

# Q1/2023

Quarterly Statement  
31 March 2023



Mobile communications. Internet. TV entertainment.

# Contents

- 01 Key Figures**
- 02 Letter to Our Shareholders**
- 03 Business Performance**
- 08 Selected Financial Information**
- 14 Further Information**

Please note that rounding differences may result from the format used for presenting subtotals and sum totals; this is because the figures have been rounded to one position after the decimal point.

# Key Figures

## Financials

In EUR million/as indicated	Q1/2023	Q1/2022	Absolute change	Relative change
Revenue	637.8	616.8	21.0	3.4%
Gross profit	228.8	218.2	10.6	4.9%
EBITDA	128.1	118.0	10.0	8.5%
Adjusted consolidated profit <sup>1</sup>	60.3	62.8	-2.5	-3.9%
Adjusted earnings per share (in EUR) <sup>1 2</sup>	0.51	0.52	-0.02	-3.7%

## Subscribers

In '000s	31.3.2023	31.12.2022	Absolute change	Relative change
Postpaid customers	7,325.2	7,273.7	51.5	0.7%
App-based tariffs <sup>3</sup>	122.3	113.1	9.2	8.2%
freenet TV subscribers (RGU)	658.6	685.6	-27.0	-3.9%
waipu.tv subscribers	1,053.3	970.0	83.3	8.6%
Number of subscribers (total)	9,159.5	9,042.4	117.1	1.3%

## Balance sheet

	31.3.2023	31.12.2022	Absolute change	Relative change
Equity ratio	43.1%	40.5%	2.7 PP	6.6%
Leverage (x times EBITDA)	1.3	1.5	-0.2	-13.1%

## Free cash flow, investments and depreciation/amortisation/impairment

In EUR million	Q1/2023	Q1/2022	Absolute change	Relative change
Free cash flow	64.6	62.7	1.9	3.0%
Net investments (CapEx)	-14.4	-12.8	-1.5	12.0%
Depreciation, amortisation and impairment	-88.0	-84.9	-3.1	3.7%
Thereof amortisation of the mobilcom-debitel trademark	-49.2	-47.0	-2.2	4.6%

## Share<sup>4</sup>

In EUR/as indicated	31.3.2023	31.12.2022	Absolute change	Relative change
Market value per share	23.95	19.45	4.5	23.1%
Market capitalisation (in EUR millions)	2,848	2,313	535.1	23.1%

## Employees

	31.3.2023	31.12.2022	Absolute change	Relative change
Headcount	3,675	3,660	15.0	0.4%

<sup>1</sup> Adjusted for effects from the amortisation of the mobilcom-debitel trademark

<sup>2</sup> Basic and diluted.

<sup>3</sup> Comprises subscribers of freenet FUNK and freenet FLEX

<sup>4</sup> Based on XETRA daily closing price

# Letter to Our Shareholders

## Dear shareholders, customers, employees and friends of freenet,

freenet continued the previous year's positive performance and made a very strong start to the new 2023 financial year. Although the external environment – most recently the banking sector – still seems to be in crisis mode, we are working consistently and successfully to achieve our medium-term goals. Just as we announced at the launch of our new growth ambition at our Capital Markets Day 18 months ago, we are aiming to increase our EBITDA to at least EUR 520 million by 2025. This corresponds to a compound annual growth rate (CAGR) of more than 4% from the 2020 financial year.

We have already achieved this ambition in the past two financial years with average EBITDA growth of 6% and an increase in free cash flow of EUR 11.9 million to EUR 249.2 million compared to 2020. The seamless continuation of this trend in the first three months of the current year means the 2023 financial year promises to be similarly successful, with EBITDA rising by 8.5% to EUR 128.1 million and free cash flow by 3.0% to EUR 64.6 million compared to the prior-year quarter. The main priorities of our work remain unchanged: to increase profitability in our core Mobile Communications business, achieve significant customer growth in our waipu.tv IPTV product and, last but not least, steadily optimise and digitalise our business structures and processes across all of our business units.

Here are some of our highlights from the past three months:

The Mobile Communications segment made a more than satisfactory start to the year with net new customer growth of 51.5 thousand postpaid customers. Likewise, the number of users for our app-based freenet FUNK and freenet FLEX tariffs rose by 9.2 thousand. Other contributors included competitive new tariffs as well as freenet's highly rated services such as our service apps. As a result, the total number of high-value mobile customers has increased by 60.8 thousand to 7,447.6 thousand since the start of the year.

We also added another way to access our app-based Internet product, freenet Internet. As well as LTE, customers can now access the service via broadband (DSL) for the same attractive monthly price.

In the TV and Media segment, the number of TV customers also continued to rise to a total of 1,711.9 thousand as at the end of March. waipu.tv is still the growth driver in this segment, having recorded its strongest start to the year on

a quarter-by-quarter basis since it was launched by surging past the one-million subscriber mark. The number of waipu.tv subscribers has risen by 9% since the start of the year to reach 1,053.3 thousand. The migration of Deutsche Glasfaser customers to the waipu.tv platform that began in the second quarter is also expected to generate significant additional growth in subscriber numbers.

In addition, our subsidiary EXARING was able to upgrade its innovative waipu.tv IPTV product to encompass more new partnerships and channels, including NBC Universal Global Networks, women's sport channel DAZN Rise, two VoD film providers, and drama and crime series on Circus TV.

Media Broadcast's commercial activities in the B2B sector also provided an important growth boost, while terrestrial TV product freenet TV continues to provide a solid foundation for the segment's profitability, despite a further decline in customer numbers to 658.6 thousand. At the start of the year, our Cologne subsidiary delivered a professional TV production at a football match via a private 5G network for the first time. During the quarter, the company then won a tender from Antenne Bayern to continue supplying its analogue radio signal and invest in its digital audio transformation.

freenet is also setting the standard when it comes to optimising its processes, structures, products and services as it strives to realign and innovatively update its retail strategy. For example, payments at freenet's shops and stores became completely cashless during the first quarter of 2023 – a step that was met with an overwhelmingly positive response by customers who can still pay by card and mobile as well as digital wallets.

With all this in mind, we are heading into the next few months and quarters with drive and optimism. At the start of the year, we underlined our commitment to doing business responsibly and sustainably by appointing Nicole Engenhardt-Gillé as our new Executive Board member for human resources and ESG (CHRO).

Sincerely



Christoph Vilanek (CEO)

# Business Performance

## Customer development and earnings performance

freenet's revenue rose by 3.4% to EUR 637.8 million year-on-year in the first quarter of 2023 (prior-year quarter: EUR 616.8 million). The subscriber base (including freenet FUNK and freenet FLEX) also recorded a positive trend in the first three months of the year, growing by 1.3% to 9,159.5 thousand (year-end 2022: 9,042.4 thousand).

Table 1: Revenue and earnings performance indicators for freenet AG<sup>1</sup>

In EUR million	Q1/2023	Q1/2022	Absolute change	Relative change
<b>Revenue</b>	<b>637.8</b>	<b>616.8</b>	<b>21.0</b>	<b>3.4%</b>
Mobile Communications segment	557.3	544.6	12.7	2.3%
Revenue from services (total)	416.5	409.3	7.2	1.8%
TV and Media segment	80.8	73.9	6.9	9.4%
Gross profit	228.8	218.2	10.6	4.9%
Overhead	-100.7	-100.2	-0.6	-0.6%
<b>EBITDA</b>	<b>128.1</b>	<b>118.0</b>	<b>10.0</b>	<b>8.5%</b>
Adjusted EBIT	89.3	80.2	9.1	11.3%
Financial result	-6.0	0.4	-6.4	n/a
Adjusted EBT	83.3	80.6	2.7	3.4%
<b>Adjusted consolidated profit</b>	<b>60.3</b>	<b>62.8</b>	<b>-2.5</b>	<b>-3.9%</b>

<sup>1</sup> Earnings figures (EBIT, EBT, consolidated profit) adjusted for effects from the amortisation of the mobilcom-debitel trademark

At EUR 557.3 million, revenue in the Mobile Communications segment was up on the prior-year quarter (EUR 544.6 million). This increase is particularly attributable to higher service revenue in the postpaid segment as well as in the no-frills/prepaid segment. Overall, service revenue totalled EUR 416.5 million in the first quarter of 2023 (prior-year quarter: EUR 409.3 million). This rise was primarily due to the growth of the postpaid customer base to 7,325.2 thousand (year-end 2022: 7,273.7 thousand) together with stable ARPU of EUR 17.7 (prior-year quarter: EUR 17.7).

Table 2: Customer development

In '000s	31.3.2023	31.12.2022	Absolute change	Relative change
Postpaid customers	7,325.2	7,273.7	51.5	0.7%
App-based tariffs <sup>1</sup>	122.3	113.1	9.2	8.2%
<b>Mobile Communications segment</b>	<b>7,447.6</b>	<b>7,386.8</b>	<b>60.8</b>	<b>0.8%</b>
freenet TV subscribers (RGU)	658.6	685.6	-27.0	-3.9%
waipu.tv subscribers	1,053.3	970.0	83.3	8.6%
<b>TV and Media segment</b>	<b>1,711.9</b>	<b>1,655.6</b>	<b>56.3</b>	<b>3.4%</b>
<b>Number of subscribers (total)</b>	<b>9,159.5</b>	<b>9,042.4</b>	<b>117.1</b>	<b>1.3%</b>

<sup>1</sup> Comprises subscribers of freenet FUNK and freenet FLEX

The TV and Media segment recorded significant revenue growth of 9.4% to EUR 80.8 million (prior-year quarter: EUR 73.9 million). This is partly due to the marked increase of 83.3 thousand in waipu.tv subscribers to 1,053.3 thousand (year-end 2022: 970.0 thousand), while Media Broadcast's business performance also had a positive impact. The continuing decline in freenet TV subscribers of 27.0 thousand to 658.6 thousand (year-end 2022: 685.6 thousand) was more than offset by the aforementioned effects as well as a price increase implemented at the end of the previous year. Overall, the number of subscribers in the TV business rose to 1,711.9 thousand in the first three months of 2023 (year-end 2022: 1,656.6 thousand).

The increase in high-margin service revenues in the Mobile Communications and TV & Media segments is also reflected in gross profit, which rose by EUR 10.6 million to EUR 228.8 million compared to the same period in 2022 (EUR 218.2 million). The gross profit margin improved slightly by 0.4 percentage points to 35.9% (prior-year quarter: 35.4%).

Overhead costs as the difference between gross profit and EBITDA at EUR 100.7 million were comparable to the first quarter of 2022 (EUR 100.2 million). There were mutually offsetting effects within other operating expenses, with allowances for doubtful accounts in the Mobile Communications segment decreasing and expenses incurred in connection with marketing and outsourcing increasing.

Due to the increase in gross profit with almost stable overhead costs outlined above, EBITDA rose significantly year-on-year to EUR 128.1 million (prior-year quarter: EUR 118.0 million). The Mobile Communications segment contributed EUR 103.8 million to EBITDA (prior-year quarter: EUR 96.8 million) in the first quarter of 2023, the TV & Media segment EUR 28.8 million (prior-year quarter: EUR 25.3 million) and the Other/Holding segment EUR -4.6 million (prior-year quarter: EUR -4.1 million). As a result, the Group-wide EBITDA margin improved slightly by 0.9 percentage points to 20.1% (prior-year quarter: 19.1%).

Depreciation, amortisation and impairment losses increased by EUR 3.1 million to EUR 88.0 million compared with the first quarter of 2022, mainly because amortisation of the mobilcom-debitel brand in connection with the realignment of the freenet Group's brand strategy in the prior-year period was only recognised on a pro rata basis (from 5 January 2022). As part of the brand transformation, the mobilcom-debitel brand in use since 2009 is being gradually replaced with the freenet umbrella brand. The mobilcom-debitel brand was shown as an intangible asset with an indefinite useful life in the balance sheet until 5 January 2022 at a carrying amount of EUR 293.2 million. As a result of implementing the new brand strategy, the original carrying amount of the mobilcom-debitel brand is being amortised on a straight-line basis over its expected remaining useful life of 18 months. Having already been amortised by EUR 194.7 million in financial year 2022, the remaining brand value (31 December 2022: EUR 98.5 million) will continue to be amortised on a straight-line basis until 30 June 2023. In the first quarter of 2023, this resulted in amortisation of EUR 49.2 million (prior-year quarter: EUR 47.0 million).

The earnings figures below EBITDA (EBT and consolidated profit) are shown below adjusted for effects resulting from the amortization of the mobilcom-debitel brand right to improve comparability with the prior-year period.

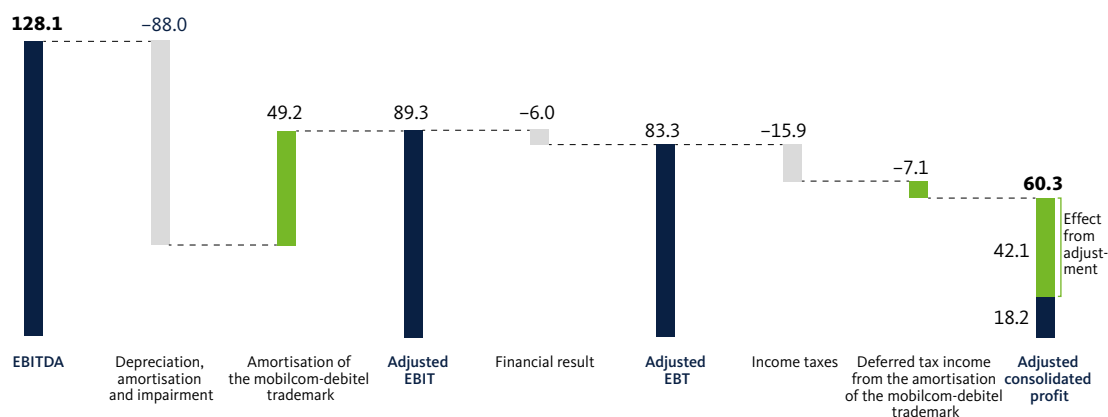
The financial result fell by EUR 6.4 million compared with the first quarter of 2022 (EUR 0.4 million) to EUR -6.0 million, mainly due to the dividend of EUR 5.5 million received in the previous year from the investment in CECONOMY AG (Q1/2023: EUR 0).

Due to the effects explained above, adjusted earnings before tax (adjusted EBT) amounted to EUR 83.3 million. This represents a year-on-year increase of EUR 2.7 million (prior-year quarter: EUR 80.6 million).

Income tax expenses of EUR 15.9 million (prior-year quarter: EUR 11.0 million) were reported in the first quarter of 2023. This includes current tax expenses of EUR 7.9 million (prior-year quarter: EUR 10.3 million) and deferred tax expenses of EUR 8.0 million (prior-year quarter: EUR 0.7 million). Deferred tax income of EUR 7.1 million (prior-year quarter: EUR 6.8 million) resulted from the amortisation of the mobilcom-debitel trademark in the first quarter of 2023. When calculating adjusted consolidated profit, this amount is offset against the amortisation of the mobilcom-debitel trademark in the amount of EUR 49.2 million. Deferred tax expenses in the first quarter of 2023 are mainly attributable to amortisation of deferred tax assets on tax loss carryforwards.

In the first quarter of 2023, this gives adjusted consolidated profit of EUR 60.3 million (prior-year quarter: EUR 62.8 million).

Figure 1: Reconciliation of EBITDA to adjusted consolidated profit in the first quarter of 2023 (in EUR million)



## Net assets and financial position

Total assets/total equity and liabilities amounted to EUR 3,489.3 million as of 31 March 2023, a decrease of EUR 139.4 million compared with 31 December 2022 (EUR 3,628.7 million).

On the assets side, non-current assets fell by EUR 66.9 million to EUR 2,786.1 million (year-end 2022: EUR 2,853.1 million). This trend is partly attributable to a decrease in intangible assets by EUR 55.9 million to EUR 260.1 million (year-end 2022: EUR 316.0 million), mainly as a result of the EUR 49.2 million amortization of the mobilcom-debitel trademark. In addition, lease assets decreased by EUR 15.9 million to EUR 334.6 million as of 31 March 2023, mainly as a result of depreciation (year-end 2022: EUR 350.5 million). In contrast, other financial assets increased by EUR 17.7 million to EUR 135.8 million (year-end 2022: EUR 118.1 million) due essentially to the market value of the equity interest in CECONOMY derived from higher share prices.

Current assets fell by EUR 72.5 million to EUR 703.2 million as of the reporting date (year-end 2022: EUR 775.6 million). The main factor here was the EUR 60.8 million decrease in trade receivables to EUR 235.6 million (year-end 2022: EUR 296.3 million), mainly due to payments received for receivables from network operators resulting from annual bonuses for the 2022 billing period. The decrease in cash and cash equivalents by EUR 14.2 million to EUR 163.8 million (year-end 2022: EUR 178.0 million) resulted primarily from the scheduled repayment of a promissory note loan in the nominal amount of EUR 78.5 million plus the free cash flow of EUR 64.6 million generated in the first three months of 2023.

On the equity and liabilities side, equity rose by EUR 36.2 million to EUR 1,505.4 million as of 31 March 2023 (year-end 2022: EUR 1,469.2 million). In addition to consolidated profit of EUR 18.2 million generated in the first quarter of 2023, this change is due to the EUR 21.2 million increase in the fair value of the equity interest in CECONOMY recognised in other comprehensive income. The equity ratio increased from 40.5% at the end of December 2022 to 43.1% at the end of March 2023, thus clearly exceeding the target of at least 25%.

The decrease in borrowings by EUR 77.7 million to EUR 431.8 million (year-end 2022: EUR 509.6 million) is attributable to the repayment of a promissory note loan in the nominal amount of EUR 78.5 million. Trade accounts payable fell by EUR 38.3 million to EUR 292.9 million (year-end 2022: EUR 331.2 million), primarily as a result of balance sheet date-related developments in connection with liabilities to dealers, hardware suppliers and network operators. Other liabilities and deferrals also decreased by EUR 34.4 million to EUR 543.2 million, mainly due to the realization through profit or loss of deferred bonuses and premium rights received from network operators. Furthermore, lease liabilities fell by EUR 18.0 million to EUR 400.5 million as of the reporting date, primarily as a result of scheduled repayments (year-end 2022: EUR 418.6 million). Factoring in the lease receivable, net lease liabilities at the end of the quarter amounted to EUR 357.8 million (year-end 2022: EUR 373.8 million).

Leverage based on the net debt shown in the following table was 1.3 at the end of March 2023, below the level seen at the end of 2022 (1.5) and well below the limit of 3.0.

Table 3: Condensed balance sheet of freenet AG

In EUR million	31.3.2023	31.12.2022	Absolute change	Relative change
Non-current assets	2,786.1	2,853.1	-66.9	-2.3%
Current assets	703.2	775.6	-72.5	-9.3%
<b>Assets</b>	<b>3,489.3</b>	<b>3,628.7</b>	<b>-139.4</b>	<b>-3.8%</b>
Equity	1,505.4	1,469.2	36.2	2.5%
Non-current liabilities	1,023.7	1,052.9	-29.2	-2.8%
Current liabilities	960.2	1,106.6	-146.4	-13.2%
<b>Equity and liabilities</b>	<b>3,489.3</b>	<b>3,628.7</b>	<b>-139.4</b>	<b>-3.8%</b>
<b>Equity ratio</b>	<b>43.1%</b>	<b>40.5%</b>	<b>2.7 PP</b>	<b>6.6%</b>

Table 4: Net debt and leverage of freenet AG

In EUR million	31.3.2023	31.12.2022	Absolute change	Relative change
Long-term borrowings	393.1	393.4	-0.4	-0.1%
+ Short-term borrowings	38.7	116.1	-77.4	-66.6%
+ Net lease liabilities	357.8	373.8	-15.9	-4.3%
- Liquid assets	163.8	178.0	-14.2	-8.0%
<b>= Net debt</b>	<b>625.9</b>	<b>705.3</b>	<b>-79.4</b>	<b>-11.3%</b>
<b>= Leverage</b>	<b>1.3</b>	<b>1.5</b>	<b>-0.2</b>	<b>-13.1%</b>
- Equity investments	87.4	68.1	19.2	28.2%
= Adjusted net debt	538.5	637.1	-98.6	-15.5%
= Adjusted leverage	1.1	1.3	-0.2	-17.2%

## Cash flows

Cash flows from operating activities increased by EUR 2.2 million year-on-year to EUR 99.6 million in the first quarter of 2023 (prior-year quarter: EUR 97.3 million). The increase is mainly attributable to the 10.0 million euro rise in EBITDA. The main factors reducing the increase in cash flows from operations were the prior-year effect related to the dividend received from CECONOMY (Q1/2023: EUR 0; prior-year quarter: EUR 5.5 million) and the aggregate year-on-year increase of EUR 3.9 million in net working capital (net current assets) and contract acquisition costs (sales commission paid).

Table 5: Liquidity indicators of freenet AG

In EUR million	Q1/2023	Q1/2022	Absolute change	Relative change
Cash flows from operating activities (1)	99.6	97.3	2.2	2.3%
Cash flows from investing activities	-14.7	-12.7	-2.0	16.1%
Net investments (net CapEx) (2)	-14.4	-12.8	-1.5	12.0%
Cash flows from financing activities	-99.1	-36.4	-62.6	171.9%
Cash repayments of lease liabilities (3)	-20.6	-21.8	1.2	-5.5%
<b>Net change in cash funds</b>	<b>-14.2</b>	<b>48.2</b>	<b>-62.4</b>	<b>n.a.</b>
<b>Free cash flow (1)+(2)+(3)</b>	<b>64.6</b>	<b>62.7</b>	<b>1.9</b>	<b>3.0%</b>

Cash flows from investing activities amounted to EUR -14.7 million in the first quarter of 2023 compared to EUR -12.7 million in the prior-year quarter. Net cash investments (net CapEx) increased by EUR 1.5 million to EUR 14.4 million compared to the first quarter of 2022 (EUR 12.8 million) – mainly due to the further expansion of the DAB+ transmission network. The investments were financed entirely out of the company's retained earnings.

Cash flows from financing activities changed from EUR -36.4 million in the first three months of 2022 to EUR -99.1 million in the first three months of 2023. This change is primarily due to the scheduled repayment of a promissory note loan in the first quarter of 2023 (Q1/2023: EUR 78.5 million; Q1/2022: EUR 0). In addition, the 2022 Share Buyback Programme ended the comparative period (Q1/2023: EUR 0; prior-year quarter: EUR 14.7 million). Cash repayments of lease liabilities relevant for calculating free cash flow decreased slightly by EUR 1.2 million to EUR -20.6 million (prior-year quarter: EUR -21.8 million).

Free cash flow of EUR 64.6 million was generated in the first quarter of 2023, representing an increase of EUR 1.9 million compared with the same period in 2022 (EUR 62.7 million).



## Statement on guidance for business performance

In the first quarter of 2023, there have been no significant changes in relation to the risks and opportunities associated with future business performance. The risks and

opportunities to which freenet is exposed as part of its ongoing business activities are described in detail in the 2022 Annual Report (page 41 et seq.) and continue to apply in principle. Against this backdrop, the Executive Board confirms the guidance for the current financial year as published in the 2022 Annual Report (page 51 et seq.).

Table 6: Change in guidance

Financial performance indicators In EUR million/as indicated	2022 reference value	Guidance for 2023 (23.2.2023)	Confirmed guidance for 2023 (3.5.2023)	Change in guidance	Q1/2023
Revenue	2,556.7	stable performance	stable performance	→	637.8
EBITDA	478.7	480 – 500	480 – 500	→	128.1
Free cash flow	249.2	250 – 270	250 – 270	→	64.6
Postpaid ARPU (in EUR)	17.9	stable performance	stable performance	→	17.7

Non-financial performance indicators In '000s	2022 reference value	Guidance for 2023 (23.2.2023)	Confirmed guidance for 2023 (3.5.2023)	Change in guidance	31.3.2023
Postpaid customers	7,273.7	moderate growth	moderate growth	→	7,325.2
freenet TV subscribers (RGU)	685.6	marked decrease	marked decrease	→	658.6
waipu.tv subscribers	970.0	significant growth	significant growth	→	1,053.3

- ↑ above previous guidance
- unchanged from previous guidance
- ↓ below previous guidance

Büdelsdorf, 3 May 2023

freenet AG  
 The Executive Board

Christoph Vilanek  
 (CEO)

Ingo Arnold  
 (CFO)

Nicole Engenhardt-Gillé  
 (CHRO)

Stephan Esch  
 (CTO)

Antonius Fromme  
 (CCE)

Rickmann v. Platen  
 (CCO)

# Selected Financial Information\*

## Consolidated Income Statement

In EUR million/as indicated	Q1/2023	Q1/2022
<b>Revenue</b>	<b>637.8</b>	<b>616.8</b>
Other operating income	11.3	10.7
Other own work capitalised	6.1	5.3
Cost of materials	- 409.1	- 398.6
Personnel expenses	- 54.5	- 53.0
Other operating expenses	- 63.6	- 63.1
Loss allowances on financial assets and contract assets	- 2.1	- 6.3
Without loss allowances on financial assets and contract assets	- 61.5	- 56.8
<b>EBITDA<sup>1</sup></b>	<b>128.1</b>	<b>118.0</b>
Depreciation, amortisation and impairment	- 88.0	- 84.9
<b>EBIT<sup>2</sup></b>	<b>40.1</b>	<b>33.1</b>
Profit or loss of equity-accounted investments	- 0.4	0.1
Interest and similar income	1.1	1.0
Interest and similar expenses	- 6.7	- 5.6
Other financial result	0.0	4.9
<b>Financial result</b>	<b>- 6.0</b>	<b>0.4</b>
<b>Earnings before taxes</b>	<b>34.1</b>	<b>33.5</b>
Income taxes	- 15.9	- 11.0
<b>Consolidated profit</b>	<b>18.2</b>	<b>22.5</b>
Consolidated profit attributable to shareholders of freenet AG	18.0	22.3
Consolidated profit attributable to non-controlling interests	0.2	0.2
<b>Earnings per share (EPS), basic and diluted (in EUR)</b>	<b>0.15</b>	<b>0.19</b>
Weighted average number of shares outstanding, basic and diluted (in millions)	118.9	119.3

<sup>1</sup> EBITDA represents earnings before depreciation, amortisation and impairment, financial result and income taxes.

<sup>2</sup> EBIT represents earnings before financial result and income taxes.

\* This quarterly statement has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The Group has adopted all accounting pronouncements required to be applied as of the reporting date. For information on the principles and methods applied in consolidated accounting and financial reporting, please refer to the notes to the consolidated financial statements as of 31 December 2022 (see page 108 et seq. of the 2022 Annual Report).

## Consolidated Balance Sheet

<b>ASSETS</b>		
In EUR million	31.3.2023	31.12.2022
<b>Non-current assets</b>		
Intangible assets	260.1	316.0
Lease assets	334.6	350.5
Goodwill	1,382.4	1,382.4
Property, plant and equipment	132.8	134.2
Equity-accounted investments	0.2	0.1
Deferred income tax assets	124.3	132.2
Trade accounts receivable	46.4	45.7
Other receivables and other assets	95.8	99.1
Other financial assets	135.8	118.1
Contract acquisition costs	273.7	274.8
	<b>2,786.1</b>	<b>2,853.1</b>
<b>Current assets</b>		
Inventories	90.6	91.1
Current income tax assets	0.4	0.4
Trade accounts receivable	235.6	296.3
Other receivables and other assets	157.0	158.6
Other financial assets	55.7	51.2
Liquid assets	163.8	178.0
	<b>703.2</b>	<b>775.6</b>
<b>Total assets</b>	<b>3,489.3</b>	<b>3,628.7</b>
<b>EQUITY AND LIABILITIES</b>		
In EUR million	31.3.2023	31.12.2022
<b>Equity</b>		
Share capital	118.9	118.9
Capital reserve	567.5	567.5
Cumulative other comprehensive income	- 154.5	- 172.5
Consolidated net retained profits	978.8	960.9
<b>Equity attributable to shareholders of freenet AG</b>	<b>1,510.7</b>	<b>1,474.7</b>
Non-controlling interests in equity	- 5.3	- 5.5
	<b>1,505.4</b>	<b>1,469.2</b>
<b>Non-current liabilities</b>		
Lease liabilities	321.3	336.5
Other liabilities and deferrals	105.2	119.8
Other financial liabilities	86.5	86.7
Borrowings	393.1	393.4
Pension provisions	62.2	61.8
Other provisions	55.5	54.7
	<b>1,023.7</b>	<b>1,052.9</b>
<b>Current liabilities</b>		
Lease liabilities	79.2	82.0
Trade accounts payable	292.9	331.2
Other liabilities and deferrals	438.0	457.8
Other financial liabilities	36.9	46.2
Current income tax liabilities	48.0	46.8
Borrowings	38.7	116.1
Other provisions	26.4	26.5
	<b>960.2</b>	<b>1,106.6</b>
<b>Total equity and liabilities</b>	<b>3,489.3</b>	<b>3,628.7</b>

## Consolidated Statement of Cash Flows

In EUR million	Q1/2023	Q1/2022
<b>Earnings before interest and taxes (EBIT)</b>	<b>40.1</b>	<b>33.1</b>
<b>Adjustments:</b>		
Depreciation, amortisation and impairment of non-current assets	88.0	84.9
Dividends received from investees	0.0	5.5
Loss on disposal of non-current assets	0.0	0.0
Increase in net working capital not attributable to investing or financing activities	-22.0	-16.6
Proceeds from the cash repayment of financial assets under leases	3.5	3.6
Capitalisation of contract acquisition costs	-71.3	-68.5
Amortisation of contract acquisition costs	72.4	68.1
Taxes paid	-7.1	-8.3
Income from interest and other financial result	0.7	0.0
Interest paid	-4.7	-4.7
<b>Cash flows from operating activities</b>	<b>99.6</b>	<b>97.3</b>
Payments to acquire property, plant and equipment and intangible assets	-14.9	-13.4
Proceeds from disposal of intangible assets and property, plant and equipment	0.5	0.6
Proceeds from selling equity-accounted investments	0.3	0.1
Payments into equity of equity-accounted investments	-0.5	0.0
Payments to acquire other equity investments	-0.1	0.0
<b>Cash flows from investing activities</b>	<b>-14.7</b>	<b>-12.7</b>
Payments to acquire own shares	0.0	-14.7
Cash repayments of borrowings	-78.5	0.0
Cash repayments of lease liabilities	-20.6	-21.8
<b>Cash flows from financing activities</b>	<b>-99.1</b>	<b>-36.4</b>
<b>Net change in cash funds</b>	<b>-14.2</b>	<b>48.2</b>
Cash funds at beginning of period	178.0	286.3
Cash funds at end of period	163.8	334.5

## Composition of Cash Funds

In EUR million	31.3.2023	31.3.2022
Liquid assets	163.8	334.5
<b>Cash funds</b>	<b>163.8</b>	<b>334.5</b>

## Composition of Free Cash Flow

In EUR million	Q1/2023	Q1/2022
Cash flows from operating activities	99.6	97.3
Payments to acquire property, plant and equipment and intangible assets	- 14.9	- 13.4
Proceeds from disposal of intangible assets and property, plant and equipment	0.5	0.6
Cash repayments of lease liabilities	- 20.6	- 21.8
<b>Free cash flow</b>	<b>64.6</b>	<b>62.7</b>

## Segment Report

### 1 January to 31 March 2023

In EUR million	Mobile Communications	TV and Media	Other/ Holding	Elimination of intersegment revenue and costs	Total
<b>Third-party revenue</b>	<b>554.3</b>	<b>77.9</b>	<b>5.7</b>	<b>0.0</b>	<b>637.8</b>
Intersegment revenue	3.0	2.9	4.2	- 10.2	0.0
Total revenue	557.3	80.8	9.9	- 10.2	637.8
<b>Cost of materials, third party</b>	<b>- 379.5</b>	<b>- 25.7</b>	<b>- 3.9</b>	<b>0.0</b>	<b>- 409.1</b>
Intersegment cost of materials	- 5.5	- 2.5	- 0.1	8.2	0.0
Total cost of materials	- 385.0	- 28.3	- 4.0	8.2	- 409.1
<b>Segment gross profit</b>	<b>172.3</b>	<b>52.6</b>	<b>5.9</b>	<b>- 2.0</b>	<b>228.8</b>
Other operating income	11.1	0.2	1.1	- 1.1	11.3
Other own work capitalised	3.9	1.7	0.5	0.0	6.1
Personnel expenses	- 32.5	- 13.7	- 8.2	0.0	- 54.5
Other operating expenses	- 51.1	- 11.9	- 3.8	3.1	- 63.6
Thereof loss allowances on financial assets and contract assets	- 2.2	- 0.1	0.2	0.0	- 2.1
Thereof without loss allowances on financial assets and contract assets	- 48.8	- 11.8	- 4.0	3.1	- 61.5
<b>Total overhead<sup>1</sup></b>	<b>- 68.5</b>	<b>- 23.8</b>	<b>- 10.5</b>	<b>2.0</b>	<b>- 100.7</b>
Thereof inter-segment allocation	- 2.1	- 0.3	0.5	2.0	0.0
<b>Segment EBITDA</b>	<b>103.8</b>	<b>28.8</b>	<b>- 4.6</b>	<b>0.0</b>	<b>128.1</b>
Depreciation, amortisation and impairment					- 88.0
<b>EBIT</b>					<b>40.1</b>
<b>Financial result</b>					<b>- 6.0</b>
Income taxes					- 15.9
<b>Consolidated profit</b>					<b>18.2</b>
Consolidated profit attributable to shareholders of freenet AG					18.0
Consolidated profit attributable to non-controlling interests					0.2
<b>Net cash investments</b>	<b>6.1</b>	<b>6.7</b>	<b>1.6</b>		<b>14.4</b>

<sup>1</sup> The overhead costs are defined as the difference between gross profit and EBITDA and include the items operating income, other own work capitalised, personnel expenses and other operating expenses.

## Segment Report







### 1 January to 31 March 2022

In EUR million	Mobile Communications	TV and Media	Other/Holding	Elimination of intersegment revenue and costs	Total
<b>Third-party revenue</b>	<b>540.2</b>	<b>71.1</b>	<b>5.5</b>	<b>0.0</b>	<b>616.8</b>
Intersegment revenue	4.5	2.8	4.0	- 11.2	0.0
Total revenue	544.6	73.9	9.5	- 11.2	616.8
<b>Cost of materials, third party</b>	<b>- 373.2</b>	<b>- 22.9</b>	<b>- 2.6</b>	<b>0.0</b>	<b>- 398.6</b>
Intersegment cost of materials	- 5.3	- 3.8	- 0.2	9.2	0.0
Total cost of materials	- 378.4	- 26.7	- 2.8	9.2	- 398.6
<b>Segment gross profit</b>	<b>166.2</b>	<b>47.2</b>	<b>6.7</b>	<b>- 1.9</b>	<b>218.2</b>
Other operating income	10.8	0.1	0.4	- 0.6	10.7
Other own work capitalised	3.6	1.4	0.3	0.0	5.3
Personnel expenses	- 31.5	- 13.9	- 7.6	0.0	- 53.0
Other operating expenses	- 52.3	- 9.5	- 3.9	2.5	- 63.1
Thereof loss allowances on financial assets and contract assets	- 6.2	- 0.2	0.0	0.0	- 6.3
Thereof without loss allowances on financial assets and contract assets	- 46.1	- 9.3	- 3.9	2.5	- 56.8
<b>Total overhead<sup>1</sup></b>	<b>- 69.4</b>	<b>- 21.9</b>	<b>- 10.8</b>	<b>1.9</b>	<b>- 100.2</b>
Thereof inter-segment allocation	- 1.7	- 0.3	0.0	1.9	0.0
<b>Segment EBITDA</b>	<b>96.8</b>	<b>25.3</b>	<b>- 4.1</b>	<b>0.0</b>	<b>118.0</b>
Depreciation, amortisation and impairment					- 84.9
<b>EBIT</b>					<b>33.1</b>
<b>Financial result</b>					<b>0.4</b>
Income taxes					- 11.0
<b>Consolidated profit</b>					<b>22.5</b>
Consolidated profit attributable to shareholders of freenet AG					22.3
Consolidated profit attributable to non-controlling interests					0.2
<b>Net cash investments</b>	<b>6.6</b>	<b>3.2</b>	<b>3.0</b>		<b>12.8</b>

<sup>1</sup> The overhead costs are defined as the difference between gross profit and EBITDA and include the items operating income, other own work capitalised, personnel expenses and other operating expenses.

Büdelsdorf, 3 May 2023

freenet AG  
The Executive Board

Christoph Vilanek (CEO)    Ingo Arnold (CFO)    Nicole Engenhardt-Gillé (CHRO)    Stephan Esch (CTO)    Antonius Fromme (CCE)    Rickman v. Platen (CCO)

# Further Information

## Quarterly Overview

### Consolidated Income Statement

In EUR million	Q1/2022	Q2/2022	Q3/2022	Q4/2022	Q1/2023
<b>Revenue</b>	<b>616.8</b>	<b>620.1</b>	<b>652.1</b>	<b>667.7</b>	<b>637.8</b>
Other operating income	10.7	12.6	11.0	15.2	11.3
Other own work capitalised	5.3	5.9	6.5	7.3	6.1
Cost of materials	-398.6	-401.5	-431.4	-438.4	-409.1
Personnel expenses	-53.0	-53.2	-54.9	-68.5	-54.5
Other operating expenses	-63.1	-61.0	-62.0	-66.9	-63.6
Thereof loss allowances on financial assets and contract assets	-6.3	-5.5	-4.3	-5.1	-2.1
Thereof without loss allowances on financial assets and contract assets	-56.8	-55.5	-57.7	-61.8	-61.5
<b>EBITDA<sup>1</sup></b>	<b>118.0</b>	<b>122.9</b>	<b>121.4</b>	<b>116.4</b>	<b>128.1</b>
Depreciation, amortisation and impairment	-84.9	-88.0	-87.8	-88.6	-88.0
<b>EBIT<sup>2</sup></b>	<b>33.1</b>	<b>34.9</b>	<b>33.6</b>	<b>27.8</b>	<b>40.1</b>
Profit or loss of equity-accounted investments	0.1	-0.7	-0.5	-0.8	-0.4
Interest and similar income	1.0	2.8	1.1	1.6	1.1
Interest and similar expenses	-5.6	-5.7	-6.1	-6.3	-6.7
Other financial result	4.9	-0.8	-0.3	0.0	0.0
<b>Financial result</b>	<b>0.4</b>	<b>-4.4</b>	<b>-5.9</b>	<b>-5.6</b>	<b>-6.0</b>
<b>Earnings before taxes</b>	<b>33.5</b>	<b>30.5</b>	<b>27.7</b>	<b>22.2</b>	<b>34.1</b>
Income taxes	-11.0	4.2	-3.8	-21.6	-15.9
<b>Consolidated profit</b>	<b>22.5</b>	<b>34.7</b>	<b>23.9</b>	<b>0.7</b>	<b>18.2</b>
Consolidated profit attributable to shareholders of freenet AG	22.3	34.1	23.4	-0.6	18.0
Consolidated profit attributable to non-controlling interests	0.2	0.6	0.5	1.2	0.2

<sup>1</sup> EBITDA is defined as earnings before financial result and income taxes, plus depreciation, amortisation and impairment.

<sup>2</sup> EBIT is defined as earnings before financial result and income taxes.

### Free Cash Flow

In EUR million	Q1/2022	Q2/2022	Q3/2022	Q4/2022	Q1/2023
Cash flows from operating activities	97.3	97.6	97.3	103.5	99.6
Payments to acquire property, plant and equipment and intangible assets	-13.4	-15.1	-14.1	-20.4	-14.9
Proceeds from disposal of intangible assets and property, plant and equipment	0.6	1.2	1.0	0.1	0.5
Cash repayments of lease liabilities	-21.8	-21.9	-21.6	-21.2	-20.6
<b>Free cash flow</b>	<b>62.7</b>	<b>61.9</b>	<b>62.6</b>	<b>62.0</b>	<b>64.6</b>



## Financial Calendar

Date	Event
23 February 2023	Publication of preliminary figures for 2022 Financial Year
24 March 2023	Publication of the 2022 Annual Report
4 May 2023	Publication of the 2023 Quarterly Statement
17 May 2023	2023 Annual General Meeting in Hamburg
4 August 2023	Publication of the 2023 Half-year Report
9 November 2023	Publication of the 2023 Nine-month Statement

All dates are subject to possible changes. The updated financial calendar is available at [fn.de/calendar](https://fn.de/calendar).

Further information on freenet and the share is available at [fn.de/investors](https://fn.de/investors).

## Publishing Information and Contact

### freenet AG

Hollerstraße 126  
24782 Büdelsdorf, Germany

Phone: +49 (0) 43 31/69-10 00  
Internet: [fn.de/investors](https://fn.de/investors)

### Investor Relations & ESG Reporting

Deelbögenkamp 4  
22297 Hamburg, Germany

Phone: +49 (0) 40/5 13 06-7 78  
Email: [ir@freenet.ag](mailto:ir@freenet.ag)

### Consulting, concept & design

Silvester Group, Hamburg, Germany  
[www.silvestergroup.com](https://www.silvestergroup.com)

The English version of this interim statement is a convenience translation of the German version. The German version is legally binding.



For information on the 2022 financial year including statements from our Executive Board members, go to [fn.de/2022fy](https://fn.de/2022fy)

