euros for Mr Fromme were specified as target remuneration for the beneficiaries. The number of virtual shares credited to the Executive Board member's LTIP account as part of an LTIP tranche (the initial number of virtual shares) is calculated by dividing the basic amount by "applicable share price I". Applicable share price I is the average Xetra closing price of freenet shares over the last 60 stock exchange trading days before the start of the performance period concerned.

Figure 5: Crediting of virtual shares to the account under Programme 5



The payout amount to which the Executive Board member is entitled for the LTIP tranche in question is calculated as the product of the final number of virtual shares and “applicable share price II”. The final number of virtual shares is calculated by multiplying the initial number of virtual shares by overall target achievement expressed as a percentage, which

is addressed in greater detail below. Applicable share price II is the average Xetra closing price of freenet shares over the last 60 stock exchange trading days of the performance period concerned, plus the sum total of the amounts of the gross dividend per share disbursed during the performance period.

Figure 6: Payout of virtual shares under Programme 5



The following targets have been set: the EBT target (weighting of 50 percent), the “relative total shareholder return” target (weighting of 30 percent) and sustainability targets (weighting of 20 percent). Overall target achievement is calculated on the basis of the weighted levels of achievement of the individual targets. The payout amount is capped at a maximum of 250 percent of the basic amount of the LTIP tranche concerned. The payout amount per tranche is due for payment within six weeks of the approval of the consolidated financial statements by the Supervisory Board.

EBT serves as an earnings target. The Supervisory Board specifies this every year for each annual tranche, on the basis of the corporate planning. The Supervisory Board determines the level of EBT target achievement on the basis of the audited consolidated financial statements, approved by the Supervisory Board, for the final financial year in the performance period, adjusted for non-recurring items and inorganic effects.

The Supervisory Board also decides on the ESG targets every year for each annual tranche. The Supervisory Board selects the ESG targets on the basis of the following criteria, derived from the company’s materiality analysis: employees, digital responsibility, customer matters, corporate environmental

protection, compliance and integrity as well as supply chain and human rights due diligence. The sustainability targets must be quantifiable and transparent, differ from the targets specified for the STIP and motivate the Executive Board in relation to the company’s long-term development.

Total shareholder return (TSR) as a share price-based target is calculated relative to suitable benchmark indices. The MDAX and STOXX Europe 600 Telecommunications currently serve as benchmark indices. The performance of the freenet share relative to these two benchmark indices is determined by calculating the absolute annual benchmark trend (outperformance) over the four years of the performance period plus a gross dividend per share of freenet AG which is paid out in this period and notionally reinvested. The level of absolute outperformance is determined annually in percentage points (pp) and translated into the corresponding level of annual target achievement in accordance with the target scale for the relative TSR. To determine the overall level of target achievement, the arithmetic average of the annual levels of target achievement is calculated over the four-year performance period for the respective annual tranche.

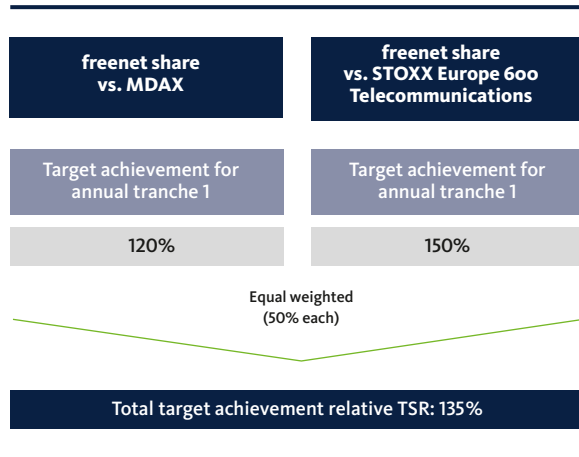
Figure 7: Relative TSR – Illustrative determination of absolute outperformance of the MDAX (Programme 5)

Annual tranche 1							
	TSR freenet	–	TSR MDAX	=	Absolut outperformance in percentage points	=	Target achievement
Year 1	20%	–	25%	=	–5pp	=	90%
Year 2	–5%	–	–20%	=	+15pp	=	130%
Year 3	25%	–	15%	=	+10pp	=	120%
Year 4	30%	–	10%	=	+20pp	=	140%

Equal weighted (25% each)		Target achievement annual tranche 1
		120%

In order to eliminate the impact of possible non-recurring items on individual reporting dates, relative TSR is calculated based on the average share price of the freenet share or the average performance of the respective benchmark indices over the last 60 stock market trading days as of the relevant reporting date. The target achievement of freenet's relative TSR against the respective benchmark index is converted into a target achievement percentage within a range of 0 percent to 200 percent (see below). Finally, to determine the overall target achievement of relative TSR, the target achievement percentages against both benchmark indices are weighted at 50 percent each and added together.

Figure 8: Relative TSR – Illustrative determination of total target achievement (Programme 5)



At the start of the performance period for the respective annual tranche, each year for the earnings target and the sustainability targets the Supervisory Board sets target achievement levels of between 50 and 200 percent as well as the respective minimum and maximum scores. The target achievement levels for the share price target are between 0 and 200 percent. In addition, for the share price target the minimum score is –50 percentage points (corresponding to a 0 percent level of target achievement), the target score is

0 percentage points (corresponding to a 100 percent level of target achievement) and the maximum score is +50 percentage points (corresponding to a 200 percent level of target achievement) of absolute outperformance.

If the minimum score (hurdle) for a target is not exceeded, the level of target achievement for this performance criterion will be 0 percent. If the actual score exceeds the defined maximum score (cap), the level of target achievement will be limited to 200 percent. Target achievement levels between the defined anchor points, i.e. between the minimum and target score and between the target and maximum score – will be calculated by means of linear interpolation.

The respective levels of target achievement for the three LTIP performance criteria will be added up according to their weighting and the overall level of target achievement thus determined.

Programme 5 also includes customary dilution protection provisions as well as the option for the Supervisory Board to reduce the number of recognised virtual shares at their reasonable discretion after prior consultation with the Executive Board member due to extraordinary developments by the end of the relevant performance period/holding period. In the event of breaches of duty or compliance violations, the Supervisory Board can review LTIP payout claims and reduce or reclaim them where appropriate (clawback).

As at 31 December 2022, a total of 58,969 virtual shares were entered in the beneficiaries' virtual accounts under Programme 5 (initial number of virtual shares) – 20,647 for Mr Arnold, 19,161 for Mr v. Platen and 19,161 for Mr Fromme.

Figure 9: Overview of the parameters of Programme protection 5

LTIP Programme 5	
0% – 200% target achievement	
Type	→ Virtual shares
Performance period/holding period	→ 4 years
Performance criteria	50% → Earnings target: EBT
	30% → Share price target: Relative TSR
	20% → Sustainability targets: ESG – e.g., employees, customers, environmental protection
Starting number	Basic amount ÷ Ø closing price of freenet shares on the last 60 trading days
Total target achievement	(50% × target achievement of the earnings target in %) + (30% × target achievement of the share price target in %) + (20% × target achievement of the sustainability targets in %)
Final number	Starting number of virtual shares of the annual tranche × total target achievement in %
Payout amount	Final number × Ø closing price of freenet shares on the last 60 trading days
Cap at 250% of the basic amount	

4. Remuneration of current Executive Board members in financial years 2022 and 2021

The following table illustrates the remuneration granted and owed to current Executive Board members in financial years 2022 and 2021 as defined in section 162 (1) AktG. The information in the table and how it was determined is explained in detail following the table and supplemented in note 5 with additional information on retirement benefits.

Current members of the Executive Board 2022 remuneration in EUR thousand	Christoph Vilanek	rel. share in %	Ingo Arnold	rel. share in %	Stephan Esch	rel. share in %	Rickmann v. Platen	rel. share in %	Antonius Fromme	rel. share in %	Total	Share of total in %
Fixed salary	1,000	55.2	625	59.6	500	58.8	500	55.7	500	56.0	3,125	56.8
Fringe benefits	15	0.8	9	0.9	18	2.1	12	1.3	8	0.9	62	1.1
Total non-performance-related remuneration	1,015	56.0	634	60.4	518	60.9	512	57.1	508	56.9	3,187	57.9
Short-term variable remuneration (STIP)	797	44.0	415	39.6	332	39.1	385	42.9	385	43.1	2,314	42.1
Short-term variable remuneration (special bonus)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Long-term variable remuneration (LTIP)												
LTIP-Programme 2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
LTIP-Programme 3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
LTIP-Programme 4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
LTIP-Programme 5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total performance-related remuneration	797	44.0	415	39.6	332	39.1	385	42.9	385	43.1	2,314	42.1
Total remuneration	1,812	100.0	1,049	100.0	850	100.0	897	100.0	893	100.0	5,501	100.0

Current members of the Executive Board 2021 remuneration in EUR thousand	Christoph Vilanek	rel. share in %	Ingo Arnold	rel. share in %	Stephan Esch	rel. share in %	Rickmann v. Platen	rel. share in %	Antonius Fromme	rel. share in %	Total	Share of total in %
Fixed salary	1,000	54.9	500	59.0	500	16.2	500	56.9	500	57.1	3,000	39.9
Fringe benefits	15	0.8	11	1.3	18	0.6	12	1.4	8	0.9	64	0.9
Total non-performance-related remuneration	1,015	55.7	511	60.3	518	16.8	512	58.2	508	58.1	3,064	40.8
Short-term variable remuneration (STIP)	806	44.3	336	39.7	336	10.9	367	41.8	367	41.9	2,212	29.5
Short-term variable remuneration (special bonus)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Long-term variable remuneration (LTIP)												
LTIP-Programme 2	0	0.0	0	0.0	2,236	72.4	0	0.0	0	0.0	2,236	29.8
LTIP-Programme 3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
LTIP-Programme 4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total performance-related remuneration	806	44.3	336	39.7	2,572	83.2	367	41.8	367	41.9	4,448	59.2
Total remuneration	1,821	100.0	847	100.0	3,090	100.0	879	100.0	875	100.0	7,512	100.0

In calculating the STIP, the same performance criteria were applied for all Executive Board members. The application of the performance criteria met resulted in the following STIP remuneration granted for 2022 and 2021:

Short-term variable remuneration (STIP) Target remuneration and remuneration granted per Executive Board member in € '000s	2022 STIP (100%)	2022 STIP (132.8%)	2021 STIP (100%)	2021 STIP (134.3%)
Christoph Vilanek	600	797	600	806
Ingo Arnold	312	415	250	336
Stephan Esch	250	332	250	336
Rickmann v. Platen	290	385	273	367
Antonius Fromme	290	385	273	367
	1,741	2,314	1,646	2,212

A breakdown of STIP remuneration granted by year of payment is presented in the following overview:

Short-term variable remuneration (STIP) Target remuneration and remuneration granted per Executive Board member in € '000s	Paid in 2022 for 2022	Payable in 2023 for 2022	2022 Total	Paid in 2021 for 2021	Payable in 2022 for 2021	2021 Total
Christoph Vilanek	420	377	797	420	386	806
Ingo Arnold	182	233	415	175	161	336
Stephan Esch	175	157	332	175	161	336
Rickmann v. Platen	169	216	385	191	176	367
Antonius Fromme	169	216	385	191	176	367
	1,115	1,199	2,314	1,152	1,060	2,212

The year of granting for the special bonuses is deemed to be the financial year in which the service giving rise to the remuneration is rendered in full. The short-term variable remuneration does not include special bonuses granted or owed for the 2022 financial year or for the previous year (2021).

Long-term variable remuneration: LTIP

The company reports LTIP remuneration as granted when the work is performed in full and all other conditions precedent and subsequent for exercise are met (e.g. EBT target achievement, holding terms, declarations for exercise, calculation of the share price relevant for payout). The grant date is therefore in the payout year.

In the previous year (2021), cash payments from LTIP Programme 2 amounting to 2,236 thousand euros were made to Mr Esch, which brought Programme 2 to an end. No payouts whatsoever have been made yet from LTIP Programmes 3, 4 and 5 because exercise is not yet possible. The LTIP remuneration in financial year 2022 therefore totalled 0 euros in contrast to 2,236 thousand euros for the previous year.

The following is an overview of the performance criteria that were applied to determine the payout amount for Mr Esch in financial year 2021:

LTIP-Programme 2:						
Payout amount for Mr Esch	for 2015	for 2016	for 2017	for 2018	for 2019	Total
Basic amount (€ '000s)	200.0	200.0	200.0	200.0	200.0	
EBITDA figure (without Sunrise) for 120% target achievement (€ million)	368.0	373.0	381.0	385.0	385.0	
Actual EBITDA figure (without Sunrise) (€ million)	370.0	402.1	409.1	441.2	426.8	
Actual target achievement (in %)	120.0	120.0	120.0	120.0	120.0	
Basic amount multiplier (in %)	200.0	200.0	200.0	200.0	200.0	
Allotment amount (€ '000s)	400.0	400.0	400.0	400.0	400.0	
Relevant share price at allotment (in €)	27.22	29.53	25.24	19.55	16.55	
Number virtual shares credited to the account	14,695	13,546	15,848	20,460	24,169	
Relevant share price at payout (in €)	22.38	22.38	22.38	22.38	22.38	
Dividend amount per virtual share at payout (in €)	6.49	4.94	3.34	1.69	0.04	
Payout amount per virtual share (in €)	28.87	27.32	25.72	24.07	22.42	
Payout amount (€ '000s)	424	370	408	492	542	2,236

5. Retirement benefits for current Executive Board members in financial years 2022 and 2021

Regarding retirement benefits, a total of 1,688 thousand euros (previous year: 1,690 thousand euros) was paid into the occupational pension scheme for active Executive Board members in 2022. Mr Vilanek accounted for 955 thousand euros (previous year: 960 thousand euros) of this amount, Mr Arnold for 100 thousand euros (previous year: 100 thousand euros), Mr Esch for 433 thousand euros (previous year: 430 thousand euros), Mr v. Platen for 100 thousand euros (previous year: 100 thousand euros), and Mr Fromme for 100 thousand euros (previous year: 100 thousand euros). These payments into the occupational pension scheme do not have to be reported as remuneration within the meaning of section 162 AktG, because in the case of these commitments, the Executive Board members have no direct legal claim in respect of the occupational pension scheme or reinsurer, but rather in respect of freenet AG.

The pension expense according to IAS 19 (current and past service cost) amounted to 300 thousand euros in financial year 2022 compared with 900 thousand euros in the previous year. In 2022, Mr Vilanek accounted for 0 euros (previous year: 382 thousand euros) of this amount, Mr Esch for 0 euros (previous year: 218 thousand euros), Mr Arnold for 100 thousand euros (previous year: 100 thousand euros), Mr v. Platen for 100 thousand euros (previous year: 100 thousand euros) and Mr Fromme for 100 thousand euros (previous year: 100 thousand euros). Pension payments have not yet been made to the active Executive Board members. As of 31 December 2022, the present value of the funded obligation for Mr Vilanek amounted to 4,427 thousand euros (previous year: 7,247 thousand euros) and for Mr Esch to 3,829 thousand euros (previous year: 6,446 thousand euros). Due to the nature of the selected commitment, there is no present value for funded obligations for Messrs Arnold, v. Platen and Fromme. As of 31 December 2022, for Mr Vilanek surplus

cover applied in the amount of 1,396 thousand euros (previous year: pension provision of 2,223 thousand euros) as a result of the difference between the present value of the funded obligation and the asset value of the pension liability insurance policy. A pension provision of 251 thousand euros (previous year: 3,292 thousand euros) was recognised for Mr Esch as of 31 December 2022.

6. Compliance with maximum remuneration for current Executive Board members

The remuneration of currently serving Executive Board members is limited in various ways. On the one hand, caps have been laid down for variable fringe benefits and individual performance-based instruments which in some cases comprise individual limits. On the other hand, the Executive Board service agreements for Messrs v. Platen and Fromme entering into force on 1 June 2021 and the service agreement for Mr Arnold entering into force on 1 January 2022 specify various caps on remuneration that limit the total amount of remuneration that can be granted in a particular financial year in accordance with the requirements of section 87a AktG.

The total value of their fringe benefits is not permitted to exceed a total of 5 percent of their annual salary per financial year (comprising fixed salary, STIP at 100 percent target achievement and the annual basic amount LTIP at 100 percent target achievement).

Regarding the performance-based STIP remuneration instrument, the upper limit is 150 percent of the target amount in each case. All Executive Board members were granted 132.8 percent of the target amount for 2022 and 134.3 percent of the target amount for 2021. Mr Vilanek was granted an STIP payout amounting to 797 thousand euros for 2022 and 806 thousand euros for 2021 out of the maximum possible 900 thousand euros in each case. The STIP remuneration for Mr Arnold amounted to 415 thousand euros for 2022 (out of the maximum possible 469 thousand euros) and 336 thousand

euros for 2021 (out of the maximum possible 375 thousand euros). Mr Esch was granted an STIP payout amounting to 332 thousand euros for 2022 and 336 thousand euros for 2021 out of the maximum possible 375 thousand euros in each case. Messrs v. Platen and Fromme were each granted an STIP remuneration of 385 thousand euros for 2022 and 367 thousand euros for 2021 out of the maximum possible 435 thousand euros for 2022 and 410 thousand euros for 2021.

In addition to the STIP, a special bonus of no more than 50 percent of the fixed salary is possible for extraordinary achievements. For Mr Arnold, Mr v. Platen and Mr Fromme, following the adjustment of their Executive Board service agreements in line with the 2022 remuneration system since September 2022 the option of granting a special bonus is now no longer available. In case of a special bonus, for purposes of compliance with the maximum remuneration limit reference is made to the financial year in which the extraordinary achievement occurred on which the special bonus is based. No special bonuses were granted for financial year 2022 or the previous year (2021).

Virtual shares were credited under the LTIP programme in financial years 2022 (for work accomplished in 2021) and 2021 (for work accomplished in 2020). With regard to Programme 3, in financial year 2022 46,763 virtual shares were credited for Mr Vilanek (previous year: 55,682 virtual shares) out of a maximum possible 100,000 virtual shares per financial year. In financial year 2022, 17,986 virtual shares from Programme 3 each were credited for Messrs Arnold and Esch (previous year: 21,416 virtual shares each) out of a maximum possible 40,000 virtual shares each per financial year. In financial year 2022, 7,494 virtual shares from Programme 3 each were credited for Messrs v. Platen and Fromme (out of a maximum possible 16,667 virtual shares), and in financial year 2021 21,416 virtual shares were credited for them (out of a maximum possible 40,000 virtual shares).

In calculating Mr Esch's payout amount of 2,236 thousand euros from Programme 2 in the previous year (2021), the relevant caps for the share price and maximum gross amount per financial year were not exceeded.

For Mr Arnold (in his Executive Board service agreement effective since 1 January 2022) and for Mr v. Platen and Mr Fromme (in their Executive Board service agreements effective since 1 June 2021), the maximum amount of total benefits (fixed salary, fringe benefits, any special bonus, STIP, LTIP, retirement benefit contributions) for a full financial year (in relation to the term of the service agreement, not individual payout years) was set at 3,000 thousand euros each, with effect from 1 January 2022. For the previous year (2021), a maximum remuneration limit of 4,000 thousand euros applied for Mr v. Platen and for Mr Fromme. Since the calculation of these maximum amounts for financial year 2022 and the previous year (2021) is required to include the prorated LTIP amounts, the amount of which is not determined until payout in some

years, no further disclosures can currently be made in this regard; in terms of the provisions of Programmes 4 and 5, however, a contractual agreement was made to reduce payout claims from the LTIP if this is necessary to comply with the maximum remuneration for the relevant financial year.

7. Remuneration and retirement benefits for former Executive Board members for financial years 2022 and 2021

The former Executive Board member Mr Preisig has drawn a retirement pension since 1 December 2022. Mr Preisig's retirement pension entitlement for December 2022, in the amount of 15 thousand euros, was paid out to him in January 2023. No further pension payments arising from the pension commitments have been made to former Executive Board members to date. As at 31 December 2022 the defined benefit obligation (DBO) for Mr Preisig amounted to 4,044 thousand euros (previous year: 5,943 thousand euros). In 2022, 342 thousand euros (2021: 373 thousand euros) were paid into the occupational pension scheme for Mr Preisig. The DBO for other former Executive Board members whose service was more than 10 years ago amounted to 7,059 thousand euros as at 31 December 2022 (individual amounts: 3,320 thousand euros, 2,849 thousand euros and 890 thousand euros) and to 11,725 thousand euros as at 31 December 2021 (individual amounts: 5,435 thousand euros, 4,792 thousand euros and 1,498 thousand euros). As at 31 December 2022 the pension provision for Mr Preisig amounted to 0 euros (previous year: 1,363 thousand euros). For further former members of the Executive Board whose service on the Executive Board ended more than 10 years ago, surplus cover applied in the amount of 538 thousand euros (previous year: pension provision of 4,447 thousand euros) as a result of the difference between the present value of the funded obligation and the asset value of the pension liability insurance policy.

In 2022, 399 thousand euros (individual amounts: 175 thousand euros, 167 thousand euros and 57 thousand euros) were paid into the pension plan for the retirement benefits of these former Executive Board members. In 2021, this amount was 399 thousand euros (individual amounts: 175 thousand euros, 167 thousand euros and 57 thousand euros).

However, the payments into the occupational pension scheme for Mr Preisig and the former Executive Board members whose service was more than 10 years ago do not have to be reported as remuneration within the meaning of section 162 AktG, because in the case of these commitments, the Executive Board members have no direct legal claim in respect of the occupational pension scheme or reinsurer, but rather in respect of freenet AG.

8. Remuneration arrangements in the event of scheduled or early termination of employment

In the event employment is ended as scheduled, i.e. when the term of office ends and the service agreement expires, fixed remuneration and fringe benefit payments also end. Likewise the STIP is only calculated proportionately for the period up to the end of employment and is paid out after the assessment criteria are determined, which may be after the scheduled end of employment.

The performance periods for Programmes 3, 4 and 5 of the LTIP are calculated such that they only run during the term of office and the applicable service agreements. This means that no further claim can be earned from the LTIP following the scheduled end of the term of office or service agreement. Regardless of this, the value of the credited virtual shares may still change depending on the share price during the holding period and up to the payout date. In addition, the holding periods and payout dates may fall after the scheduled end of employment. Therefore, the payout may occur after the scheduled end of employment (see note 3.2 for details).

In the event of early termination of employment, the following commitments have been made:

In the event that the term of office ends early due to revocation and subsequent termination of the service agreement, the member of the Executive Board will receive a settlement, except in cases of termination for good cause pursuant to section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB). The amount of the settlement is one-twelfth of the annual fixed salary and annual variable remuneration (STIP) at 100 percent target achievement applicable to the financial year prior to termination for every full month the service agreement would have run to the end of its scheduled term but did not due to the termination. The maximum is 24 twelfths. The same is true in the event the service agreement is cancelled prior to expiration if a new appointment with a new service agreement does not follow, or it is cancelled to avoid termination for good cause.

Multi-year target agreements were concluded with the active Executive Board members for the purpose of granting long-term variable remuneration (LTIP), see note 3.2 “Long-term variable remuneration (LTIP)”, Programmes 3, 4 and 5. If the service agreement ends prematurely due to termination, cancellation or otherwise, or his appointment to the position is revoked, the Executive Board member is entitled to payout of the LTIP virtual account at the time of termination, provided it shows a positive balance.

In this case, for LTIP Programmes 3 and 4 the number of virtual shares in the LTIP virtual account is increased by the number of virtual shares resulting from the target achievement for the current financial year, prorated up to the date of termination of the service agreement or (if earlier) revocation of the

appointment. However, such an addition is made only if (i) the termination of the service agreement on the part of the company is not for good cause pursuant to section 626 BGB, or that the revocation of his appointment to the position is not connected to the termination of the service agreement on the part of the company, for which there is good cause under section 626 BGB, (ii) the service agreement is terminated by the member of the Executive Board, (iii) the service agreement terminates prematurely due to permanent incapacity to serve, or due to the death of the member of the Executive Board, or (iv) the service agreement is terminated prematurely by mutual consent, provided that the cancellation is not made in order to avoid a termination of the service agreement by the company, for which an important reason pursuant to section 626 BGB exists.

In the case of LTIP Programme 5, for all of the LTIP tranches for which the first year of the performance period has not yet expired as of termination of the service agreement, the entitlements of the Executive Board member will be reduced by one twelfth for each full calendar month between termination of the service agreement coming into effect and the end of the first year of the performance period. This is without prejudice to entitlements relating to LTIP tranches for which the first year of the performance period has expired as of termination of the service agreement coming into effect. In cases where the service agreement is terminated by the company for good cause pursuant to section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB), the Executive Board member's appointment to the position is revoked in connection with such termination for good cause or the service agreement is cancelled by mutual consent, in order to avoid termination of the service agreement by the company for good cause, in respect of LTIP Programme 5 all entitlements of this Executive Board member relating to LTIP tranches for which the performance period has not expired as of termination of the service agreement coming into effect shall lapse. This is without prejudice to entitlements relating to LTIP tranches for which the performance period has expired at that time.

9. Other disclosures pursuant to section 162 AktG

Equivalence to the applicable Executive Board remuneration system

The disclosures in the table in note 5 “Remuneration of active Executive Board members for financial years 2022 and 2021” are without exception equivalent to the applicable 2022, 2021, 2018 or 2014 Executive Board remuneration systems, in particular in terms of compliance with the stipulated caps and maximum remuneration. There were no deviations from the Executive Board remuneration system. Especially in the 2022 and 2021 remuneration systems and with regard to STIP and LTIP, the individual variable remuneration instrument serve to further the sustainable, long-term performance of the company already outlined elsewhere in this remuneration report.

Comparative presentation

The following disclosures provide a comparative view of annual changes in Executive Board remuneration, the development of the company's results of operations and the average remuneration of employees (expressed as FTEs):

	2022	Δ 2022– 2021	2021	Δ 2021– 2020	2020	Δ 2020– 2019	2019	Δ 2019– 2018	2018
Executive Board members in office as at 31.12.2022									
Christoph Vilanek (€ '000s)	1,812	–0.5%	1,821	–33.9%	2,754	–61.3%	7,124	432.8%	1,337
Ingo Arnold (€ '000s)	1,049	23.9%	847	–35.8%	1,319	+65.5%	797		
Stephan Esch (€ '000s)	850	–72.5%	3,090	275.4%	823	+13.8%	723	0.1%	723
Rickmann v. Platen (€ '000s)	897	2.1%	879	7.2%	820	+2.9%	797	71.4%	465
Antonius Fromme (€ '000s)	893	2.1%	875	7.1%	817	+2.7%	796	71.6%	464
Former Executive Board members									
Joachim Preisig (€ '000s)	15				559	–75.2%	2,256	125.2%	1,002
Total remuneration of current and former Executive Board members	5,516	–26.6%	7,512	5.9%	7,092	–43.2%	12,493	213.0%	3,991
Earnings KPIs									
Group EBITDA (€ million)	478.7	7.0%	447.3	5.0%	425.9	–0.2%	426.8	–3.3%	441.3
Net income of freenet AG acc. to HGB (€ million)	52.3	–48.8%	102.1	–79.3%	493.6	336.4%	113.1	–78.4%	523.1
Average remuneration of the workforce									
Remuneration of the entire workforce (€ million)	214.1		209.7		221.5		228.0		215.1
Average number of employees (FTEs)	3,047		3,162		3,336		3,583		3,533
Remuneration of the workforce (avg. per FTE in € '000s)	70.3	+5.9%	66.3	–0.1%	66.4	+4.3%	63.6	+4.5%	60.9

All of the Group's employees were included. A simplified procedure was applied to the average number of employees whereby the average was determined from the number of employees on 31 March, 30 June, 30 September and 31 December of a financial year (expressed as FTEs).

Mr Vilanek's remuneration in 2019 includes a payout from his LTIP Programme 2 in the amount of 5,421 thousand euros. In financial year 2020, a special bonus of 1,000 thousand euros was granted to Mr Vilanek and of 500 thousand euros to Mr Arnold. Mr Esch's remuneration in 2021 includes a payout from his LTIP Programme 2 in the amount of 2,236 thousand euros. When disclosing the remuneration for Messrs v. Platen and Fromme in financial year 2018 (and the percentage comparison with 2019), it should be noted that their Executive Board service did not begin until 1 June 2018 and therefore the remuneration only has to be prorated in the table from this date.

Shares and stock options

No shares or stock options have been awarded as remuneration to the currently serving members of the Executive Board or former members of the Executive Board. Regarding the virtual shares awarded, refer to section 3.2 on long-term variable remuneration (LTIP).

Other disclosures pursuant to section 162 AktG

There was no clawback of variable remuneration instruments in the reporting period.

Benefits were neither awarded nor granted to any Executive Board member by a third party for their Executive Board activity in the reporting period.

The Supervisory Board regularly compares the Executive Board's remuneration with a group of other German companies of comparable size or that operate in similar areas. This review takes account of target total remuneration, consisting of basic salary and variable remuneration instruments while taking pension arrangements and fringe benefits into consideration.

The individual target remuneration of an Executive Board member is determined within the company in relation to the remuneration paid to the top level of management and the overall workforce of the freenet AG in Germany, together with the development of this remuneration over time. The Supervisory Board has defined the top level of management for this purpose. It consists of division managers who report directly to the individual Executive Board members. In the event of significant shifts in the relationships between the remuneration of the Executive Board and the comparison groups, the Supervisory Board reviews the causes of this and, if there are no objective reasons, makes adjustments to Executive Board remuneration where appropriate. The personnel committee and Supervisory Board can consult independent external advisors to review the appropriateness of the remuneration. Where there is a need to change the remuneration system for the Executive Board as a result of this advice or for other reasons, the personnel committee submits appropriate amendment proposals to the Supervisory Board for resolution. Significant changes are also presented to the Annual General Meeting for resolution.

C. Supervisory Board disclosures

1. Remuneration structure

The remuneration of the Supervisory Board approved by the 2021 Annual General Meeting, stipulated in the Articles of Association and applicable as of 1 January 2021 consists of three instruments:

- Base remuneration
- Attendance fees
- Remuneration depending on membership and chairpersonship of Supervisory Board committees

The Supervisory Board's members receive from the company fixed base remuneration of 50,000 euros for each full financial year of their Supervisory Board membership.

The chairperson of the Supervisory Board receives double this amount, the vice chairperson one-and-a-half times this amount.

In addition, every Supervisory Board member receives an attendance fee of 1,000 euros for each Supervisory Board or committee meeting that he/she attends. Several meetings on one day are only remunerated once.

Members of the audit committee receive additional annual remuneration of 15,000 euros each for being members of this committee. Members of other committees – with the exception of the mediation committee – receive additional remuneration of 10,000 euros per committee for being members of these committees. The chairperson of each committee receives double this amount. Remuneration for chairpersonship and membership of the committees only applies if the committees meet to fulfil their duties at least once during the financial year in question.

Members of the Supervisory Board are also reimbursed for their necessary expenses.

2. Remuneration of the members of the Supervisory Board for financial years 2022 and 2021

Individualised figures for financial years 2022 and 2021 are shown in the following tables.

Remuneration for financial year 2022 in € '000s	Base remuneration	rel. share in %	Attendance fees	rel. share in %	Committee remuneration	rel. share in %	Total	rel. share in %
Active members								
Knut Mackeprang ¹	75.0	69.4	13.0	12.0	20.0	18.5	108.0	100.0
Claudia Anderleit ¹	50.0	70.4	11.0	15.5	10.0	14.1	71.0	100.0
Marc Tüngler	83.0	65.1	13.0	10.2	31.5	24.7	127.5	100.0
Robert Weidinger	50.0	54.3	12.0	13.0	30.0	32.6	92.0	100.0
Sabine Christiansen	50.0	70.4	11.0	15.5	10.0	14.1	71.0	100.0
Thomas Reimann ¹	50.0	66.7	10.0	13.3	15.0	20.0	75.0	100.0
Theo-Benneke Bretsch ¹	50.0	89.3	6.0	10.7	0.0	0.0	56.0	100.0
Bente Brandt ¹	50.0	67.6	9.0	12.2	15.0	20.3	74.0	100.0
Gerhard Huck ¹	50.0	73.5	8.0	11.8	10.0	14.7	68.0	100.0
Prof. Dr. Kerstin Lopatta	32.8	64.8	8.0	15.8	9.8	19.4	50.6	100.0
Thomas Karlovits	32.8	70.7	7.0	15.1	6.6	14.2	46.4	100.0
Miriam Wohlfarth	32.8	89.1	4.0	10.9	0.0	0.0	36.8	100.0
	606.4	69.2	112.0	12.8	157.9	18.0	876.3	100.0
Former members								
Thorsten Kraemer	17.3	94.5	1.0	5.5	0.0	0.0	18.3	100.0
Prof. Dr. Helmut Thoma	34.6	79.5	2.0	4.6	6.9	15.9	43.5	100.0
Fränzi Kühne	17.3	94.5	1.0	5.5	0.0	0.0	18.3	100.0
	69.2	86.4	4.0	5.0	6.9	8.6	80.1	100.0
Total	675.6	70.6	116.0	12.1	164.8	17.2	956.4	100.0

¹ Employee representative in accordance with section 7 (1) clause 1 no. 1 Co-determination Act (Mitbestimmungsgesetz – MitbestG) of 4 May 1976.

Remuneration for financial year 2021 in € '000s	Base remuneration	rel. share in %	Attendance fees	rel. share in %	Committee remuneration	rel. share in %	Exceeding maximum remuneration	rel. share in %	Total	rel. share in %
Active members										
Prof. Dr. Helmut Thoma	100.0	62.5	9.0	5.6	60.0	37.5	- 9.0	- 5.6	160.0	100.0
Knut Mackeprang ¹	75.0	72.8	8.0	7.8	20.0	19.4	0.0	0.0	103.0	100.0
Claudia Anderleit ¹	50.0	74.6	7.0	10.4	10.0	14.9	0.0	0.0	67.0	100.0
Thorsten Kraemer	50.0	76.9	5.0	7.7	10.0	15.4	0.0	0.0	65.0	100.0
Marc Tüngler	50.0	58.8	10.0	11.8	25.0	29.4	0.0	0.0	85.0	100.0
Robert Weidinger	50.0	56.2	9.0	10.1	30.0	33.7	0.0	0.0	89.0	100.0
Sabine Christiansen	50.0	64.1	8.0	10.3	20.0	25.6	0.0	0.0	78.0	100.0
Thomas Reimann ¹	50.0	67.6	9.0	12.2	15.0	20.3	0.0	0.0	74.0	100.0
Fränzi Kühne	50.0	92.6	4.0	7.4	0.0	0.0	0.0	0.0	54.0	100.0
Theo-Benneke Bretsch ¹	50.0	92.6	4.0	7.4	0.0	0.0	0.0	0.0	54.0	100.0
Bente Brandt ¹	50.0	67.6	9.0	12.2	15.0	20.3	0.0	0.0	74.0	100.0
Gerhard Huck ¹	50.0	76.9	5.0	7.7	10.0	15.4	0.0	0.0	65.0	100.0
Total	675.0	69.7	87.0	9.0	215.0	22.2	- 9.0	- 0.9	968.0	100.0

¹ Employee representative in accordance with section 7 (1) clause 1 no. 1 Co-determination Act (Mitbestimmungsgesetz – MitbestG) of 4 May 1976.

3. Maximum remuneration

The remuneration arrangement applicable from 1 January 2021 onward stipulates that the total remuneration of a Supervisory Board member may not exceed 160 thousand euros per year (maximum remuneration).

The Supervisory Board remuneration for the 2022 financial year and for the previous year (2021) presented in note 2 in each case falls within the maximum remuneration permitted, as it does not exceed the annual cap of 160 thousand euros. Compliance with the cap of 160 thousand euros, which was mathematically exceeded by Prof Dr Thoma for the previous year (2021), was achieved by reducing his payout to the maximum remuneration permitted in accordance with the provision in the articles of association.

4. Other disclosures pursuant to section 162 AktG

The information in the table in note 2 "Remuneration of the members of the Supervisory Board for financial years 2022 and 2021" corresponds without exception to the applicable remuneration system as presented in note 1 "Remuneration structure". In the reporting period, no deviations occurred from the applicable remuneration systems for the Supervisory Board.

The following disclosures provide a comparative view of annual changes in Supervisory Board remuneration, the development of the company's results of operations and the average remuneration of employees (expressed as FTEs):

	2022	Δ 2022– 2021	2021	Δ 2021– 2020	2020	Δ 2020– 2019	2019	Δ 2019– 2018	2018
Supervisory Board members in office as at 31.12.2022									
Knut Mackeprang (€ '000s)	108	+4.9%	103	+7.3%	96	+88.2%	51	–50.0%	102
Claudia Anderleit (€ '000s)	71	+6.0%	67	+3.1%	65	+85.7%	35	–48.5%	68
Marc Tüngler (€ '000s)	128	+50.0%	85	+23.2%	69	+86.5%	37	–46.4%	69
Robert Weidinger (€ '000s)	92	+3.4%	89	+23.6%	72	+67.4%	43	–41.9%	74
Sabine Christiansen (€ '000s)	71	–9.0%	78	+20.0%	65	+85.7%	35	–47.8%	67
Thomas Reimann (€ '000s)	75	+1.4%	74	+8.8%	68	+78.9%	38	–43.3%	67
Theo Benneke-Bretsch (€ '000s)	56	+3.7%	54	–15.6%	64	+88.2%	34	–15.0%	40
Bente Brandt (€ '000s)	74	0.0%	74	+8.8%	68	+78.9%	38	–11.6%	43
Gerhard Huck (€ '000s)	68	+4.6%	65	0.0%	65	+85.7%	35	–16.7%	42
Prof. Dr. Kerstin Lopatta (€ '000s)	51								
Thomas Karlovits (€ '000s)	46								
Miriam Wohlfarth (€ '000s)	37								
Former Supervisory Board members									
Thorsten Kraemer (€ '000s)	18	–71.8%	65	0.0%	65	+85.7%	35	–48.5%	68
Prof. Dr. Helmut Thoma (€ '000s)	44	–72.8%	160	+21.2%	132	+83.3%	72	–50.0%	144
Fränzi Kühne (€ '000s)	18	–66.1%	54	–15.6%	64	+88.2%	34	–46.9%	64
Ronny Minak (€ '000s)									26
Michael Stephan (€ '000s)									26
Gesine Thomas (€ '000s)									25
Total remuneration of current and former Supervisory Board members	956	–1.2%	968	+8.4%	893	+83.4%	487	–47.4%	925
Earnings KPIs									
Group EBITDA (€ million)	478.7	+7.0%	447.3	+5.0%	425.9	–0.2%	426.8	–3.3%	441.3
Net income of freenet AG acc. to HGB (€ million)	52.3	–48.8%	102.1	–79.3%	493.6	336.4%	113.1	–78.4%	523.1
Average remuneration of the workforce									
Remuneration of the entire workforce (€ million)	214.1		209.7		221.5		228.0		215.1
avg. number of employees (FTEs)	3,047		3,162		3,336		3,583		3,533
Remuneration of the workforce (avg. per FTE in € '000s)	70.3	+5.9%	66.3	–0.1%	66.4	+4.3%	63.6	+4.5%	60.9

See our statement on Executive Board remuneration under section B, note 9 for information on the calculation of the average number of employees and of employee remuneration.

No shares or stock options have been awarded as remuneration to the currently serving members of the Supervisory Board or former members of the Supervisory Board.

There was no clawback of any variable remuneration instrument in the reporting period.

Benefits were neither awarded nor granted to any Supervisory Board member by a third party for their Supervisory Board activity in the reporting period.