

Management presentation

Results for H1/Q2 2023

Christoph Vilanek, CEO
Ingo Arnold, CFO

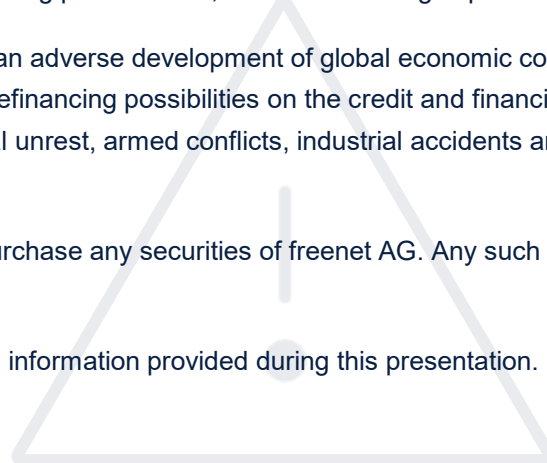
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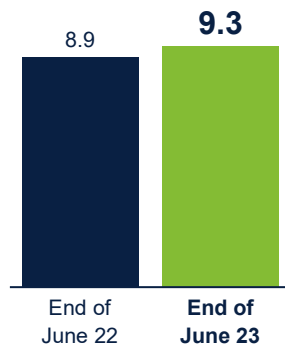
Agenda

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

freenet is on track to meet all 2023 targets

Subscribers

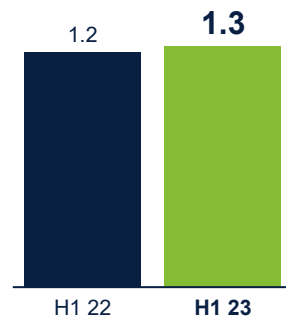
in m



+4.7%

Revenue

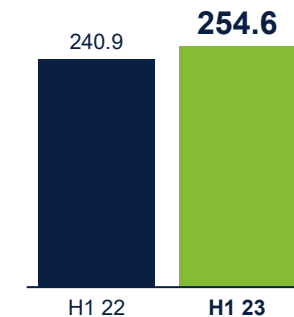
in bnEUR



+2.7%

EBITDA

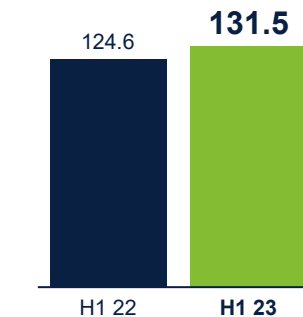
in mEUR



+5.7%

Free cash flow

in mEUR

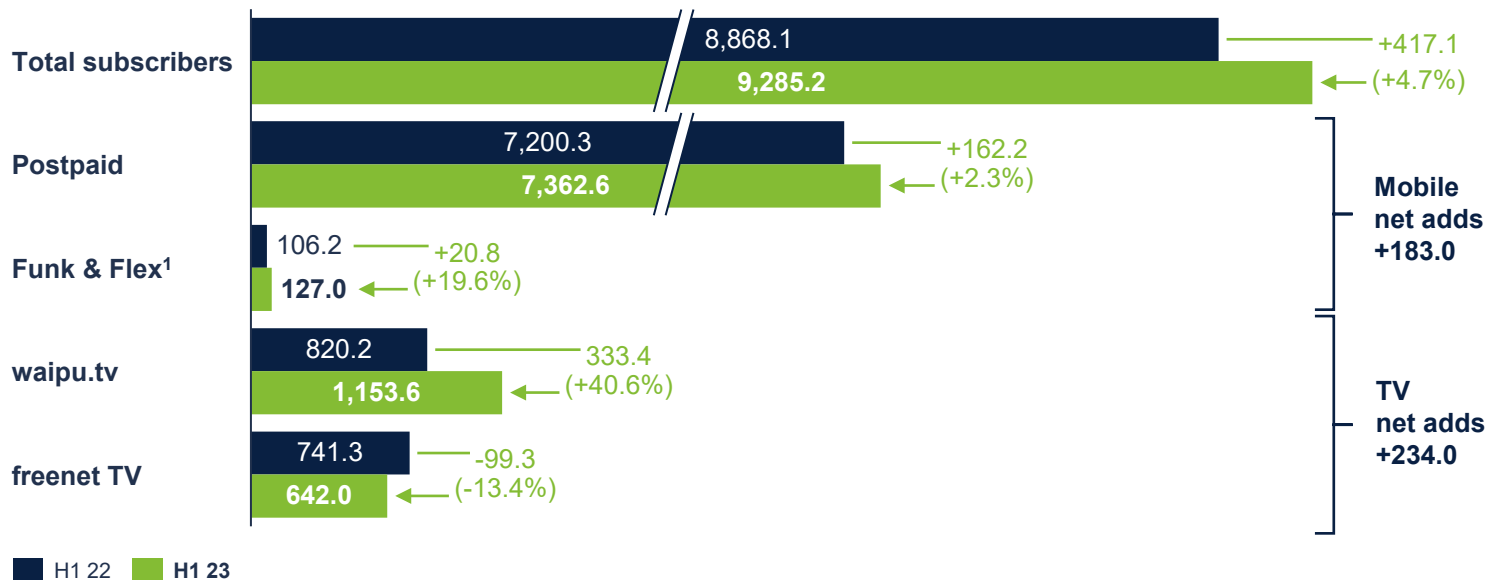


+5.5%

TV outpaces mobile subscriber growth again

Subscribers LTM

in '000s (end of period)

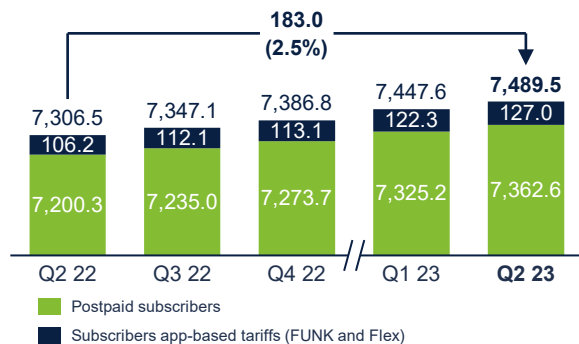


¹ ARPU and profitability comparable to postpaid contracts, but not yet counted within postpaid base

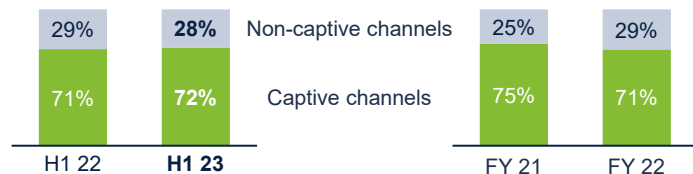
Mobile subscriber base maintains moderate growth

Mobile subscribers

in '000s (end of period)



Channel mix maintained



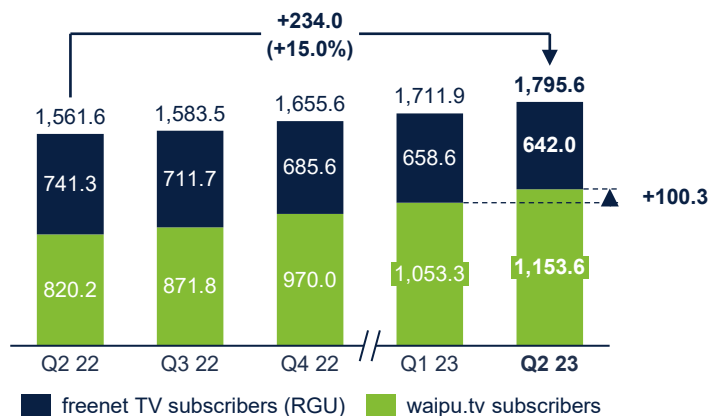
Highlights in H1 23

- 2023 growth on satisfactory level
 - Strong net adds in Q1 (+52k; Q1 22: +5k)
 - Good net adds in Q2 (+37k; Q2 22: +18k)
- Share of **SIM-only** increasing
- Smart Pricing** delivers good impact in renewal and new customer acquisition
- Reduction in service hotline calls/** improved customer satisfaction
- >10 projects** to take advantage of **AI to increase corporate efficiency** (e.g., automatisaton of customer care processes)

waipu.tv reports strongest quarterly growth ever

TV subscribers

in '000s (end of period)



waipu.tv

**MEDIA
BROADCAST**

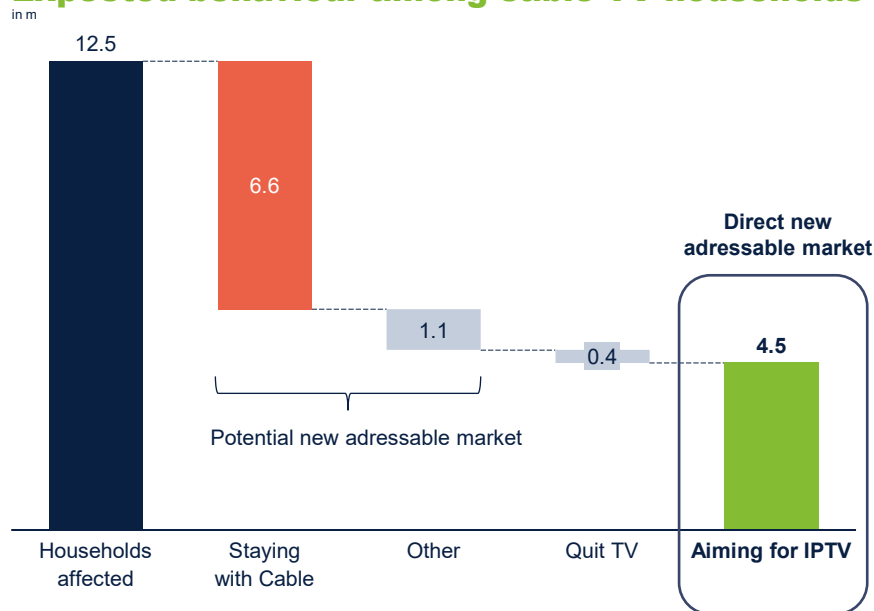


Highlights in H1 23

- **waipu.tv**
 - ATL marketing measures accelerate waipu.tv growth in Q2 23 again (>100k net adds in Q2 23)
 - Migration of DGF existing customers nearly halfway through
 - Structural change in the German TV market gains momentum
- **Media Broadcast**
 - **B2C: freenet TV**
 - Customer decline mitigated in Q2 23 (-17k)
 - Revenue and EBITDA stable as price increases are phasing in
 - **B2B: DAB+; Field Services, etc.**
 - Growing demand for technical field services
 - Absolut radio listeners noticeably increased, 1st fully AI based radio station launched

waipu.tv set to benefit from change in TV law

Expected behaviour among cable TV households



Source: representative survey ([link](#)) of the population by freenet AG (n=1,000); only available in German

Change in TV law

- From end of July 2024 (at the latest): tenants no longer obliged to pay for cable
- 12.5m households affected in Germany
- Raising media awareness of changes in TV law
- IPTV is expected to be the biggest beneficiary
- Gradual transition to IPTV expected

waipu.tv ready to benefit

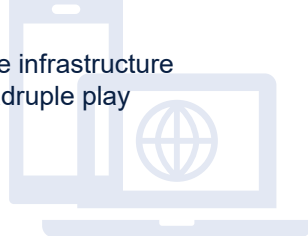
- Already strong market position in IPTV
- Further increasing value-for-money leadership (>240 channels; 95% in HD; VoD collabs etc.)
- Initiation of further brand recognition measures



Outlook H2 2023

Mobile Communications

- **Improvement of service quality:** enhanced customer experience & satisfaction level by support of technology-based interactions (e.g., AI)
- **Omnichannel transformation:** realignment of freenet shops under the premise to fully integrate the online world into the retail world (APS)
- **freenet Internet** increasing prices to EUR 35
- Increasing share of **family plans** (freenet next = Magenta next)
- **Strategic conversations** with fibre infrastructure suppliers on double, triple and quadruple play



TV and Media

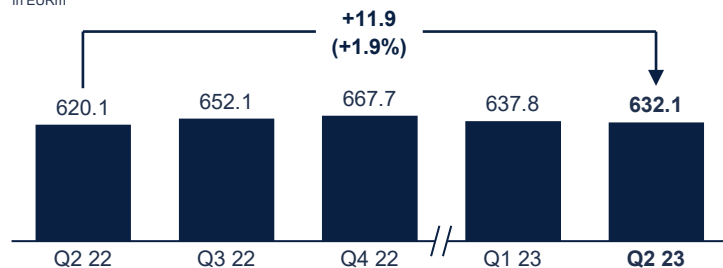
- **waipu.tv:**
 - ATL campaigning to raise brand recognition (ATL Marketing) in order to take advantage of end of „Nebenkostenprivileg“
 - Launch of waipu.tv as in Media Markt/ Saturn stores
- **freenet TV:**
 - Hybrid terrestrial/ IPTV stick to be launched



Group: Financials at upper end of own expectations

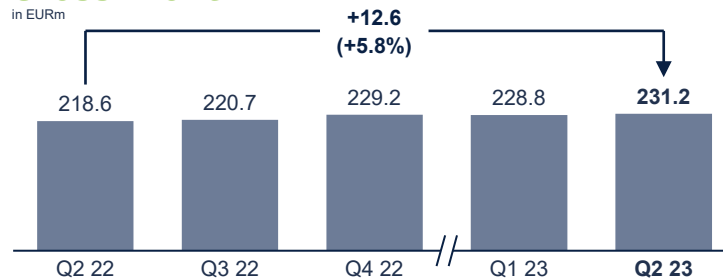
Revenues

in EURm



Gross Profit

in EURm

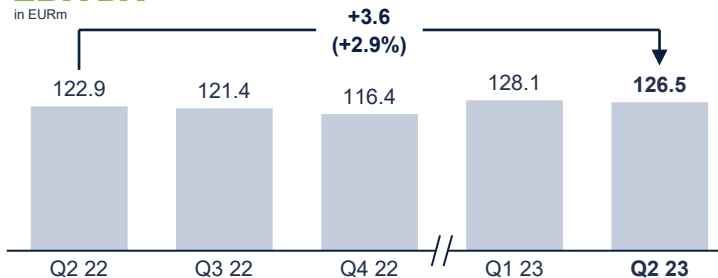


H1 23 vs. H1 22

- Revenues at 1,269.9 EURm +2.7% yoy (H1 22: 1,237.0 EURm) reflecting subscriber growth in Mobile and TV
- Gross profit development reflects the higher contribution of service revenues; +5.3% yoy to 460.0 EURm (H1 22: 436.8 EURm)
- EBITDA increases +5.7% yoy to 254.6 EURm (H1 22: 240.9 EURm)

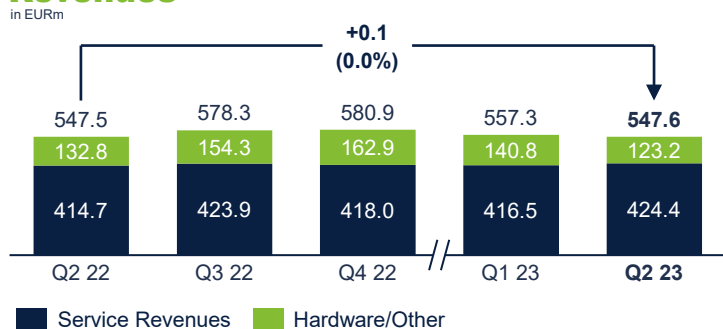
EBITDA

in EURm

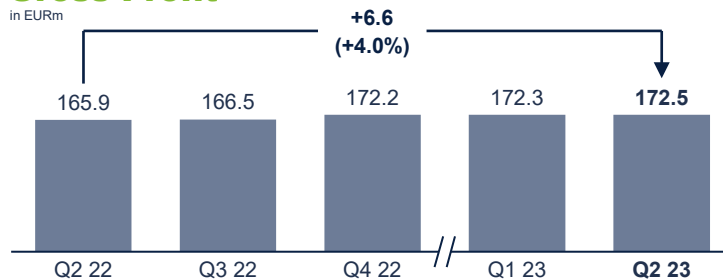


Mobile: Steady EBITDA growth yoy continues

Revenues



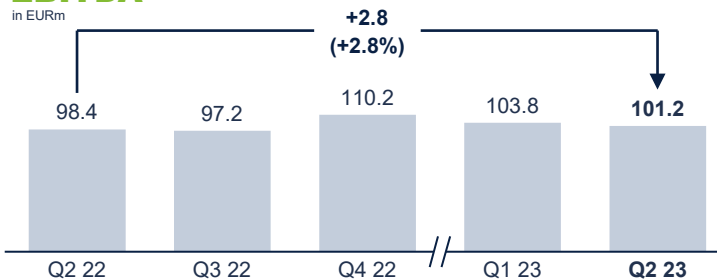
Gross Profit



H1 23 vs. H1 22

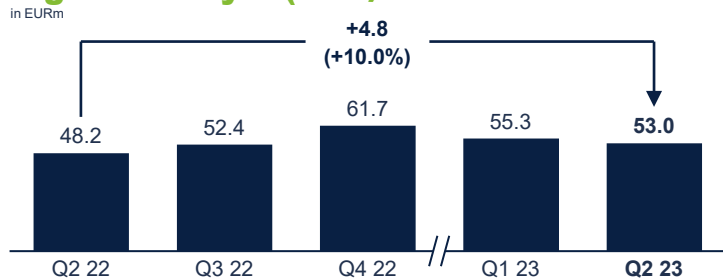
- Revenues exceed prior year (+1.2% yoy). Higher service and DLS revenues (higher margin) offset by hardware sales with low-margin
- Gross profit yet increases +3.8% yoy to 344.8 EURm (H1 22: 332.1 EURm) on smart market penetration (esp. in DLS). Gross profit margin slightly higher; now at 31.2% (H1 22: 30.4%)
- Mobile EBITDA up +5.0% yoy to 205.0 EURm (H1 22: 195.2 EURm) despite one-off inflation compensation bonus for all employees totalling ~1.5 EURm (Group effect: ~2.0 EURm)

EBITDA

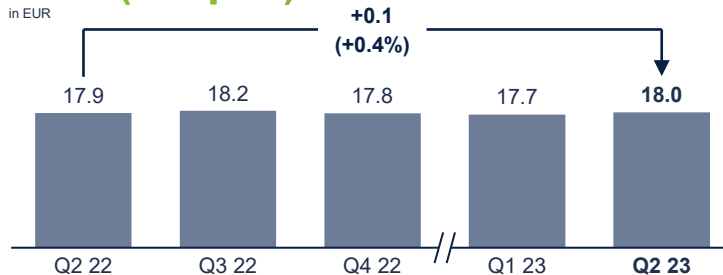


Mobile: DLS revenues significantly up yoy

Digital lifestyle (DLS) revenues



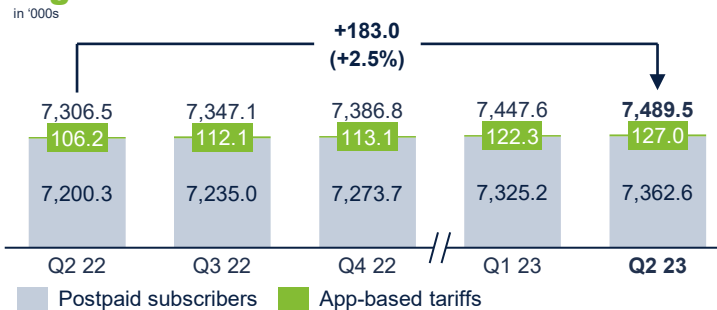
ARPU (Postpaid)



H1 23 vs. H1 22

- DLS revenues growing significantly; up +16.3% yoy to 108.3 EURm (H1 22: 93.1 EURm)
- Stable Postpaid ARPU (H1 23: 17,8 EUR; H1 22: 17,8 EUR) and moderate growth of high-value mobile subscribers (+2.5% yoy to 7,489.5 k) explains uptake in service revenues

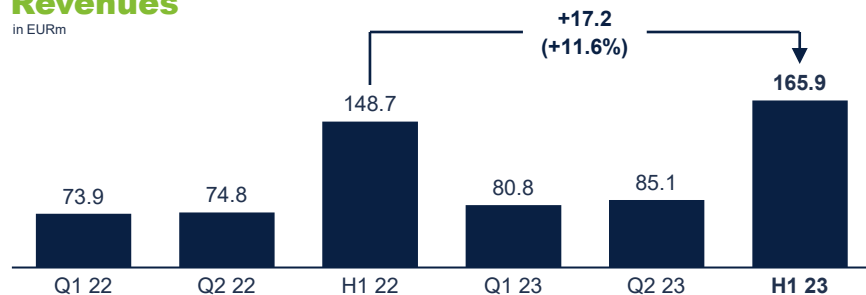
High-value mobile subscribers



TV and Media: Strong growth continued

Revenues

in EURm

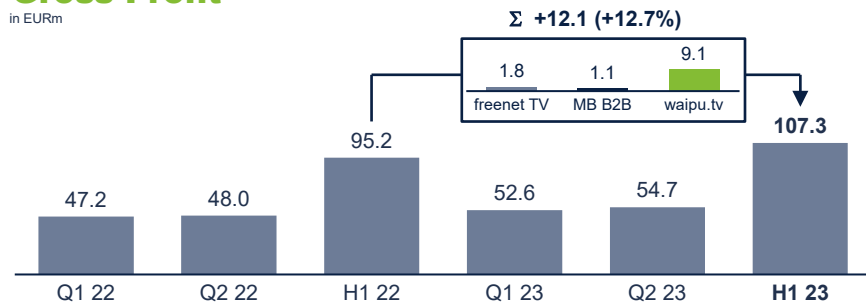


H1 23 vs. H1 22

- Revenues increase by +11.6% yoy to 165.9 EURm (H1 22: 148.7 EURm) driven by strong customer growth of waipu.tv; all other stable
- Gross profit up +12.7% yoy to 107.3 EURm (H1 22: 95.2 EURm) reflecting strong customer base growth in recent quarters
- EBITDA development reflects marketing investments in growing waipu.tv; only up +9.0% yoy to 59.2 EURm (H1 22: 54.3 EURm)

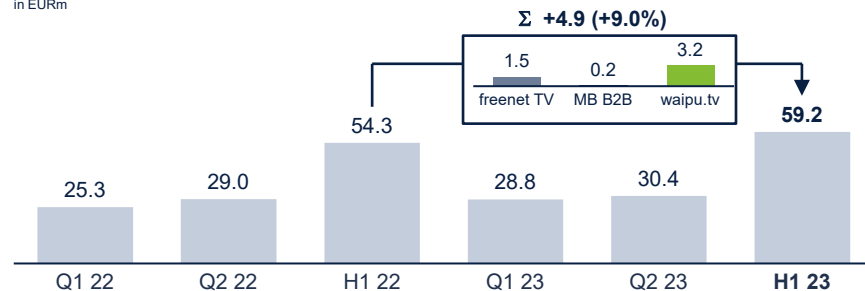
Gross Profit

in EURm



EBITDA

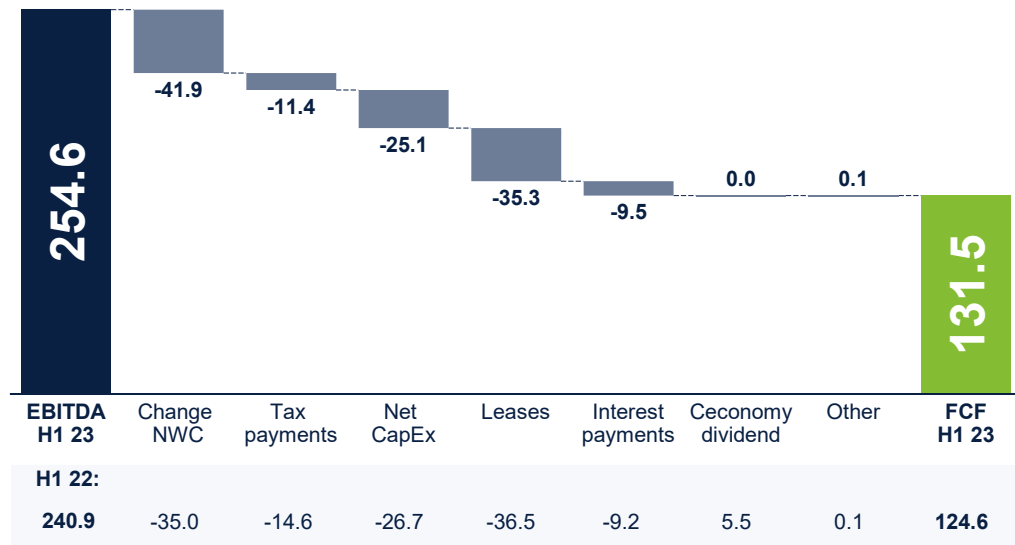
in EURm



EBITDA to FCF conversion remains high (>50%)

EBITDA-to-FCF bridge

in EURm



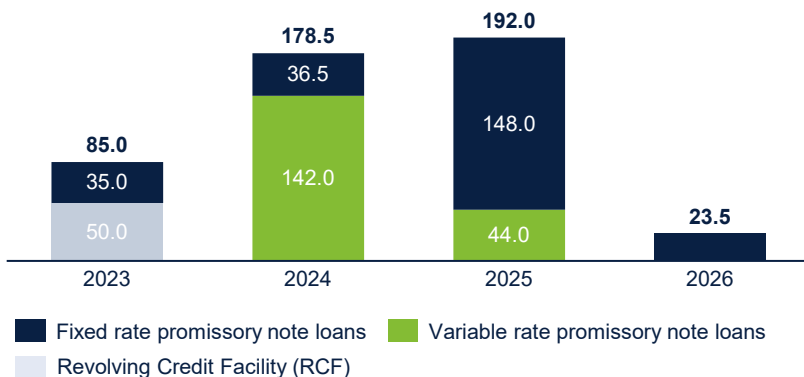
H1 23 vs. H1 22

- NWC affected by further reduction of factoring programme
- Tax payments lower amid phasing effects
- CapEx at normal run rate incl. investments in digital radio (DAB+) and waipu.tv platform
- Interest payments stable despite high market rates due to significant reduction in debt in the past
- FCF like-for-like (i.e., w/o Ceconomy dividend) up by 10.4% (H1 22: 119.1 mEUR)

Balance sheet under control: High equity ratio and low leverage

Maturity structure as of 30 June 2023

in EURm



429.0 bank debt (gross)
 + 50.0 RCF
 - 79.6 cash
 = **399.4 bank debt (net)**

- Roughly 43% of promissory note loans have variable interest rates and are subject to interest rate risk
- Utilization of RCF (50 EURm) in May; full redemption in July
- After July, the 300 EURm RCF will no longer be drawn
- Partly refinancing at “investment grade level” in H2 23 possible, but not mandatory (decision taken based on market conditions)

39.9 % **1.5** x **0.9** x

Equity ratio (lower limit: >25%) **Leverage** (Upper limit: ≤3.0) **Leverage** (Bank debt (only))

Guidance 2023 reiterated after H1 results

Financial guidance

in EURm



■ Revenue

**Results
2022**

2,556.7

**Guidance
2023**

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

Management Q&A

For further questions please contact:

Investor Relations & ESG Reporting

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[IR website](#)

Upcoming events

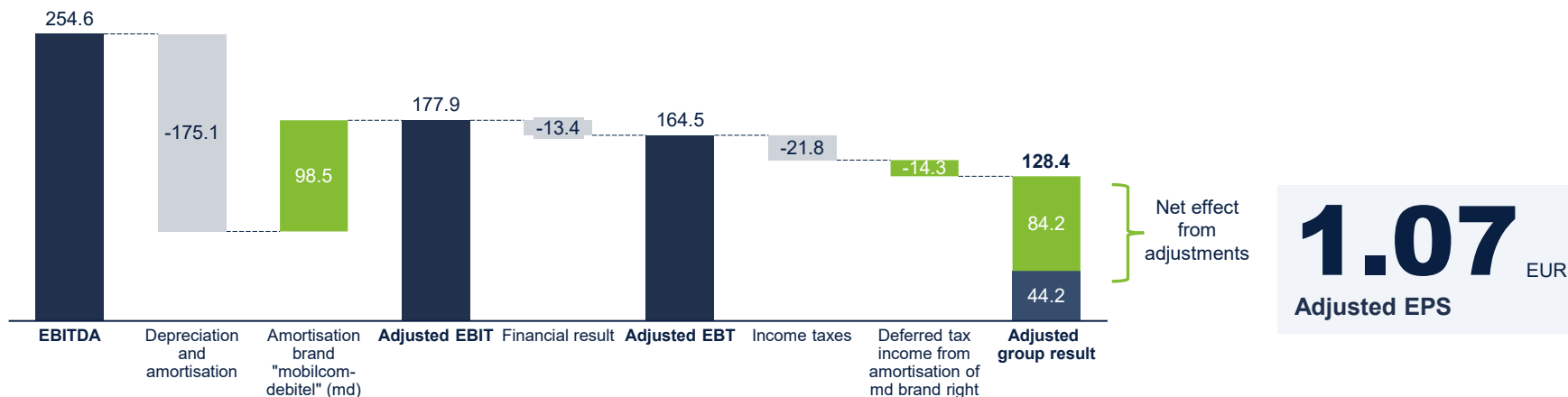
9 Nov 2023: Conference Call 9M/Q3 2023

[IR events](#)

Adjusted earnings figures excluding mobilcom-debitel brand amortisation

Reconciliation for H1 2023

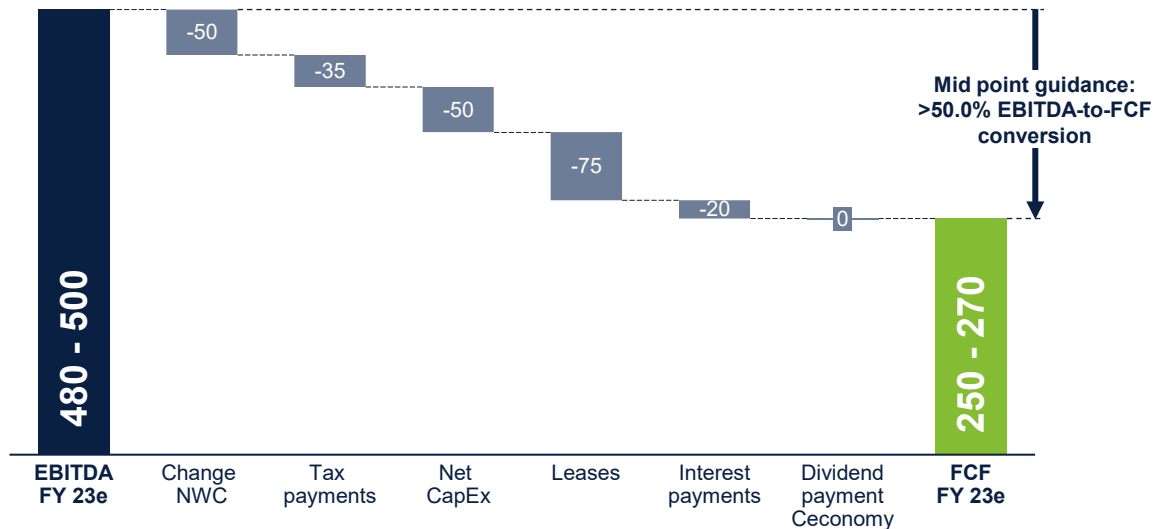
in EURm



EBITDA-to-FCF bridge 2023

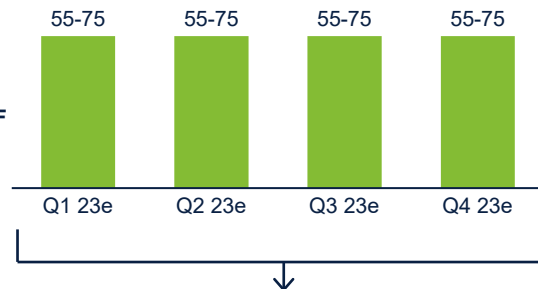
EBITDA-to-FCF bridge 2023

in EURm



FCF quarterly breakdown

in EURm



Even quarterly distribution without major deviations expected in FY 2023