# Consolidated financial statements

# Consolidated income statement

## 1 January to 31 December

| In EUR '000s | Note | 2022 | 2021 |
|---|---|---|---|
| **Revenue** | 4 | **2,556,714** | **2,556,320** |
| Other operating income | 5 | 49,548 | 42,006 |
| Other own work capitalised | 6 | 24,992 | 22,865 |
| Cost of materials | 7 | – 1,670,015 | – 1,702,898 |
| Personnel expenses | 8 | – 229,628 | – 219,416 |
| Other operating expenses | 10 | – 252,910 | – 251,552 |
| thereof loss allowances on financial assets and contract assets | | – 21,124 | – 14,119 |
| thereof without loss allowances on financial assets and contract assets | | – 231,786 | – 237,433 |
| **EBITDA [1]** | | **478,701** | **447,325** |
| Depreciation, amortisation and impairment | 9 | – 349,300 | – 197,286 |
| **EBIT [2]** | | **129,401** | **250,039** |
| Profit or loss of equity-accounted investments | 17 | – 1,967 | – 2,006 |
| Interest and similar income | 11 | 6,443 | 2,270 |
| Interest and similar expenses | 12 | – 23,681 | – 30,733 |
| Other financial result | 12 | 3,782 | – 1,506 |
| **Financial result** | | **– 15,423** | **– 31,975** |
| **EBT** | | **113,978** | **218,064** |
| Income taxes | 13 | – 32,132 | – 26,860 |
| **Consolidated profit** | | **81,846** | **191,204** |
| Consolidated profit attributable to shareholders of freenet AG | 24 | 79,294 | 198,167 |
| Consolidated profit attributable to non-controlling interests | 24 | 2,552 | – 6,963 |
| **Earnings per share in EUR (basic/diluted)** | 14.1 and 14.2 | **0.67** | **1.62** |
| Weighted average number of shares outstanding in thousands (basic/diluted) | 24,3 | 118,949 | 122,406 |

[1] EBITDA represents earnings before depreciation, amortisation and impairment, financial result and income taxes.
[2] EBIT represents earnings before financial result and income taxes.

# Consolidated statement of comprehensive income

## 1 January to 31 December

| In EUR '000s | Note | 2022 | 2021 |
|---|---|---|---|
| **Consolidated profit** | | **81,846** | **191,204** |
| Currency translation differences | | – 1 | 111 |
| **Other comprehensive income/to be reclassified to the income statement in future periods** | | **– 1** | **111** |
| Change in fair value of investments in equity instruments | | – 74,353 | – 51,563 |
| Recognition of actuarial gains and losses arising from the accounting for pension plans acc. to IAS 19 (2011) | 29 | 33,174 | 5,416 |
| Income tax recognised in other comprehensive income | | – 8,924 | – 856 |
| **Other comprehensive income/not to be reclassified to the income statement in future periods** | | **– 50,103** | **– 47,003** |
| **Other comprehensive income** | | **– 50,104** | **– 46,892** |
| **Consolidated total comprehensive income** | | **31,742** | **144,312** |
| Consolidated total comprehensive income attributable to shareholders of freenet AG | | 29,190 | 151,275 |
| Consolidated total comprehensive income attributable to non-controlling interests | | 2,552 | – 6,963 |

# Consolidated balance sheet

## 31 December

**ASSETS**

| In EUR '000s | Note | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 15, 16, 37 | 315,960 | 458,911 |
| Lease assets | 2.5 | 350,503 | 401,423 |
| Goodwill | 15, 16 | 1,382,394 | 1,382,394 |
| Property, plant and equipment | 15, 16, 37 | 134,199 | 124,349 |
| Equity-accounted investments | 17 | 133 | 100 |
| Deferred income tax assets | 18 | 132,185 | 134,229 |
| Trade accounts receivable | 21 | 45,672 | 56,895 |
| Other receivables and other assets | 21 | 99,123 | 95,094 |
| Other financial assets | 21 | 118,114 | 201,776 |
| Contract acquisition costs | 19 | 274,802 | 251,053 |
| | | **2,853,085** | **3,106,224** |
| | | | |
| **Current assets** | | | |
| Inventories | 20 | 91,117 | 92,668 |
| Current income tax assets | 23 | 363 | 293 |
| Trade accounts receivable | 21 | 296,349 | 245,591 |
| Other receivables and other assets | 21 | 158,604 | 173,426 |
| Other financial assets | 21 | 51,181 | 47,936 |
| Liquid assets | 22 | 178,022 | 286,287 |
| | | **775,636** | **846,201** |
| **Total assets** | | **3,628,721** | **3,952,425** |

## EQUITY AND LIABILITIES

| In EUR '000s | Note | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 24.1 | 118,901 | 128,061 |
| Capital reserve | 24.2 | 567,465 | 737,536 |
| Own shares | 24.3 | 0 | – 164,562 |
| Cumulative other comprehensive income | 24.4 | – 172,514 | – 122,410 |
| Consolidated net retained profits | 24.5 | 960,884 | 1,064,475 |
| **Equity attributable to shareholders of freenet AG** | | **1,474,736** | **1,643,100** |
| Non-controlling interests in equity | 24.6 | – 5,504 | – 4,185 |
| | | **1,469,232** | **1,638,915** |
| | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 2.5, 28 | 336,545 | 395,554 |
| Other liabilities and deferrals | 26 | 119,808 | 110,172 |
| Other financial liabilities | 26 | 86,658 | 23,832 |
| Borrowings | 28 | 393,437 | 505,786 |
| Pension provisions | 29 | 61,785 | 96,265 |
| Other provisions | 30 | 54,673 | 49,666 |
| | | **1,052,906** | **1,181,275** |
| | | | |
| **Current liabilities** | | | |
| Lease liabilities | 2.5, 28 | 82,008 | 85,332 |
| Trade accounts payable | 26 | 331,184 | 338,785 |
| Other liabilities and deferrals | 26 | 457,835 | 418,334 |
| Other financial liabilities | 26 | 46,164 | 64,045 |
| Current income tax liabilities | 27 | 46,816 | 34,808 |
| Borrowings | 28 | 116,123 | 143,619 |
| Other provisions | 30 | 26,453 | 47,312 |
| | | **1,106,583** | **1,132,235** |
| | | | |
| **Total equity and liabilities** | | **3,628,721** | **3,952,425** |

# Consolidated statement of changes in equity

## 1 January to 31 December 2021

| | | | | Cumulative other comprehensive income | | |
|---|---|---|---|---|---|---|
| In EUR '000s | Share capital | Capital reserve | Own shares | Currency translation differences | Currency translation differences from subsequent accounting for equity-accounted investments | Revaluation reserve in accordance with IAS 19 |
| **As of 1.1.2021** | **128,061** | **737,536** | **– 51,420** | **679** | **– 42,873** | **– 33,324** |
| Dividend payment | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition of further interests in subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchase of own shares | 0 | 0 | – 113,142 | 0 | 0 | 0 |
| Consolidated profit | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in fair value of investments in equity instruments [1] | 0 | 0 | 0 | 0 | – 50,778 | 0 |
| Recognition of actuarial gains and losses acc. to IAS 19 (2011) [1] | 0 | 0 | 0 | 0 | 0 | 3,775 |
| Foreign currency translation [1] | 0 | 0 | 0 | 111 | 0 | 0 |
| Subtotal: Consolidated total comprehensive income | 0 | 0 | 0 | 111 | – 50,778 | 3,775 |
| **As of 31.12.2021** | **128,061** | **737,536** | **– 164,562** | **790** | **– 93,651** | **– 29,549** |

[1] Figures are shown offset against income tax recognised in other comprehensive income.

| Consolidated net retained profits | Equity attributable to shareholders of freenet AG | Non-controlling interests in equity | Equity |
|---|---|---|---|
| **1,081,861** | **1,820,520** | **559** | **1,821,079** |
| – 203,734 | – 203,734 | 0 | – 203,734 |
| – 11,819 | – 11,819 | 2,219 | – 9,600 |
| 0 | – 113,142 | 0 | – 113,142 |
| 198,167 | 198,167 | – 6,963 | 191,204 |
| 0 | – 50,778 | 0 | – 50,778 |
| 0 | 3,775 | 0 | 3,775 |
| 0 | 111 | 0 | 111 |
| 198,167 | 151,275 | – 6,963 | 144,312 |
| **1,064,475** | **1,643,100** | **– 4,185** | **1,638,915** |

# Consolidated statement of changes in equity

## 1 January to 31 December 2022

| | | | | Cumulative other comprehensive income | | |
|---|---|---|---|---|---|---|
| In EUR '000s | Share capital | Capital reserve | Own shares | Currency translation differences | Currency translation differences from subsequent accounting for equity-accounted investments | Revaluation reserve in accordance with IAS 19 |
| **As of 1.1.2022** | **128,061** | **737,536** | **– 164,562** | **790** | **– 93,651** | **– 29,549** |
| Dividend payment | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition of further interests in subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjustment of option liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchase of own shares | 0 | 0 | – 14,669 | 0 | 0 | 0 |
| Redemption of treasury shares | – 9,160 | – 170,071 | 179,231 | 0 | 0 | 0 |
| Consolidated profit | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in fair value of investments in equity instruments [1] | 0 | 0 | 0 | 0 | – 73,226 | 0 |
| Recognition of actuarial gains and losses acc. to IAS 19 (2011) [1] | 0 | 0 | 0 | 0 | 0 | 23,123 |
| Foreign currency translation [1] | 0 | 0 | 0 | – 1 | 0 | 0 |
| Subtotal: Consolidated total comprehensive income | 0 | 0 | 0 | – 1 | – 73,226 | 23,123 |
| **As of 31.12.2022** | **118,901** | **567,465** | **0** | **789** | **– 166,877** | **– 6,426** |

[1] Figures are shown offset against income tax recognised in other comprehensive income.

For further details, please refer to our explanations in note 24, Equity.

| Consolidated net retained profits | Equity attributable to shareholders of freenet AG | Non-controlling interests in equity | Equity |
|---|---|---|---|
| **1,064,475** | **1,643,100** | **– 4,185** | **1,638,915** |
| – 186,595 | – 186,595 | 0 | – 186,595 |
| 3,871 | 3,871 | – 3,871 | 0 |
| – 161 | – 161 | 0 | – 161 |
| 0 | – 14,669 | 0 | – 14,669 |
| 0 | 0 | 0 | 0 |
| 79,294 | 79,294 | 2,552 | 81,846 |
| 0 | – 73,226 | 0 | – 73,226 |
| 0 | 23,123 | 0 | 23,123 |
| 0 | – 1 | 0 | – 1 |
| 79,294 | 29,190 | 2,552 | 31,742 |
| **960,884** | **1,474,736** | **– 5,504** | **1,469,232** |

# Consolidated statement of cash flows

## 1 January to 31 December

| In EUR '000s | Note | 2022 | 2021 |
|---|---|---|---|
| **Earnings before financial result and taxes from continuing operations (EBIT)** | | **129,401** | **250,039** |
| **Adjustments:** | | | |
| Depreciation, amortisation and impairment of non-current assets | 9 | 349,300 | 197,286 |
| Dividends received from equity-accounted investments | | 5,548 | 0 |
| Gain/loss on disposal of non-current assets | | 390 | 362 |
| Increase in net working capital not attributable to investing or financing activities | 20, 21, 26, 29, 30 | – 31,201 | – 66,383 |
| Proceeds from the cash repayment of financial assets under leases | | 14,130 | 15,110 |
| Capitalisation of contract acquisition costs | 19 | – 299,940 | – 254,887 |
| Amortisation of contract acquisition costs | 19 | 276,191 | 293,169 |
| Tax payments | 13, 18 | – 29,143 | – 35,048 |
| Income from interest and other financial result | 11, 12 | 787 | 582 |
| Interest paid | 11, 12 | – 19,772 | – 33,018 |
| **Cash flows from operating activities** | 32.1 | **395,691** | **367,212** |
| Payments to acquire property, plant and equipment and intangible assets | | – 62,942 | – 48,226 |
| Proceeds from disposal of intangible assets and property, plant and equipment | | 2,920 | 3,079 |
| Payments to acquire subsidiaries | | – 10,000 | 0 |
| Addition of liquid assets from initial consolidation | | 0 | 21 |
| Proceeds from deconsolidation of subsidiaries | | 0 | 2,000 |
| Proceeds from sale of companies accounted for using the equity method | | 375 | 450 |
| Return of capital contributions from companies accounted for using the equity method | | 0 | 1,000 |
| Payments into equity of equity-accounted investments | | – 2,000 | – 1,900 |
| Payments to acquire other equity investments | | – 241 | – 549 |
| **Cash flows from investing activities** | 32.2 | **– 71,888** | **– 44,125** |
| Payments to company owners and minority shareholders | | – 186,595 | – 203,734 |
| Payments for the purchase of own shares | | – 14,669 | – 113,142 |
| Payments for the acquisition of minority interests | | – 3,871 | – 9,600 |
| Cash repayments of borrowings | 28 | – 140,500 | – 289,500 |
| Cash repayments of lease liabilities | 28 | – 86,433 | – 87,691 |
| **Cash flows from financing activities** | 32.3 | **– 432,068** | **– 703,667** |
| **Net change in cash funds** | | **– 108,265** | **– 380,580** |
| Cash funds at beginning of period | | 286,287 | 666,867 |
| Cash funds at end of period | | 178,022 | 286,287 |

## Composition of cash funds

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Liquid assets | 178,022 | 286,287 |
| **Cash funds** | **178,022** | **286,287** |

## Composition of free cash flow

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities | 395,691 | 367,212 |
| Payments to acquire property, plant and equipment and intangible assets | – 62,942 | – 48,226 |
| Proceeds from disposal of intangible assets and property, plant and equipment | 2,920 | 3,079 |
| Cash repayments of lease liabilities | – 86,433 | – 87,691 |
| **Free cash flow [1]** | **249,236** | **234,374** |

[1] Free cash flow is an alternative performance measure that is defined in the "Corporate management" section of the Group management report.

# Notes to the consolidated financial statements

for 2022 financial year

## 1 General information

### 1.1 Business activity and accounting standards

Freenet AG ("the company"), the parent company of the Group ("freenet"), is headquartered at Hollerstraße 126, 24782 Büdelsdorf, Germany. The company was founded in 2005 and is registered with Kiel District Court under HRB 7306. The Group provides telecommunications, radio and multimedia services in Germany and focuses mainly on mobile communications/mobile Internet and digital lifestyle.

The consolidated financial statements for 2022 financial year were prepared in accordance with the International Financial Reporting Standards (IFRSs) promulgated by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union as of 31 December 2022. The company also complied with the provisions of German commercial law to be applied in accordance with section 315e HGB.

The consolidated financial statements were prepared in euros, the company's functional currency. All amounts are stated in thousands of euros (EUR '000s) or millions of euros (EUR million), as applicable.

The consolidated financial statements were prepared on the basis of historical cost – subject to the limitation that certain financial assets are shown at fair value. The annual financial statements of the companies included in the consolidated financial statements were prepared using uniform accounting policies. They have been prepared as at the same balance sheet date as the consolidated financial statements.

The consolidated financial statements are submitted to the Federal Gazette.

The following table shows the new or modified standards (IAS/IFRS) and interpretations (IFRIC) whose application is mandatory from 1 January 2022 and their respective effects on the Group:

| Standard/Interpretation | | Effective date | Adopted by the EU Commission | Effects |
|---|---|---|---|---|
| IAS 41, IFRS 1, IFRS 9, IFRS 16 | Annual improvements (2018-2020 Cycle) | 01.01.2022 | 02.07.2021 | No material effects |
| IFRS 3 | Updating of a Reference to the Conceptual Framework of IFRS 3 | 01.01.2022 | 02.07.2021 | No material effects |
| IAS 16 | Amendments to IAS 16 – Proceeds before Intended Use | 01.01.2022 | 02.07.2021 | No material effects |
| IAS 37 | Amendments to IAS 37 – Onerous Contracts (Costs of Fulfilling a Contract) | 01.01.2022 | 02.07.2021 | No material effects |

The following table shows the new or modified standards (IAS/IFRS) and interpretations (IFRIC) whose application was not yet mandatory in the 2022 financial year and their respective effects on the Group:

| Standard/Interpretation | | Effective date | Adopted by the EU Commission | Effects |
|---|---|---|---|---|
| IFRS 17 | Insurance Contracts | 01.01.2023 | 19.11.2021 | No effects |
| IAS 12 | Amendments – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction | 01.01.2023 | 11.08.2022 | No material effects |
| IFRS 17 | Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information | 01.01.2023 | 08.09.2022 | No effects |
| IAS 1 | Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies | 01.01.2023 | 02.03.2022 | No material effects |
| IAS 8 | Amendments to IAS 8 – Definition of Accounting Estimates | 01.01.2023 | 02.03.2022 | No material effects |
| IAS 12 | Amendments to IAS 12 – Deferred taxes on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences | 01.01.2023 | open | No material effects |
| IFRS 16 | Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback | 01.01.2024 | open | No material effects |
| IAS 1 | Amendments to IFRS 1 – Classification of Liabilities as Current and Non-current | 01.01.2024 | open | No material effects |
| IAS 28<br>IFRS 10 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 | open | open | No material effects |

## 1.2 Basis of consolidation

The consolidated financial statements include as subsidiaries all companies which are controlled by the Group. For a complete list of all companies included in freenet AG's consolidated financial statements, please consult the disclosures made in accordance with section 315e HGB in note 35. IFRS 11 defines two forms of joint arrangements, depending on the form of the rights and obligations resulting from the joint arrangement in question: joint operations and joint ventures.

Associates are all entities over which the Group has a significant influence but not control, generally accompanied by a shareholding of between 20 percent and 50 percent of the voting rights.

The companies 01019 Telefondienste GmbH, 01024 Telefondienste GmbH, freenet.de GmbH, freenet Cityline GmbH, freenet Datenkommunikations GmbH, 01050.com GmbH, vitrado GmbH, freenet Direkt GmbH, MobilCom Multimedia GmbH, freenet Shop GmbH (formerly: mobilcom-debitel Shop GmbH), Stanniol GmbH für IT & PR, Gravis – Computervertriebsgesellschaft mbH („GRAVIS“), freenet Energy GmbH, callmobile GmbH, freenet Shopping GmbH, freenet Logistik GmbH (formerly: mobilcom-debitel Logistik GmbH), Taunus Beteiligungs GmbH, Field Service Deutschland FSD GmbH (formerly: Media Broadcast Services GmbH), Media Broadcast TV Services GmbH, audio.digital NRW GmbH and The Cloud Networks Germany GmbH will make use of the exemption rules specified in section 264 (3) HGB for the annual financial statements for the period ending on 31 December 2022.

In 2022 financial year, the basis of consolidation was not expanded.

## 1.3 Consolidation principles

Companies are included for the first time in the consolidated financial statements (full consolidation) with effect from the date on which the possibility of control over the subsidiary is transferred to the Group. They are deconsolidated as of the time when such control has ceased to apply. The company is said to control another entity if it has power over an investee, is exposed to variable returns from its investment and can influence the level of returns as a result of its power. Control is normally associated with a share of more than 50 percent of the voting rights. In order to assess whether a situation of control exists, however, due consideration is also given to the existence and impact of potential voting rights, rights resulting from other contractual agreements, and, if applicable, any other facts and circumstances that indicate the possibility of control. The Group therefore also carries out an assessment to determine whether the prevailing situation constitutes control if the parent company holds fewer than 50 percent of the voting rights but is able to direct the company's most important activities. A situation of control might also apply as a result of, for example, voting rights agreements or enhanced minority rights. freenet AG carries out a reassessment if there are indications that there have been changes to one or more of the criteria of control. Amounts attributable to non-controlling interests are disclosed separately on the balance sheet.

Acquisition accounting is based on the purchase method.

The cost of acquiring a business combination is determined by the sum of the fair values of the assets given, the liabilities incurred and/or acquired and any equity instruments issued for acquisition purposes. In addition, the acquisition costs include the fair values of all recognised assets and liabilities that result from an agreement concerning a contingent consideration.

All of the acquired company's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria stipulated by IFRS 3.37 are disclosed separately at their fair value, irrespective of the extent of any minority interests. For each corporate acquisition, the Group decides on an individual basis whether the non-controlling interests in the acquired company are recognised at fair value or on the basis of the percentage of net assets attributable to the acquired company.

Acquisition-related costs are recognised as expenses when they are incurred.

When options are granted to enable non-controlling shareholders to tender further shares in Group companies, recognition of the options depends on how opportunities and risks arising from these shares are attributable. If the opportunities and risks are transferred to the freenet Group, this is reflected in a corresponding reduction in the share of the Group's equity attributable to the non-controlling shareholders. In such cases, only a financial liability in relation to the option obligation is recognised. If the opportunities and risks are retained by the non-controlling shareholder, the equity which is attributable to the non-controlling shareholders is recognised. In this case, the financial liability relating to the option obligation reduces the equity attributable to the shareholders of freenet AG. The financial liability is initially measured at the present value of the estimated repurchase amount on the expected date of exercise and subsequently measured at amortised cost using the effective interest rate method and taking into account any possible changes in the repurchase amount.

Transactions with non-controlling interests without loss of control are treated as transactions with equity providers of the Group. If the acquisition of a non-controlling interest results in a difference between the amount that is paid and the corresponding share in the carrying amount of the subsidiary's net assets, such a difference is recognised in equity. Profits and losses which occur upon the disposal of non-controlling interests are also recognised in equity.

Goodwill is recognised as the excess of the cost of the business combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date. Any excess of the interest in the net fair value of the acquiree over cost shall be recognised immediately through profit or loss.

Investments in associates as well as joint ventures are disclosed in the consolidated financial statements using the equity method, with the carrying amounts of the investments being increased or reduced annually by the proportion of the changes in equity at the respective company attributable to the freenet Group. The Group's share of the profits and losses of associates and joint ventures is recognised in the income statement as well as in other comprehensive income from the date of acquisition. Dividend payments received reduce the carrying amount of the investment in the associate. Goodwill arising from the acquisition of associates and joint ventures is not shown separately. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognising its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If the Group loses control over a company, the remaining share is remeasured at fair value and the resulting difference is recognised in profit or loss. In addition, all amounts shown under other comprehensive income in relation to that company are recognised as if the parent company had directly disposed of the related assets and liabilities. This means that a profit or loss that had previously been recognised in other comprehensive income is reclassified from equity to profit or loss.

Intra-group profits and losses, revenue, expenses and income as well as trade accounts receivable and liabilities between the consolidated companies are eliminated. The same applies to the elimination of intra-group profits and losses for joint ventures and associates.

# 2 Accounting policies

The following accounting policies were applied for the preparation of these consolidated financial statements. The accounting policies have been applied consistently to the previous year.

## 2.1 Recognition of revenue and expenses

The Group mainly provides services for a short period. Revenue is recognised when the services have been rendered in full, provided that the amount of revenue can be determined reliably and it is sufficiently probable that a future economic benefit will accrue to the company. Services rendered but not yet invoiced are accrued separately in the consolidated financial statements. Revenue is disclosed net of value added tax, discounts granted and other price reductions. Revenue comprises the fair value of the consideration that has been, or will be, received for the sale of products and services in the course of normal business activity.

The majority of the Group's revenue is generated from a large number of end customers, with the remaining revenue accounted for by corporate customers.

Supplementary notes on revenue recognition (for a breakdown of operating segments, please refer to note 3, Segment reporting):

Revenue in the Mobile Communications segment is generated by the range of mobile communications services on offer, one-off provision charges and the sale of mobile terminals and accessories. Mobile Communications revenue (voice communication as well as data transmission) consists of monthly charges, charges for special features and connection and roaming charges. The charges generated by mobile communications services are recognised as revenue over the period during which the services are provided. Revenue from the sale of mobile terminals and accessories is recognised when the products are delivered to the customer or the distributor. Revenue is also generated from the planning, construction, installation and maintenance of WiFi networks at schools.

Revenue recognition under IFRS 15 is based on a multi-step model where the first steps are to identify the contract with the customer and the performance obligations in the contract. The aggregate amount of consideration agreed for those performance obligations (the transaction price) must then be determined and allocated to the separate performance obligations on the basis of the relative stand-alone selling prices. Finally, revenue must be recognised for each performance obligation identified when, or as, the performance obligation is satisfied by transferring a promised good or a promised service (asset). An asset is considered to have been transferred once the customer has obtained control of that asset. A distinction is made between performance obligations satisfied at a point in time (e.g. delivery of mobile communications hardware) and performance obligations satisfied over time (e.g. provision of mobile communications services over a period of 24 months). Under the new guidance, the amount of revenue recognised in many cases no longer matches the amount invoiced to the customer particularly in connection with multi-element arrangements involving several different contractual services. As a result, changes may arise with respect to the amount and timing of revenue recognition and revenue adjustments due to contract modifications, among other things.

In the case of particular agency services provided by dealers, for whom the amount of sales commission depends on the newly acquired customers remaining in the Group's customer base and also on the level of future Group revenue generated with the newly acquired customers, the purchased services are recognised as a deferred item based on their most likely value and recognised through profit or loss over the average term of the associated end customer contract using the straight-line method.

The revenue in the TV and Media segment is generated by the rendering of services to end customers in the IPTV and DVB-T2 fields and also by the operation and service of broadcast-related solutions for business users in the radio and media sector. Revenue is recognised at the time at which the service is provided to the customer. In the TV and Media segment, revenue from delivering hardware to end customers is recognised at a point in time, although this revenue is currently insignificant in amount.

## 2.2 Intangible assets

Goodwill is tested for impairment at least once a year and whenever there is an indication of impairment, and is measured at its original cost less cumulative impairment.

For this purpose, goodwill is allocated to cash generating units. It is allocated to those cash generating units or groups of cash generating units which are expected to derive a benefit from the combination that gave rise to the goodwill. With regard to the specific breakdown, please refer to note 15, intangible assets, lease assets, property, plant and equipment, and goodwill as well as note 16, Impairment testing for non-monetary assets in accordance with IAS 36. In January 2022, as part of the realignment of the brand strategy, the Executive Board of freenet AG decided to gradually replace the mobilcom-debitel brand in use since 2009 with the freenet brand. The mobilcom-debitel brand had previously been presented in the balance sheet with an indefinite useful life (31 December 2021: 293.2 million euros). As a result of the Executive Board decision, the carrying amount of the mobilcom-debitel brand will be amortised on a straight-line basis over an expected remaining useful life (18 months) to 30 June 2023.

The other trademarks are carried at their historical cost and are amortised on a straight-line basis over their anticipated useful lives of 18 to 180 months. On the balance sheet date of 31 December 2022, the remaining useful life of these trademarks was between 6 and 98 months.

Licences, software and other intangible assets are shown at cost and are amortised on a straight-line basis over their anticipated useful lives, which is generally three years to four years for software and three to ten years for licences.

Costs incurred in developing and/or maintaining software programs are generally expensed in the year in which they are incurred. If the costs are clearly attributable to a definable software product that can be used by the company, and if the product's overall expected economic benefit is greater than the costs incurred, the costs are recognised as intangible assets in the category “internally generated software”. Development costs are not capitalised until technical and economic feasibility can be demonstrated. These costs include, for example, the personnel costs of the software development team and any expenses incurred for services and fees during the production of the asset. They also contain an appropriate portion of relevant overheads. Capitalised software development costs are amortised over the duration of their likely useful lives of three to seven years using the straight-line method.

Customer relationships are amortised on a straight-line basis over a period of 120 to 262 months. On the balance sheet date of 31 December 2022, the remaining useful life of the customer relationships recognised was between 72 and 192 months.

Distribution rights are amortised on a straight-line basis over the expected duration of the underlying agreements (36 months). On the balance sheet date of 31 December 2022, the remaining useful life of the distribution rights recognised was 31 months.

## 2.3 Property, plant and equipment

Property, plant and equipment are measured at cost less straight-line depreciation and, if applicable, impairments. The useful lives assumed for the depreciation of assets correspond to the assets' expected useful lives within the company. In the calculation of depreciation, any residual values were disregarded on grounds of immateriality.

The residual carrying amounts and useful economic lives are reviewed as at each balance sheet date and adjusted where applicable.

Depreciation of property, plant and equipment is generally based on the following useful lives:

| Asset | Useful life |
|---|---|
| Buildings | 10 to 50 years |
| Technical equipment and machinery | 5 to 15 years |
| Motor vehicles | 6 to 10 years |
| IT equipment | 3 to 8 years |
| Telecommunications equipment and hardware | 2 to 5 years |
| Leasehold improvements | 3 to 10 years |

## 2.4 Impairment of non-monetary assets

Non-monetary assets are always considered impaired if the carrying amount exceeds the recoverable amount. The recoverable amount is defined as the higher of asset's fair value, less costs to sell, and the value in use.

An impairment test must be carried out if events or changed circumstances (triggering events) indicate that the asset's value might be impaired. Goodwill and intangible assets with indefinite useful lives must be tested for impairment once a year in accordance with IAS 36.

If the reason for impairment no longer applies, the asset's impairment is reversed to a figure not exceeding amortised cost. This is not applicable to goodwill, as reversals of impairment are not permitted here.

## 2.5 Leases

### 2.5.1 freenet as lessee

The Group generally decides on a case-by-case basis whether assets are leased or purchased. Agreements that convey the right to use an asset for a particular specified period of time in return for a payment or a series of payments are classified as leases.

For site leases, co-location leases, shop/store leases, TV and Media network infrastructure, motor vehicles and other assets, the Group as lessee recognises a lease liability at the present value of the lease payments required to be made over the lease term. Present value is determined by including fixed lease payments, variable index-based payments, reasonably certain extension options, exercise prices of purchase options and payments of penalties for terminating the lease early, less any lease incentives received. At the commencement date (the date on which the asset is made available for use), the lease payments are measured using the incremental borrowing rate specific to the lease term. Over the period to the end of the lease, the lease liability is reduced by the principal portion of the lease payment; corresponding interest expense is presented in the financial result.

At commencement of the lease, the Group as lessee also recognises a right-of-use asset at cost. Cost is determined, first of all, from the amount of the lease liability and may be increased by any initial direct costs, costs to be incurred in dismantling and removing the asset and any lease payments made by the lessee at or before the commencement date and therefore not included in the lease liability. Right-of-use assets are depreciated over the term of the lease or, if shorter, over the normal useful life of the leased asset concerned.

When an extension option is exercised and therefore the lease term changes, the right-of-use asset and the lease liability are adjusted by the same amount at the date of the change in the term and the interest rate is revised at that date. Lease modifications that result from a change in an index-based rate are also accounted for by adjusting the right-of-use asset and the lease liability, but using the interest rate originally used.

The breakdown lease assets is as follows:

| In EUR millions | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Right-of-use assets, site leases | 175.9 | 202.1 |
| Right-of-use assets, shops/stores [1] | 101.2 | 104.4 |
| Right-of-use assets, co-location leases | 54.2 | 69.9 |
| Right-of-use assets, network infrastructure | 15.5 | 18.2 |
| Right-of-use assets, motor vehicles | 1.7 | 2.1 |
| Right-of-use assets, other | 2.0 | 4.7 |
| **Total** | **350.5** | **401.4** |

[1] As of 31 December 2022, this item includes operating leases from subleasing of shop space to franchise partners in the amount of 30.1 million euros (31 December 2021: 30.8 million euros).

Additions to lease assets are reported at 37.4 million euros in the 2022 financial year (31 December 2021: 48.4 million euros). In the year under review, depreciation of right-of-use assets is broken down as follows:

| In EUR millions | 2022 | 2021 |
|---|---|---|
| Site leases | 33.0 | 31.8 |
| Shops/stores | 20.5 | 20.7 |
| Co-location leases | 11.1 | 11.1 |
| Network infrastructure | 3.5 | 3.6 |
| Motor vehicles | 0.9 | 1.0 |
| Other | 3.2 | 4.8 |
| **Total** | **72.2** | **73.0** |

Other operating expenses include expenses relating to short-term leases (31 December 2022: 1.0 million euros, 31 December 2021: 0.4 million euros) and expenses relating to leases of low-value assets (31 December 2022: 0.2 million euros; 31 December 2021: 0.1 million euros). The variable lease payments not included in the lease liabilities and also contained in other operating expenses are of minor significance.

Interest expense on lease liabilities amounted to 8.8 million euros in the reporting period (31 December 2021: 10.2 million euros). We provide the following breakdown of the maturities of the lease liabilities as of 31 December 2022 and 31 December 2021:

| In EUR millions | 31.12.2022 | 31.12.2021 |
|---|---|---|
| 1 year or less | 82.0 | 85.3 |
| More than 1 year up to and including 5 years | 261.7 | 287.5 |
| More than 5 years | 74.9 | 108.1 |
| **Total** | **418.6** | **480.9** |

In 2022 financial year, total cash outflows for leases amounted to 96.4 million euros (31 December 2021: 98.4 million euros).

In the event that extension options not currently recognised (because it was concluded that they were not reasonably certain to be exercised) were exercised, this would result in cash outflows of 431.9 million euros (previous year: 431.9 million euros) in addition to the lease liabilities currently recognised.

### 2.5.2 freenet as lessor

The freenet Group is the lessor under subleases of sites in the TV and Media segment, shop space, motor vehicles and other assets.

If a lease transfers substantially all the risks and rewards, it is a finance lease. In this case, a receivable is recognised in other financial assets at an amount equal to the net investment in the lease (31 December 2022: 44.8 million euros; 31 December 2021: 55.4 million euros). The receivables contained in this item mainly relate to subleases of sites in the TV and Media segment. The corresponding interest income is presented in the financial result and amounted to 1.1 million euros in 2022 financial year (previous year: 1.4 million euros). Income relating to variable lease payments not included in the measurement of the net investment is insignificant in amount.

The future (undiscounted) cash inflows from finance leases were due as follows as of 31 December 2022 and 31 December 2021:

| In EUR millions | 31.12.2022 |
|---|---|
| 2023 | 14.4 |
| 2024 | 13.1 |
| 2025 | 12.3 |
| 2026 | 6.5 |
| 2027ff | 0.0 |
| **Future (undiscounted) cash inflows** | **46.3** |
| Unearned interest income | – 1.5 |
| **Receivables from finance leases** | **44.8** |

| In EUR millions | 31.12.2021 |
|---|---|
| 2022 | 15.5 |
| 2023 | 13.3 |
| 2024 | 11.7 |
| 2025 | 11.5 |
| 2026 | 6.6 |
| 2027ff | 0.0 |
| **Future (undiscounted) cash inflows** | **58.6** |
| Unearned interest income | – 3.2 |
| **Receivables from finance leases** | **55.4** |

Lease income from operating leases where the Group is the lessor is recognised in profit or loss on a straight-line basis over the lease term and results mainly from subleasing of shop space to franchise partners. Lease income from operating leases of 6.5 million euros is shown in other operating income in the 2022 financial year (previous year: 6.1 million euros).

The future (undiscounted) cash inflows from non-cancellable operating leases are due as follows:

| In EUR millions | 31.12.2022 |
|---|---|
| 2023 | 6.1 |
| 2024 | 4.6 |
| 2025 | 3.0 |
| 2026 | 1.7 |
| 2027 | 0.9 |
| 2028ff | 1.7 |
| **Future (undiscounted) cash inflows** | **18.0** |

| In EUR millions | 31.12.2021 |
|---|---|
| 2022 | 6.2 |
| 2023 | 4.6 |
| 2024 | 2.9 |
| 2025 | 1.8 |
| 2026 | 0.7 |
| 2027ff | 0.6 |
| **Future (undiscounted) cash inflows** | **16.8** |

## 2.6 Interests in associates and joint ventures

The carrying amount of investments in associates and joint ventures is recognised on the basis of the associate's or joint venture's annual or consolidated financial statements in accordance with IFRSs prepared in accordance with the Group's accounting policies. With regard to the equity method, please refer to note 1.3, Consolidation principles.

## 2.7 Financial instruments

### 2.7.1 Definition and classification

A financial instrument is any contract that simultaneously gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. For the purposes of measurement, financial assets and financial liabilities are classified as follows:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income
- Liabilities measured at amortised cost

The classification of financial assets and liabilities is based on the characteristics of the contractual cash flows of the financial assets and the business model that management uses to manage the financial assets. Management determines how the financial assets and financial liabilities are classified upon initial recognition.

### 2.7.2 Financial assets measured at amortised cost

The Group classifies these assets in the following three categories:

Liquid assets

Liquid assets consist of cash and cash equivalents comprising cash, demand deposits and other current highly liquid financial assets with a maximum original term of three months.

Trade accounts receivable

Trade accounts receivable are amounts owed by customers for goods and services provided in the ordinary course of business. They are classified as current assets, with the exception of those which do not fall due until twelve months after the balance sheet date. The latter are reported as non-current trade accounts receivable. The Group holds trade accounts receivable in order to collect the contractual cash flows; they are subsequently measured at amortised cost using the effective interest method.

Non-derivative financial assets

The Group measures its non-derivative financial assets at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contract terms result in cash flows consisting exclusively of principal and interest payments on the principal amount outstanding. This category includes receivables from trustees, collateral and other contract assets reported in other financial assets.

### 2.7.3 Financial assets measured at fair value through profit or loss

The Group classifies these assets in the following two categories:

Trade accounts receivable

The freenet Group carries trade accounts receivable held for trading purposes at fair value through profit or loss. These include trade accounts receivable from multiple-element arrangements (mobile phone upgrade option) sold to a credit institution. Please refer to the explanation regarding factoring in note 33.6.

Other equity instruments

The company measures investments in equity instruments at fair value through profit or loss if the Group has elected not to recognise changes in fair value in other comprehensive income. As at the reporting date, other equity investments reported in other financial assets are assigned to this category.

### 2.7.4 Financial assets measured at fair value through other comprehensive income

The Group classifies these assets in the following category:

Other equity instruments

Other equity instruments measured at fair value through other comprehensive income are financial assets not held for trading purposes which the freenet Group has irrevocably chosen upon initial recognition to report in this category. This category includes equity investments and securities serving as security for non-current pension obligations reported in other financial assets.

### 2.7.5 Liabilities measured at amortised cost

Financial liabilities are based on contractual agreements regarding the payment of liquid assets or the rendering of other financial assets to a third party. A financial liability is recognised when freenet becomes the contracting party. The financial liabilities as of the balance sheet date are disclosed in the trade accounts payable, borrowings and other financial liabilities items.

### 2.7.6 Measurement of financial instruments

Regular purchases and sales of financial assets are recognised as at the trade date, i.e. the day on which the Group enters into an obligation to buy or sell the asset. Financial assets are measured at fair value upon acquisition. Transaction costs increase or decrease the initial carrying amount if the financial asset is not measured at fair value with changes in value being recognised through profit or loss.

Financial assets are broken down into two classification categories: financial assets measured at amortised cost and financial assets measured at fair value. If financial assets are measured at fair value, income and expenses can be recognised either at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTCOI). The classification is made on initial recognition of the financial asset and is based on the business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset.

A financial asset shall be measured at amortised cost if the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are not measured at amortised cost or at fair value through other comprehensive income must be measured at fair value through profit or loss.

Upon initial recognition, financial liabilities measured at amortised cost are shown at the fair value of the consideration received less the transaction costs associated with borrowing. In the subsequent period, the financial liabilities are measured at amortised cost using the effective interest rate method. Profits and losses are recognised through profit or loss when the liabilities are derecognised or as a result of amortisation. Non-current financial liabilities are recognised at amortised cost. Any differences between historical cost and the repayment amount is amortised using the effective interest method. Current financial liabilities are recognised at their repayment or settlement value. Loan liabilities are classified as current liabilities provided that the Group does not have the unconditional right to postpone settlement of the liability to a point in time at least twelve months after the balance sheet date. Derivative financial instruments are measured on the basis of future cash flows. Accordingly, derivative financial instruments can also be shown as financial liabilities.

### 2.7.7 Impairment of financial assets

The Group applies the simplified approach provided for by impairment rules to measure expected credit losses. Accordingly, expected credit losses anticipated over the term of all trade accounts receivable, lease receivables and contract assets are recognised upon the initial recognition of these items. Impairments of financial assets are based on assumptions regarding default risk and expected loss rates on the basis of historical losses and the Group's past experience as well as forward-looking estimates at the end of the financial year.

No defaults have occurred on lease receivables in the past. As a result, the expected loss rates do not reflect historical default rates, but are instead based on current and forward-looking information (e.g. remaining maturity of the lease receivables, benchmark information). The impairment loss identified was insignificant, however, and was not recognised.

The carrying amount of the receivables is reduced by using an allowance account. If reasonable assessments indicate that the receivable is no longer recoverable, the receivable is derecognised against the allowance account. Subsequent payments in relation to previously derecognised amounts are credited to the income statement against impairment losses on trade accounts receivable.

The general approach is applied by the Group to non-derivative assets. The expected credit loss model uses a three-stage approach to allocate loss allowances. In general, all instruments are classified in Stage 1 when originated or acquired. For these items, the expected loss resulting from possible default events during the next twelve months following the reporting date must be recognised as an expense. Interest is recognised based on the gross carrying amount, i.e. the effective interest method must be applied based on the carrying amount before deduction of expected credit losses. Stage 2 includes all instruments that have experienced a significant increase in default risk since initial recognition as at the reporting date. The loss allowance must reflect the present value of all expected losses over the remaining term of the instrument. Interest is recognised based on the gross amount, i.e. the effective interest method must be applied based on the carrying amount before deduction of expected credit losses. Significant indications of impairment include the following:

- Significant deterioration in the expected payments and expected performance of the debtor
- Significant deterioration in the credit quality of other instruments of the same debtor
- Actual or expected deterioration of economic, financial, regulatory or technological circumstances relevant to the creditworthiness of the debtor

If, in addition to a significant increase in default risk, there is also objective indication of impairment as at the reporting date (Stage 3), the loss allowance is also measured based on the present value of the expected losses for the remaining term. The interest recognised must be adjusted in subsequent periods so that the interest income must be calculated based on the net carrying amount in the future, i.e. the carrying amount after deduction of expected credit losses. Objective indications of impairment include the following:

- Significant financial difficulties of the issuer or debtor
- Breach of contract such as a default or delinquency in interest or principal payments
- An increased probability that the debtor will become bankrupt or will have to go through some other restructuring process

Cash and cash equivalents are also subject to the impairment rules in IFRS 9. Default risk is substantially reduced by diversifying cash and cash equivalents among various major banks.

No loss allowances are recognised for expected credit losses in the case of equity instruments. An objective indication of impairment is a significant or permanent decline in the fair value below cost. If no market prices are available, other measurement approaches such as the discounted cash flow method are used to determine whether recognition of impairment losses is necessary.

### 2.7.8 Derecognition of financial assets

The freenet Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire or the financial asset and substantially all of the risks and rewards of ownership of the asset are transferred to a third party. For details, please refer to the comments in note 33.6.

### 2.7.9 Derecognition of financial liabilities

The freenet Group derecognises financial liabilities only when these are repaid, i.e. when the obligation stipulated in the contract is either settled or cancelled or has expired. In the event of an exchange of debt instruments with substantially different contract terms or in the case of substantial changes in the contract terms of an existing liability, the transaction is treated as the repayment of the original financial liability and the recognition of a new financial liability. A gain or loss from repayment of the original financial liability is recognised in profit or loss.

### 2.7.10 Netting of financial instruments

Financial assets and liabilities are netted and shown as a net amount in the balance sheet only if there is a legal entitlement to such treatment and if the Group intends to settle on a net basis or to use the asset and settle the liability simultaneously.

## 2.8 Inventories

Inventories are shown at the lower of cost and the net realisable value on the balance sheet date. The net realisable value is defined as the estimated selling price less costs to be incurred.

## 2.9 Foreign currency transactions

The items included in the annual financial statements of each Group company are measured based on the currency corresponding to the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are prepared in euros, which is the reporting currency of freenet AG.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the fulfilment of such transactions, and also from the process of translating monetary assets and liabilities denominated in foreign currencies as at the closing date, are recognised in the income statement. The foreign currency transactions carried out in 2022 financial year were immaterial.

The earnings and balance sheet items of all Group companies that have a functional currency other than the euro are translated into euros using the modified closing date method. Any resulting currency translation differences are recognised in other comprehensive income and disclosed as a cumulative figure in equity.

## 2.10 Equity

Ordinary shares, capital reserves, treasury shares, revaluation reserves, consolidated net retained profits and non-controlling interests are shown as equity. After the deduction of applicable current taxes, costs of capital increases are recognised directly in equity under capital reserves.

The Executive Board is authorised by the Annual General Meeting to acquire own shares, with this requiring the approval of the Supervisory Board (section 71 (1) no. 8 of the German Stock Corporation Act (Aktiengesetz – AktG). Thresholds are defined for buyback programmes, such as number, total amount and duration. The acquisition of own shares is measured at cost plus fees per individual transaction.

## 2.11 Pension provisions

Pension provisions are recognised and measured in accordance with IAS 19. The net obligation shown in the balance sheet under pension provisions as well as in non-current other receivables and other assets is equivalent to the actuarial present value of the defined benefit obligation on the balance sheet date less the fair value of the plan assets, plus the effect of the asset ceiling. The present value of the defined benefit obligation is calculated every year by an independent actuarial expert using the projected unit credit method. This method takes account not only of the pensions and acquired vested rights known on the balance sheet date; it also includes anticipated future increases in pensions and salaries.

Actuarial gains and losses resulting from empirical adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. In the event of overfunding of plans, the remeasurement component also includes the difference between the interest on the asset ceiling effect and the total change in net assets from the asset ceiling effect.

Differences between the theoretical and actual income from plan assets are recognised in other comprehensive income in the period in which they arise.

Pension commitments are subject to the regulations of the German Company Pensions Act. If the pension plans provide for pension benefits, there is the biometric risk of longevity. There are further risks in terms of pension adjustment obligations due to the development of inflation as well as salary-linked commitments related to the development in salaries.

Past service costs are immediately recognised in profit or loss. The service cost is shown under personnel expenses and the interest portion of the addition to provisions is shown in the financial result.

Contributions to defined contribution plans are recognised in the income statement in the year in which they occur.

## 2.12 Provisions

Provisions are recognised for legal or constructive obligations towards third parties of uncertain timing and/or amount which arise as a result of past events, where it is more likely than not that settlement of the obligation will lead to an outflow of assets and where a reliable estimate of the extent of the obligation can be made. The provisions are measured using the best possible estimate of the obligation as at the balance sheet date, taking the discounting of non-current obligations into account.

If there are a number of similar obligations, the probability of an outflow of resources is determined on the basis of the group of these obligations. A provision is also recognised as a liability if the probability of an outflow of resources relating to individual obligations included in this group is low.

In accordance with IAS 16, the costs expected for the obligation to dismantle and remove transmission installations and leasehold improvements are included in the costs of these items. In accordance with IAS 37, a provision is therefore recognised to cover the present value of these obligations if an outflow of resources is likely; this provision is recognised at the time at which the obligations arise. Changes in the measurement of an existing provision, in other words changes in the settlement value and/or the discount rate, are recognised by means of an adjustment to the carrying amount of the transmission installations and leasehold improvements (upper limit: recoverable amount; lower limit: zero).

Restructuring provisions basically comprise termination benefits paid to employees. Provisions for potential losses mainly relate to tariffs with negative margins and vacancy costs.

There are semi-retirement obligations in accordance with the Altersteilzeitgesetz (Semi-Retirement Act – AltTZG) of 23 July 1996 in line with the block model. The semi-retirement phase cannot begin before the employee’s 55th birthday. During the semi-retirement phase, the employee’s monthly semi-retirement net salary is normally topped up to 85 percent (or 83 percent for agreements signed after 1 October 2012) of the theoretical monthly full-time salary less statutory deductions. The obligations have been netted with the fair values of the corresponding plan assets. If the fair value of the plan assets is higher than the obligations, the surplus is shown under the receivables and other assets.

The provisions for obligations relating to long-term work accounts are measured using certain actuarial assumptions. Long-term work accounts are set up to ensure that time accounts are balanced in the long term. The obligations are reduced by granting leave of absence at full pay. The obligations have been netted with the fair values of the corresponding plan assets. If the fair value of the plan assets is higher than the obligations, the surplus is shown under the receivables and other assets.

## 2.13 Employee incentive programmes

In 2022 financial year, three significant long-term incentive programmes (“LTIP programmes”) for employees were in place in the Group.

In LTIP programmes, an LTIP account is maintained for each beneficiary; in each financial year, depending on the extent to which defined target for the financial year in question have been achieved, credit or debit entries are made in the accounts in the form of virtual shares. Then, within a predetermined period of time, payouts (exclusively in the form of cash payouts) less taxes and charges can be made for each financial year, depending on the balance in the respective LTIP account. The amount of these payments is dependent on various factors, including the applicable share price at the time of the payout. The provision is measured at the fair value of the virtual shares that are likely to vest. The corresponding expense is shown under personnel expenses. For details, please refer to our explanations in note 25. In addition, the freenet Group maintains two further employee incentive programmes (hereinafter referred to as “Other employee incentive programmes").

## 2.14 Deferred and current income taxes

Deferred taxes are recognised using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts and on tax loss carryforwards. Deferred taxes are measured using tax rates and tax laws enacted or substantively enacted at the balance sheet date that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets on deductible temporary differences are recognised at the amount for which deferred tax liabilities exist. If the amount of deferred tax assets on deductible temporary differences exceeds this value, they are recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. Deferred tax assets on existing tax loss carryforwards are also recognised only to the extent that it is probable that future taxable profit will be available against which they can be utilised. The expected future profits are based on the company’s forecast of earnings before taxes applicable on the balance sheet date.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognised unless the timing of the reversal of the temporary differences can be determined by the Group and it is probable that the temporary differences will not reverse in the foreseeable future due to this influence.

Current tax expenses are calculated based on the German tax regulations applicable at the balance sheet date or in the near future. Management regularly reviews tax returns, particularly with respect to interpretable matters, and, where appropriate, recognises provisions based on the amounts expected to be paid to the tax authorities.

## 2.15 Judgements, forward-looking assumptions and estimation uncertainties

The presentation of the net assets, financial position and results of operations in the consolidated financial statements depends on the recognition and measurement methods used and on forward-looking assumptions and estimates. The actual amounts may differ from these estimates. The significant estimates and associated assumptions set out below, as well as any uncertainties with regard to the chosen accounting policies, are of crucial importance for a correct understanding of the underlying risks of financial reporting as well as the impact that these estimates, assumptions and uncertainties might have on the consolidated financial statements.

The measurement of property, plant and equipment and intangible assets involves estimates for determining the fair value at the time of acquisition if the assets were acquired as part of a business combination. The anticipated useful life of such assets must also be estimated.

When determining the lease term relevant to measurement in the shops/stores category, it is always assumed that all extension options are reasonably certain to be exercised (due to operational considerations). As of a certain term, there may also be a blanket extension to the lease based on forward-looking assumptions.

For the purposes of measuring subleases in the TV and Media segment, the end of the lease term is determined by distinguishing by location (investor locations until 30 June 2026 or 31 July 2026; other locations until 31 December 2026).

The Group Treasury department makes sure that the incremental borrowing rate used to discount the lease liability is determined on a quarterly basis. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term the funds necessary to obtain the asset in question.

With regard to the forward-looking assumptions made within the framework of the tests relating to potential goodwill impairments (carrying amount as of 31 December 2022: 1,382.4 million euros; previous year: 1,382.4 million euros), please refer to note 16.

At the beginning of 2022 financial year, as part of the realignment of the brand strategy, the Executive Board of freenet AG had decided to gradually replace the mobilcom-debitel brand in use since 2009 with the freenet brand. The mobilcom-debitel presented in the balance sheet as an intangible asset with an indefinite useful life until 31 December 2021 (31 December 2021: 293.2 million euros). As a result of implementing the new brand strategy, the carrying amount of the mobilcom-debitel brand will be amortised on a straight-line basis over the expected remaining useful life of 18 months to 30 June 2023. In 2022 financial year, this resulted in amortisation of 194.7 million euros.

A sensitivity analysis regarding the impairment tests for the assets allocated to the cash generating unit (CGU) “Mobile Communications” has established that the fair value less costs to sell would decline by approximately 400 million euros if the weighted average cost of capital (WACC) were to be increased by 0.5 percentage points and would increase by approximately 489 million euros if the WACC were to decline by 0.5 percentage points, and that, if EBIT were to be reduced or increased by 10 percent in the planning period, the fair value less costs to sell would decrease by approximately 805 million euros (if the WACC simultaneously were to be increased by 0.5 percentage points) or increase by 984 million euros (if the WACC simultaneously were to be reduced by 0.5 percentage points); this would not result in any impairment with regard to the assets allocated to this CGU, especially in case of the negative scenarios.

A sensitivity analysis regarding the impairment tests for the assets allocated to the “TV” CGU has established that the fair value less costs to sell would decline by approximately 59 million euros if the WACC were to be increased by 0.5 percentage points and would increase by approximately 69 million euros if the WACC were to decline by 0.5 percentage points, and that, if EBIT were to be reduced or increased by 10 percent in the planning period, the fair value less costs to sell would decrease by approximately 126 million euros (if the WACC simultaneously were to be increased by 0.5 percentage points) or increase by 149 million euros (if the WACC simultaneously were to be reduced by 0.5 percentage points); this would not result in any impairment with regard to the assets allocated to this CGU, especially in case of the negative scenarios.

A sensitivity analysis regarding the impairment tests for the assets allocated to the “Online” CGU has established that the fair value less costs to sell would decline by approximately 4 million euros if the WACC were to be increased by 0.5 percentage points and would increase by approximately 5 million euros if the WACC were to decline by 0.5 percentage points, and that, if EBIT were to be reduced or increased by 10 percent in the planning period, the fair value less costs to sell would decrease by approximately 9 million euros (if the WACC simultaneously were to be increased by 0.5 percentage points) or increase by 11 million euros (if the WACC simultaneously were to be reduced by 0.5 percentage points); this would not result in any impairment with regard to the assets allocated to this CGU, especially in case of the negative scenarios.

For the impairment tests carried in December 2022 in relation to the assets allocated to the Mobile Communications, TV, and Online CGUs, a sensitivity analysis showed that no impairment would have to be recognised in each case even if the WACC had increased by 1.0 percentage point in each case and the EBIT recognised in the planning period had decreased by 10 percent.

The other equity instruments measured at fair value through profit or loss do not include listed shares for which there is an active market. Their fair value is determined using recognised actuarial methods. The underlying assumptions regarding future developments rely on the Group’s judgement.

Impairment losses on financial assets are based on assumptions regarding default risk and expected loss rates. In preparing these assumptions and selecting the input factors for calculating the impairment losses, the Group exercises its judgement based on its past experience and forward-looking estimates at the end of the financial year.

With regard to the accrual of purchased services from sales commissions for the various products offered by the Group, estimates are made on the basis of past experience to assess the probability with which final commissions, which can no longer be cancelled, become payable.

For multiple-element arrangements, the following material judgements, forward-looking assumptions, and uncertainties involved in estimation apply:

Measuring contractual performance obligations involves identifying the individual customer contracts and grouping them into portfolios based on certain criteria. A portfolio is defined as a set of aggregated contracts with uniform characteristics. Discretion plays a part in selecting these criteria (the assessment of whether uniformity exists and the decision on the number of portfolios).

The first step is identifying the performance obligations within customer contracts (or after their aggregation in portfolios) and their relative individual selling prices. These are estimated based on transactions conducted in the past (such as hardware sales and offers of mobile communications services over 24 months). In the next step, the net contract position is calculated taking into account other contract components: If the relative stand-alone selling prices of a contract component exceeds the transaction price, the transaction price is reallocated. The resulting net contract position of a contract (or after its aggregation in a portfolio) is reversed on a pro rata basis over the underlying contract term depending on the relevant performance dates or periods. Measurement of the net contract position is subject to certain assumptions. Uncertain future contract events, which cannot be influenced by the freenet Group, are anticipated according to their weighted likelihood of occurrence. Such contract events include premature contract termination, cancellation, bad debt losses, contract modifications, and the exercise of contractual (material) rights such as those arising from product vouchers.

The following material judgements, estimates and forward-looking assumptions are made with regard to accounting for multiple-element arrangements:

- Forward-looking assumptions in determining the expected future customer contract term for the amortisation period of contract acquisition costs and bonuses and commission of network operators for specific periods
- Assessment of whether there is a significant financing component
- Judgements and forward-looking assumptions in determining whether certain cost items constitute incremental contract extension costs, the reimbursement of which is expected in the future
- Judgements regarding the assessment of commissions and bonuses received by network operators, specifically
  - which portions thereof must be recognised in revenue as separable individual performance components immediately upon performance,
  - which portions thereof constitute an immediate reduction of the cost of materials due to their nature as a discount, and
  - which portions thereof can be considered discounts granted over the underlying customer contract term and therefore reduce the cost of materials on a pro rata basis.
- Judgements and estimates in determining the equivalent value of brokerage services in indirect sales in order to obtain the carrying amount of “consideration payable to a customer”.

The recognition and calculation of provisions and accruals (e.g. for dealer commissions) depend on estimates. In particular, provisions for legal disputes are recognised on the basis of the assessment by the lawyers representing the Group companies.

A provision is recognised by the specialist departments (e.g. Real Estate Management) to cover the present value of make good obligations in connection with transmission systems and leasehold improvements if an outflow of resources is likely; this provision is recognised at the time at which the obligations arise.

With regard to the assumptions and estimates made in the measurement model used for determining the provision for the LTIP programme as of 31 December 2022, please refer to note 25.

With regard to pension provisions and similar obligations, note 29 describes how forward-looking assumptions have been made for the measurement of the provisions for pensions and similar obligations. This involves the estimation of a discount rate, the pension trend, the assessment of the future development of the beneficiary’s pensionable income and an assessment of the beneficiary’s life expectancy. A sensitivity analysis came to the conclusion that if the discount rate were to increase by 1.0 percentage points, the present value of the funded and unfunded obligations would be reduced by 8,886 thousand euros, while a decrease of 1.0 percentage points in the discount rate would increase the present value of the funded and unfunded obligations by 10,954 thousand euros. With regard to further sensitivity analyses pertaining to the pension obligations, please refer to note 29. There are commercial transactions for which it is not possible to determine the definitive taxation during the normal course of business. The Group determines the amount of the provisions for anticipated tax audits on the basis of estimates as to whether, and if so to what extent, additional income taxes will become due. Insofar as the definitive taxation for these transactions differs from the figure originally assumed, this will have an impact on the current and deferred income taxes in the period in which the taxation is definitively determined.

The deferred tax assets in relation to loss carryforwards are based on corporate planning for the four subsequent financial years involving forward-looking assumptions about, for example, the macroeconomic trend and the development of the telecommunications market. With regard to the extent of the recognised deferred taxes on loss carryforwards and also the extent of the loss carryforwards in relation to which no deferred tax assets have been recognised, please refer to note 18. A sensitivity analysis carried out in relation to the deferred tax assets has established that the deferred tax assets would increase by approx. 14.4 million euros or decrease by approx. 14.4 million euros if the trade income or corporation tax income were to increase or decrease by 10 percent in the relevant planning period.

### 2.16 Non-current assets held for sale

Discontinued operations and non-current assets held for sale, which are classified under IFRS 5 as held-for-sale, are shown at the lower of carrying amount and fair value less costs to sell if it is generally more likely that their carrying amount can be realised by way of a sale rather than by further use. At the time of reclassification to discontinued operations and non-current assets held for sale, the assets are no longer subject to depreciation or amortisation.

The assets held for sale or the held-for-sale group of assets are reclassified to “Continuing operations” when the criteria of IFRS 5 are no longer satisfied. The assets or the group of assets are shown at the lower of carrying amount less depreciation, amortisation or remeasurements which would have been carried out if the assets or group of assets had not been classified as discontinued operations, and the recoverable amount at the time of reclassification. The adjustments to the measurement of the group of assets are shown in the income statement as part of Continuing operations.

### 2.17 Comparative figures

These consolidated financial statements are fully comparable with the consolidated financial statements as of 31 December 2021.

## 3 Segment reporting

IFRS 8 stipulates that by means of internal management, operating segments must be distinguished from Group units whose operating results are reviewed regularly by the company’s main decision-making body with regard to decisions affecting the allocation of resources to this segment and the measurement of its profitability.

As its main decision-making body, the Executive Board organises and manages the company on the basis of the differences between the individual products and services offered by the company. As the Group performs its business operations almost entirely in Germany, its business is not organised or managed based on geographical regions. The Group was active in the following operating segments in the 2022 financial year:

- Mobile Communications:
  - Activities as a mobile communications service provider – marketing of mobile communications services (voice and data services) from the mobile communications network operators Deutsche Telekom, Vodafone and Telefónica Deutschland in Germany
  - Based on the network operator agreements entered into with these network operators, a range of the company’s own network-independent services and tariffs as well as a range of network operator tariffs
  - Sale/distribution of mobile communications devices as well as additional services for mobile data communications and digital lifestyle
  - „freenet Internet“: offering the company’s own app-based Internet product
  - Rendering of sales services
  - Planning, construction, installation and maintenance of WiFi networks

- TV and Media:
  - Rendering of services to end users in the field of DVB-T2
  - Planning, project management, installation, operation, service and marketing of broadcast-related solutions for business clients in the radio and media sectors
  - Rendering of services, mainly to end users, in the field of IPTV

- Other/Holding:
  - Rendering of portal services such as e-commerce/advertising services (these essentially comprise the offer of online shopping and the marketing of advertising space on websites), of payment services for end customers as well as various digital products and entertainment formats for downloading and displaying and use on mobile devices
  - Development of communication solutions, IT solutions and other services for corporate customers
  - Range of narrowband voice services (call-by-call, preselection) and data services
  - Rendering of sales services

The “Other/Holding” segment includes other business activities in addition to operating activities. This mainly comprises the holding activities of freenet AG (with the rendering of services within the Group in central areas, such as legal, human resources and finance) as well as areas which cannot be clearly allocated to operating segments. The segment revenue of 35.2 million euros (previous year: 44.8 million euros) reported for the Other/Holding segment in 2022 is attributable almost exclusively to operating activities. The gross profit of 25.5 million euros (previous year: 26.7 million euros) shown for the Other/Holding segment in 2022 is attributable almost exclusively to operating activities. EBITDA of –29.4 million euros (previous year: –14.5 million euros) reported for the “Other/Holding” segment for 2022 was accounted for almost exclusively by operating activities.

The segments provide, or used to provide, services to the other operating segment. If there are equivalent external market prices for internally offered services, these market prices are used as internal transfer prices. The transfer prices for non-marketable services are generally based on the costs incurred (plus overhead surcharge).

Income and expenses are allocated to the segments on the basis of selected criteria and commercial relevance. For purposes of segment reporting, the recognition and measurement of the allocated expenses and income do not differ from the recognition and measurement in the consolidated balance sheet and the consolidated income statement, as was the case last year.

A breakdown by individual products or services of revenue earned with third parties is shown in note 4. A more extensive breakdown based on individual products or services is not available.

The freenet Group engages in mass-market business that focuses primarily on private customers. Accordingly, the Group is not dependent on individual customers.

## Segment report for the period from 1 January to 31 December 2022

| In EUR '000s | Mobile Communications | TV and Media | Other/ Holding | Elimination of inter-segment revenue and costs | Total |
|---|---|---|---|---|---|
| **Third-party revenue** | **2,235,795** | **302,105** | **18,814** | **0** | **2,556,714** |
| Inter-segment revenue | 15,485 | 11,206 | 16,431 | – 43,122 | 0 |
| Total revenue | 2,251,280 | 313,311 | 35,245 | – 43,122 | 2,556,714 |
| | | | | | |
| **Cost of materials, third party** | **– 1,558,066** | **– 102,941** | **– 9,008** | **0** | **– 1,670,015** |
| Inter-segment cost of materials | – 22,458 | – 12,635 | – 738 | 35,831 | 0 |
| Total cost of materials | – 1,580,524 | – 115,576 | – 9,746 | 35,831 | – 1,670,015 |
| | | | | | |
| **Segment gross profit** | **670,756** | **197,735** | **25,499** | **– 7,291** | **886,699** |
| Other operating income | 49,592 | 581 | 2,080 | – 2,705 | 49,548 |
| Other own work capitalised | 16,465 | 6,746 | 1,781 | 0 | 24,992 |
| Personnel expenses | – 133,320 | – 57,757 | – 38,551 | 0 | – 229,628 |
| Other operating expenses | – 200,839 | – 41,903 | – 20,164 | 9,996 | – 252,910 |
| thereof loss allowances on financial assets and contract assets | – 17,872 | – 3,170 | – 82 | 0 | – 21,124 |
| thereof without loss allowances on financial assets and contract assets | – 182,967 | – 38,733 | – 20,082 | 9,996 | – 231,786 |
| | | | | | |
| **Overhead** [1] | **– 268,102** | **– 92,333** | **– 54,854** | **7,291** | **– 407,998** |
| thereof inter-segment allocation | – 6,576 | – 969 | 254 | 7,291 | |
| | | | | | |
| **Segment EBITDA** | **402,654** | **105,402** | **– 29,355** | **0** | **478,701** |
| Depreciation, amortisation and impairment | | | | | – 349,300 |
| **EBIT** | | | | | **129,401** |
| Financial result | | | | | – 15,423 |
| Income taxes | | | | | – 32,132 |
| **Consolidated profit** | | | | | **81,846** |
| Consolidated profit attributable to shareholders of freenet AG | | | | | 79,294 |
| Consolidated profit attributable to non-controlling interests | | | | | 2,552 |
| | | | | | |
| **Net cash investments** | **28,388** | **20,282** | **11,352** | | **60,022** |

[1] The overhead costs as the difference between gross profit and EBITDA include the items other operating income, other own work capitalised, personnel expenses, other operating expenses.

## Segment report for the period from 1 January to 31 December 2021

| In EUR '000s | Mobile Communications | TV and Media | Other/ Holding | Elimination of inter-segment revenue and costs | Total |
|---|---|---|---|---|---|
| **Third-party revenue** | **2,254,230** | **273,706** | **28,384** | **0** | **2,556,320** |
| Inter-segment revenue | 16,522 | 10,815 | 16,369 | – 43,706 | 0 |
| Total revenue | 2,270,752 | 284,521 | 44,753 | – 43,706 | 2,556,320 |
| | | | | | |
| **Cost of materials, third party** | **– 1,600,479** | **– 84,989** | **– 17,430** | **0** | **– 1,702,898** |
| Inter-segment cost of materials | – 20,198 | – 15,065 | – 588 | 35,851 | 0 |
| Total cost of materials | – 1,620,677 | – 100,054 | – 18,018 | 35,851 | – 1,702,898 |
| | | | | | |
| **Segment gross profit** | **650,075** | **184,467** | **26,735** | **– 7,855** | **853,422** |
| Other operating income | 39,901 | 681 | 3,918 | – 2,494 | 42,006 |
| Other own work capitalised | 14,536 | 6,633 | 1,696 | 0 | 22,865 |
| Personnel expenses | – 127,623 | – 59,422 | – 32,371 | 0 | – 219,416 |
| Other operating expenses | – 206,829 | – 40,564 | – 14,508 | 10,349 | – 251,552 |
| thereof loss allowances on financial assets and contract assets | – 9,299 | – 4,721 | – 99 | 0 | – 14,119 |
| thereof without loss allowances on financial assets and contract assets | – 197,530 | – 35,843 | – 14,409 | 10,349 | – 237,433 |
| | | | | | |
| **Overhead** [1] | **– 280,015** | **– 92,672** | **– 41,265** | **7,855** | **– 406,097** |
| thereof inter-segment allocation | – 7,111 | – 853 | 109 | 7,855 | |
| | | | | | |
| **Segment EBITDA** | **370,060** | **91,795** | **– 14,530** | **0** | **447,325** |
| Depreciation, amortisation and impairment | | | | | – 197,286 |
| **EBIT** | | | | | **250,039** |
| Financial result | | | | | – 31,975 |
| Income taxes | | | | | – 26,860 |
| **Consolidated profit** | | | | | **191,204** |
| Consolidated profit attributable to shareholders of freenet AG | | | | | 198,167 |
| Consolidated profit attributable to non-controlling interests | | | | | – 6,963 |
| | | | | | |
| **Net cash investments** | **23,627** | **15,644** | **5,876** | | **45,147** |

[1] The overhead costs as the difference between gross profit and EBITDA include the items other operating income, other own work capitalised, personnel expenses, other operating expenses.

## 4 Revenue

A breakdown of the revenue of 2,557 million euros (previous year: 2,556 million euros) by segments is set out under note 3, Segment reporting.

Of the Mobile Communications segment's external revenue totalling 2,236 million euros in the 2022 financial year (previous year: 2,254 million euros), 1,666 million euros (previous year: 1,651 million euros) was attributable to revenue from services (of which 1,547 million euros (previous year: 1,542 million euros) is accounted for by postpaid, and 119 million euros (previous year: 109 million euros) by no-frills and prepaid), 483 million euros (previous year: 500 million euros) to revenue from hardware and 87 million euros (previous year: 103 million euros) to other revenue.

The following disclosures are made in accordance with IFRS 15.116 b and IFRS 15.116 c:

In 2022 financial year, revenue in the amount of 28,516 thousand euros (previous year: 32,881 thousand euros) was recognised which had previously been reported in net contract liabilities to customers from contracts with customers as of 1 January 2022. Revenue totalling 32 thousand euros (previous year: 17 thousand euros) from performance obligations settled or partly settled in prior periods was recognised in the 2022 financial year.

The total amount of the transaction price allocated to performance obligations not settled or only partly settled at the end of the reporting period (IFRS 15.120) amounts to 1,295.0 million euros (previous year: 1,241.9 million euros). The outstanding performance obligations relate to the following periods: 907.3 million euros to 2023, 360.7 million euros to 2024, 26.6 million euros to 2025 and 0.4 million euros to 2026. The Group did not apply the expedient in IFRS 15.121 to this disclosure.

## 5 Other operating income

Other operating income consists mainly of income from dunning charges and charges for reversing direct debits, income from the charging-on of expenses, market development funds (insofar as not linked to new customer activation) and income from subleases (operating leases).

For more information, please refer to the statements in note 2.5, Leases.

## 6 Other own work capitalised

The other own work capitalised mainly relates to the development of mobile communications software, due almost exclusively to strategic projects as well as the company's own assembly services in connection with the process of establishing radio infrastructure.

The capitalised costs comprise the directly attributable individual costs, which are largely consulting fees and personnel expenses, and the directly attributable overheads.

## 7 Cost of materials

The cost of materials breaks down as follows:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| Costs of purchased goods | 526,670 | 533,392 |
| Costs of purchased services | 1,143,345 | 1,169,506 |
| **Total** | **1,670,015** | **1,702,898** |

The cost of purchased goods largely consists of the cost prices for sold mobile communications devices, computers/IT products and bundles from prepaid operations.

The cost of purchased services mainly comprises mobile communications charges, commissions and premiums for sales partners.

The following disclosure is made in accordance with IFRS 15.127: In the 2022 financial year, contract acquisition costs of 276,191 thousand euros (previous year: 293,169 thousand euros) were amortised. Under IFRS 15, contract acquisition costs are amortised using the straight-line method over the term of the underlying contract, in the vast majority of cases over a period of 24 months. As in the previous year, contract acquisition costs amortised in 2022 relate almost exclusively to dealer commissions.

## 8 Personnel expenses

Personnel expenses are broken down as follows:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 193,520 | 185,132 |
| Social security and post-employment benefit costs | 36,108 | 34,284 |
| **Total** | **229,628** | **219,416** |

An average of 3,679 persons were employed in the Group in the 2022 financial year (previous year: 3,834). At the end of the financial year, the Group employed 3,660 persons (previous year: 3,786). Of this figure, 32 (previous year: 27) were senior executives and 266 (previous year: 292) were apprentices or students of the vocational academy as of 31 December 2022.

The Group's employee incentive programmes triggered personnel expenses of 12,572 thousand euros as per IFRS 2 (previous year: 4,469 thousand euros).

With regard to an explanation of the employee incentive programmes, please refer to our comments to notes 2.13 and 25, Employee incentive programmes.

Personnel expenses also comprise an expense of 1,007 thousand euros for defined benefit plans (previous year: 1,753 thousand euros), see also note 29.

Personnel expenses include a figure of 15,371 thousand euros as the employer's social insurance contribution as costs of defined contribution benefit plans (previous year: 14,249 thousand euros).

Social security contributions of 189 thousand euros (previous year: 3,389 thousand euros) were reimbursed in connection with the granting of reduced hours compensation (Kurzarbeitergeld).

## 9 Depreciation, amortisation and impairment

The following table sets out the composition of depreciation, amortisation and impairments:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| Amortisation of intangible assets | 244,307 | 52,722 |
| Depreciation of lease assets | 72,189 | 72,986 |
| Depreciation of property, plant and equipment | 31,698 | 28,754 |
| Impairment of property, plant and equipment | 1,106 | 10,402 |
| Impairment of intangible assets | 0 | 32,422 |
| **Total** | **349,300** | **197,286** |

For information on the depreciation of lease assets, we refer to our comments in note 2.5.

Impairment of property, plant and equipment relates mainly to land and buildings of Media Broadcast GmbH that are no longer in use. In the previous year, impairment of property, plant and equipment related mainly to land and buildings of Media Broadcast GmbH that are no longer in use and to part of the administrative building at the Büdelsdorf site, which cannot be used at present due to refurbishment and modernisation.

In the previous year, impairment of intangible assets related to a right-of-use asset for a fibre-optic network that was recognised in the course of purchase price allocation in 2015 and had previously been depreciated. In the previous year, it was written down by the total net carrying amount, as current market trends allow any necessary fibre-optic capacity to be leased externally at a lower operating cost.

## 10 Other operating expenses

Other operating expenses consist mainly of marketing costs (97,745 thousand euros in 2022 compared with 84,977 thousand euros in 2021), legal and consulting fees, administration expenses (e. g. rent and incidental costs of the shops and administration buildings), expenses for loss allowances and defaults on receivables, expenses for billing, outsourcing and postage.

In the 2022 financial year, other operating expenses included impairment losses on financial assets and contract assets of 21.1 million euros (previous year: 14.1 million euros). Of this amount, 24.5 million euros (previous year: 31.2 million euros) is attributable to impairment losses recognised under IFRS 9 for contracts capitalised during the current financial year, of which 24.5 million euros (previous year: 31.2 million euros) concern trade accounts receivable, other receivables and other assets, and other financial assets. Another –3.4 million euros (previous year: 17.1 million euros) is attributable to corrections of impairment losses recognised under IFRS 9 for contracts capitalised in previous years; these also fully concern trade accounts receivable, other receivables and other assets, and other financial assets.

## 11 Interest and similar income

Interest and similar income consists of the following items:

| In EUR ’000s | 2022 | 2021 |
|---|---|---|
| Interest income from present value adjustments | 4,796 | 818 |
| Interest from lease receivables | 1,249 | 1,426 |
| Interest from banks, debt collection and similar income | 372 | 25 |
| Interest from tax refunds | 26 | 1 |
| **Total** | **6,443** | **2,270** |

For information on interest from lease receivables, we refer to our comments in note 2.5.2, freenet as lessor.

The interest expense for 2022 relating to present value adjustments in the amount of 4,796 thousand euros (previous year: 818 thousand euros) is mainly attributable to interest on provisions.

## 12 Interest and similar expenses and other financial result

Interest and similar expenses are comprised as follows:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| Interest to banks and similar expenses | 10,990 | 13,770 |
| Interest from leases | 8,769 | 10,194 |
| Interest expense from the unwinding of discounts on liabilities | 2,006 | 1,206 |
| Interest expense from the unwinding of discounts on liabilities | 1,249 | 1,026 |
| Interest expense from pension obligations | 26 | 3,664 |
| Other | 641 | 873 |
| **Total** | **23,681** | **30,733** |

The interest expense from present value adjustments for 2022 in the amount of 2,006 thousand euros (previous year: 1,206 thousand euros) is mainly attributable to interest on current income tax liabilities and other financial liabilities.

This item includes interest relating to the effective interest method (IFRS 9 measurement category: amortised cost) in the interest to banks and similar expenses of 1,210 thousand euros (previous year: 897 thousand euros) and in the interest expense relating to the present value adjustments in the amount of 2,006 thousand euros (previous year: 1,206 thousand euros).

For information on interest from leases, we refer to our comments in note 2.5.

The other financial result amounts to 3.8 million euros (previous year: –1.5 million euros).

## 13 Income taxes

Income taxes comprise paid and outstanding income taxes, plus deferred taxes.

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| Current tax expense for the financial year | – 36,934 | – 30,886 |
| Tax income from previous years | – 2,079 | – 1,620 |
| Deferred tax expense (previous year: tax income) due to the write-down (previous year: write-up) of deferred tax assets | – 45,609 | – 438 |
| Deferred tax income (previous year: tax expense) relating to temporary differences | 52,490 | 6,403 |
| Deferred tax expense/income from tax rate changes | | |
| relating to temporary differences | 0 | 458 |
| relating to tax loss carryforwards | 0 | – 777 |
| **Total** | **– 32,132** | **– 26,860** |

For further details concerning deferred taxes, please refer to note 18, Deferred tax assets and deferred tax liabilities. Applying the average tax rate of the consolidated companies to consolidated profit before income taxes would result in anticipated tax expense of 34.5 million euros (previous year: 66.1 million euros). The difference between this amount and the current tax expense of 32.1 million euros (previous year: 26.9 million euros) from continuing operations is shown in the following reconciliation:

| In EUR '000s / as indicated | 2022 | 2021 |
|---|---|---|
| **Earnings before taxes** | **113,978** | **218,064** |
| Expected tax expense applying the tax rate of 30.30% (previous year: 30.30%) | – 34,535 | – 66,073 |
| Change in deferred tax assets on loss carryforwards and unrecognised deferred tax assets on loss carryforwards | 10,246 | 46,097 |
| Tax effect on non-deductible expenses due to trade tax additions | – 1,978 | – 1,982 |
| Tax effect of other non-deductible expenses | – 1,142 | – 2,760 |
| Tax effect of tax-free income | 0 | 606 |
| Tax effect from associates | – 596 | – 608 |
| Effects of tax rate changes | 0 | – 319 |
| Tax expense (previous year: tax income) from previous years | – 2,079 | – 1,620 |
| Other effects | – 2,688 | 0 |
| **Current tax expense** | 640 | – 201 |
| Current tax expense from continuing operations | **– 32,132** | **– 26,860** |

The significant decrease in the item “Change in deferred tax assets on loss carryforwards and unrecognised deferred tax assets on loss carryforwards” is due to a significant write-down of deferred tax assets on loss carryforwards in the 2022 financial year – which in turn is a consequence of the amortization of the mobilcom-debitel GmbH brand right (please refer to note 15 in these notes to the consolidated financial statements) and the resulting decrease in deferred tax assets on loss carryforwards recognised for this trademark.

For the Group companies, a corporation tax rate of 15.0 percent (previous year: 15.0 percent) was applied in 2022 financial year for calculating the current and deferred income taxes. A solidarity surcharge of 5.5 percent (previous year: 5.5 percent) in relation to the corporation tax as well as an average trade tax assessment rate of 413.71 percent (previous year: 413.86 percent) were also applied. The deferred taxes in 2022 financial year were calculated using an average tax rate of 30.30 percent (previous year: 30.30 percent).

## 14 Earnings per share

### 14.1 Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding during the financial year. In the future, basis earnings per share may decrease as a result of the possible utilisation of conditional capital. Please refer to our comments under note 24.8.

| | 2022 | 2021 |
|---|---|---|
| Consolidated profit attributable to shareholders of freenet AG In EUR '000s | 79,294 | 198,167 |
| Weighted average number of shares outstanding | 118,949,411 | 122,406,467 |
| **Earnings per share in EUR (basic)** | **0.67** | **1.62** |

### 14.2 Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding increased by potentially dilutive shares.

As of 31 December 2022, there are neither actual nor potential dilution effects.

| | 2022 | 2021 |
|---|---|---|
| Consolidated profit attributable to shareholders of freenet AG in EUR ’000s | 79,294 | 198,167 |
| Weighted average number of shares outstanding | 118,949,411 | 122,406,467 |
| Weighted average number of shares outstanding plus number of potentially dilutive shares | 118,949,411 | 122,406,467 |
| **Earnings per share in EUR (diluted)** | **0.67** | **1.62** |

## 15 Intangible assets, lease assets, property, plant and equipment and goodwill

Movements in intangible assets and property, plant and equipment are shown under note 37.

The most significant carrying amount in intangible assets relates to trademarks arising from the purchase price allocation on the occasion of the acquisition of the debitel Group in financial year 2008 (see note 9).

The following table sets out the carrying amounts of these intangible assets from purchase price allocations:

| In EUR ’000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Trademarks | 103,994 | 299,407 |
| Customer relationships | 72,504 | 77,792 |
| Software | 692 | 1,038 |
| Right-of-use assets | 160 | 187 |
| **Total** | **177,350** | **378,424** |

In addition to the intangible assets resulting from the various purchase price allocations, further intangible assets of 138.6 million euros are shown as of 31 December 2022 (31 December 2021: 80.5 million euros), including internally generated software of 61.9 million euros (31 December 2021: 54.2 million euros) and distribution rights of 70.8 million euros (31 December 2021: 19.1 million euros). Please also refer to our comments under note 9. The exclusive distribution right with Media-Saturn Deutschland GmbH resulted in a carrying amount of 70.5 million euros as of 31 December 2022 (previous year: 18.8 million euros). No impaired intangible assets existed as of 31 December 2022.

Lease assets amounted to 350.5 million euros as of 31 December 2022 (31 December 2021: 401.4 million euros). In this context, we refer to our comments in note 2.5.

The allocation of goodwill to CGUs is shown in the table below:

| In EUR ’000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Mobile Communications | 1,122,814 | 1,122,814 |
| TV | 226,621 | 226,621 |
| Online | 28,807 | 28,807 |
| Other | 4,152 | 4,152 |
| **Total** | **1,382,394** | **1,382,394** |

Since 2016, the TV CGU has been allocated to the TV and Media segment, and the Other CGU has been allocated to the Other/Holding segment.

Property, plant and equipment of 134.2 million euros (31 December 2021: 124.3 million euros) consists mainly of technical broadcasting infrastructure of 69.5 million euros (31 December 2021: 75.1 million euros).

## 16 Impairment testing of non-monetary assets in accordance with IAS 36

Goodwill of 1,122,814 thousand euros (previous year: 1,122,814 thousand euros) was allocated to the Mobile Communications CGU, which belongs to the Mobile Communications segment. As of 31 December 2022, goodwill of 226,621 thousand euros (previous year: 226,621 thousand euros) was allocated to the TV CGU which is identical to the TV segment, while goodwill of 28,807 thousand euros (previous year: 28,807 thousand euros) has been allocated to the Online CGU. The Online CGU is part of the Other/Holding segment.

The fair value less costs to sell has been used as the recoverable amount of the “Mobile Communications”, “TV” and “Online” CGUs. The fair values were determined on the basis of planning approved by management covering the period up to and including 2026. The detailed planning phases were extrapolated in the terminal value. These are equivalent to level 3 of the fair value hierarchy in accordance with IFRS 13.

The post-tax WACC used in measuring fair value is derived on the basis of market data and the specific risk structure of the CGUs. With regard to the capitalisation rates in the subsequent phase (from 2026), discounts have been assumed based on growth assumptions; these are also the growth rates that were used to extrapolate the cash flow forecasts.

Planning for the “Mobile Communications”, “TV” and “Online” CGUs is based on detailed assumptions derived from past experience and future expectations in relation to the main earnings and value drivers.

The following table shows the goodwill allocated to the CGUs, the discount rates (WACC), the growth assumptions and the basic assumptions for the corporate planning for 2022:

| CGU | Carrying amount of goodwill allocated to the CGU in EUR millions | Discount rate in % | Growth rate in % | Key earnings/value drivers | Basic assumptions for corporate planning |
|---|---|---|---|---|---|
| **Mobile Communications** | 1,122.8 | 5.49 | 0.50 | ▪ Gross profit can be broken down into two earnings flows: the contribution made to earnings by new customers, and customer retention. These are opposed by costs for purchased services (particularly mobile network operators)<br>▪ The costs of acquiring and retaining customers dominate the contribution to earnings made by new customers and customer loyalty. On the other side are costs for procuring hardware and for dealer commissions to be paid to sales partners as a result of the acquisition or loyalty programmes. | ▪ Stable customer acquisition and customer retention costs<br>▪ Moderate increase in customer base in the postpaid business<br>▪ Stable postpaid ARPU<br>▪ Slight increase in revenue and EBITDA<br>▪ Increasing revenue and earnings contribution of digital lifestyle products<br>▪ Slight increase in revenue and gross profit at freenet Internet |
| **TV** | 226.6 | 7.12 | 1.00 | ▪ Revenue and gross profits generated by the individual end products, differentiated in accordance with the respective sales markets. | ▪ Increasing revenue, gross profit and EBITDA contributions<br>▪ Increase in TV customer base |
| **Online** | 28.8 | 6.75 | 0.25 | ▪ Revenue and gross profits generated by the individual end products, differentiated in accordance with the respective sales markets. | ▪ Slightly increasing revenue and gross profit as well as EBITDA contributions |

The following table shows the basic assumptions for 2021.

| CGU | Carrying amount of goodwill allocated to the CGU in EUR millions | Discount rate in % | Growth rate in % | Key earnings/value drivers | Basic assumptions for corporate planning |
|---|---|---|---|---|---|
| **Mobile Communications** | 1,122.8 | 4.20 | 0.50 | ▪ Gross profit can be broken down into two earnings flows: the contribution made to earnings by new customers, and customer retention. These are opposed by costs for purchased services (particularly mobile network operators)<br>▪ The costs of acquiring and retaining customers dominate the contribution to earnings made by new customers and customer loyalty. On the other side are costs for procuring hardware and for dealer commissions to be paid to sales partners as a result of the acquisition or loyalty programmes. | ▪ Stable customer acquisition and customer retention costs<br>▪ Slight increase in customer base in the postpaid business<br>▪ Stable postpaid ARPU<br>▪ Stable development of revenue and EBITDA<br>▪ Increasing revenue and earnings contribution of digital lifestyle products |
| **TV** | 226.6 | 5.23 | 1.00 | ▪ Revenue and gross profits generated by the individual end products, differentiated in accordance with the respective sales markets. | ▪ Increasing revenue, gross profit and EBITDA contributions |
| **Online** | 28.8 | 5.38 | 0.25 | ▪ Revenue and gross profits generated by the individual end products, differentiated in accordance with the respective sales markets. | ▪ Slightly increasing revenue and gross profit<br>▪ Steady EBITDA contributions |

The impairment test carried out in 2022 in relation to the “Mobile Communications”, “TV” and “Online” CGUs confirmed that no impairment has to be recognised in relation to the goodwill of the “Mobile Communications” CGU.

The consolidated financial statements as of 31 December 2022 include other goodwill for various CGUs in the amount of 4,152 thousand euros (previous year: 4,152 thousand euros), all of which is allocated to the Other/ Holding segment. No impairment of non-monetary assets was recognised in the Group in 2022 financial year (previous year: 33.0 million euros).

## 17 Equity-accounted investments

| In EUR ’000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Deferred income tax assets | 133 | 100 |
| **Total** | **133** | **100** |

The consolidated financial statements for the period ending 31 December 2022 include Bayern Digital Radio GmbH, Munich, with a carrying amount of 0.1 million euros (31 December 2021: 0.1 million euros). Profit for the period of this company amounts to 0.1 million euros (previous year: 0.1 million euros).

## 18 Deferred tax assets and deferred tax liabilities

The deferred tax assets and deferred tax liabilities, taking account of the temporary differences in accordance with the liability method, were taxed at an overall rate of 30.30 percent (previous year: 30.30 percent).

The following amounts are shown in the consolidated balance sheet:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Deferred income tax assets | 132,185 | 134,229 |
| **Total** | **132,185** | **134,229** |

The overhang of deferred tax assets for the corporation tax and trade tax group of freenet AG which are recognised (116.1 million euros; previous year: 123.5 million euros) is classified as current (51.3 million euros; previous year: 47.5 million euros) and non-current (64.8 million euros; previous year: 76.0 million euros) as a result of the anticipated use of tax loss carryforwards. For companies outside freenet AG's consolidated tax group for corporation and trade tax purposes, an excess of deferred tax assets was recognised in the amount of 16.0 million euros (previous year: 10.7 million euros), of which 2.1 million euros (previous year: 1.6 million euros) are classified as current.

Changes in the deferred income tax assets and deferred income tax liabilities in the 2022 financial year are shown in the following table:

| In EUR '000s | 1.1.2022 | Set off in other comprehen-sive income | Expenses and income from income taxes | 31.12.2022 |
|---|---|---|---|---|
| Property, plant and equipment | 392 | 0 | 107 | 499 |
| Intangible assets | – 179,259 | 0 | 48,894 | – 130,365 |
| Lease assets | – 123,774 | 0 | 15,803 | – 107,971 |
| Other financial assets | – 27,246 | 1,127 | 2,876 | – 23,243 |
| Contract acquisition costs | – 76,069 | 0 | – 7,196 | – 83,265 |
| Loss carryforwards | 291,663 | 0 | – 45,609 | 246,054 |
| Lease liabilities | 145,397 | 0 | – 18,835 | 126,562 |
| Pension provisions | 11,382 | – 10,051 | – 665 | 666 |
| Other provisions | 4,202 | 0 | – 1,794 | 2,408 |
| Other financial liabilities | 15,518 | 0 | 3,544 | 19,062 |
| Trade accounts payable, other liabilities | 129,828 | 0 | 13,828 | 143,656 |
| Borrowings | 682 | 0 | 51 | 733 |
| Trade accounts receivable, other assets | – 58,487 | 0 | – 4,124 | – 62,611 |
| **Total** | **134,229** | **– 8,924** | **6,880** | **132,185** |

Income tax expenses and income amounting to a net income of 6,880 thousand euros (previous year: 5,645 thousand euros) are shown in the consolidated income statement as deferred income taxes within "Income taxes". As in the previous year, they are attributable solely to continuing operations.

The deferred tax assets and deferred tax liabilities developed as follows in financial year 2021:

| In EUR '000s | 1.1.2021 | Set off in other comprehen-sive income | Expenses and income from income taxes | 31.12.2021 |
|---|---|---|---|---|
| Property, plant and equipment | 2,369 | 0 | – 1,977 | 392 |
| Intangible assets | – 180,195 | 0 | 936 | – 179,259 |
| Lease assets | – 136,591 | 0 | 12,817 | – 123,774 |
| Other financial assets | – 33,725 | 785 | 5,694 | – 27,246 |
| Contract acquisition costs | – 87,940 | 0 | 11,871 | – 76,069 |
| Loss carryforwards | 292,878 | 0 | – 1,215 | 291,663 |
| Lease liabilities | 162,707 | 0 | – 17,310 | 145,397 |
| Pension provisions | 13,829 | – 1,641 | – 806 | 11,382 |
| Other provisions | 4,009 | 0 | 193 | 4,202 |
| Other financial liabilities | 23,990 | 0 | – 8,472 | 15,518 |
| Trade accounts payable, other liabilities | 133,628 | 0 | – 3,800 | 129,828 |
| Borrowings | 746 | 0 | – 64 | 682 |
| Trade accounts receivable, other assets | – 66,265 | 0 | 7,778 | – 58,487 |
| **Total** | **129,440** | **– 856** | **5,645** | **134,229** |

The summarised net change in deferred taxes is shown below:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| **As of 1.1.** | **134,229** | **129,440** |
| Set off in other comprehensive income | – 8,924 | – 856 |
| Tax income | 6,880 | 5,645 |
| **As of 31.12.** | **132,185** | **134,229** |

The existing tax loss carryforwards that can be carried forward without any restrictions exceed the sum of the forecast cumulative profits for the next four financial years. Accordingly, a deferred tax asset was only recognised in the consolidated balance sheet to the extent that it is regarded as probable that this asset will indeed be realised. The expected profits are based on the company's forecast for earnings before taxes applicable as at the balance sheet date. As of 31 December 2022, deferred tax assets amounting to 246,054 thousand euros had been recognised in relation to loss carryforwards (previous year: 291,663 thousand euros). Of this figure, 149,177 thousand euros (previous year: 171,329 thousand euros) is attributable to corporation tax loss carryforwards and 96,877 thousand euros (previous year: 120,334 thousand euros) is attributable to trade tax loss carryforwards. Of the figure shown for other loss carryforwards, for which no deferred tax assets had been recognised in the consolidated balance sheet, 387 million euros relate to corporation tax (previous year: 430 million euros) and 9 million euros (previous year 31 million euros) to trade tax. As was the case on the previous year's balance sheet date, there were no unrecognised interest carryforwards as per section 4h (1) sentence 2 of the German Income Tax Act (Einkommensteuergesetz–EStG).

As of 31 December 2022, there are temporary outside basis differences (net equity in accordance with IFRSs is higher than the corresponding carrying amounts of investments shown for tax purposes) of approximately 31.5 million euros (previous year: approximately 54.9 million euros). No deferred taxes have been recognised in connection with these differences because they are not expected to reverse in the fiscal planning period.

## 19 Contract acquisition costs

Capitalised contract acquisition costs amounted to 274,802 thousand euros as of 31 December 2022 (31 December 2021: 251,053 thousand euros). They relate predominantly to dealer commissions in the Mobile Communications segment and, to a lesser extent, to employee commissions.

In 2022 financial year, costs recognised as assets amounted to 299,940 thousand euros (previous year: 254,887 thousand euros) and amortisation to 276,191 thousand euros (previous year: 293,169 thousand euros). As was the case in the previous year, no impairment losses on contract acquisition costs were recognised in the financial year.

In postpaid business, the amortisation period is almost exclusively 24 months. In prepaid business, assets are amortised over the imputed initial term, which is between 15 and 17 months. Across the entire Group and all business segments, 91 percent of the amortisation amount in 2022 (2021: 92 percent) was attributable to contract acquisition costs with an amortisation period of 24 months.

## 20 Inventories

The inventories are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Mobile phones/Accessories | 52,128 | 54,591 |
| Computers/IT products | 25,433 | 21,210 |
| SIM cards | 6,643 | 8,960 |
| Bundles and vouchers | 16 | 17 |
| Other | 6,897 | 7,890 |
| **Total** | **91,117** | **92,668** |

Impairment of 6,116 thousand euros (previous year: 3,912 thousand euros) has been recognised in relation to the year-end inventories.

## 21 Receivables, other assets and other financial assets

Receivables, other assets and other financial assets are comprised as follows:

| | 31.12.2022 | | |
|---|---|---|---|
| In EUR '000s | Total | Non-current | Current |
| Trade accounts receivable | 342,021 | 45,672 | 296,349 |
| Other non-derivative financial assets | 20,172 | 5,023 | 15,149 |
| | **362,193** | **50,695** | **311,498** |
| Lease receivables | 44,708 | 31,256 | 13,452 |
| Other financial assets | 34,037 | 11,457 | 22,580 |
| Other equity instruments | 70,378 | 70,378 | |
| **Financial assets** | **511,316** | **163,786** | **347,530** |
| Other assets | 250,446 | 98,852 | 151,594 |
| Prepayments made | 7,281 | 271 | 7,010 |
| **Non-financial assets** | **257,727** | **99,123** | **158,604** |
| **Total receivables, other assets and other financial assets** | **769,043** | **262,909** | **506,134** |

| | | 31.12.2021 | |
|---|---|---|---|
| In EUR ’000s | Total | Non-current | Current |
| Trade accounts receivable | 302,486 | 56,895 | 245,591 |
| Other non-derivative financial assets | 18,919 | 5,989 | 12,930 |
| | **321,405** | **62,884** | **258,521** |
| Lease receivables | 55,394 | 41,596 | 13,798 |
| Other financial assets | 30,909 | 9,701 | 21,208 |
| Other equity instruments | 144,490 | 144,490 | 0 |
| **Financial assets** | **552,198** | **258,671** | **293,527** |
| Other assets | 259,721 | 94,723 | 164,998 |
| Prepayments made | 8,799 | 371 | 8,428 |
| **Non-financial assets** | **268,520** | **95,094** | **173,426** |
| **Total receivables, other assets and other financial assets** | **820,718** | **353,765** | **466,953** |

The other equity instruments are comprised as follows:

| In EUR ’000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Equity investment in CECONOMY | 60,601 | 123,681 |
| Equity investments in MGI | 7,549 | 18,819 |
| Other equity investments | 1,696 | 1,455 |
| Other | 532 | 535 |
| **Total** | **70,378** | **144,490** |

The freenet Group acquired 9.1 percent of the ordinary shares (32,633,555) of CECONOMY with effect from 12 July 2018 for a price of 277.4 million euros. As of 31 December 2022, the equity investment in CECONOMY is reported under other financial assets at a carrying amount of 60.6 million euros. Subsequent accounting is at fair value through other comprehensive income. The Group reports the fair value as the reporting date market price of 1.86 euros (Xetra trading).

Under an agreement dated 28 August 2020 and through its performance on 30 September 2020, the Group sold all shares in freenet digital GmbH and as consideration received 4,376,492 shares of the acquirer, Media and Games Invest SE., Malta (hereinafter also referred to as “MGI”), worth 5.7 million euros (as measured at 30 September 2020). As of 31 December 2022, the equity investment in MGI is reported under other financial assets at a carrying amount of 7.5 million euros. Subsequent accounting is at fair value through other comprehensive income. The Group reports the fair value as the reporting date market price of 1.73 euros (Xetra trading).

Trade accounts receivable are due from third parties and consist mainly of receivables arising from charges, equipment sales, and landline and Internet services.

The sum total of trade accounts receivable and other non-derivative financial assets, less loss allowances, amounted to 362,193 thousand euros as of 31 December 2022 (previous year: 321,405 thousand euros). For more information, please refer to the statements in note 33. In the freenet Group, trade accounts receivable are the most significant item in this category. These mainly comprise receivables from end customers, corporate customers, dealers and sales partners. Other assets and prepayments made of 257,727 thousand euros (previous year: 268,520 thousand euros) consist of non-financial assets as of 31 December 2022.

Invoices in the Mobile Communications segment are issued by the Group itself. In the Other/Holding segment some invoices are issued by the Group itself; for narrowband services, the collection services of Deutsche Telekom AG, Bonn (DTAG) are utilised.

When invoices are issued to end customers by the Group itself, they are mostly due immediately upon receipt. The invoicing carried out by DTAG has a payment term of 30 days.

The maximum default risk of the trade accounts receivable as at the balance sheet date amounts to 329.7 million euros (previous year: 295.6 million euros) due to existing commercial credit insurances. The maximum default risk in connection with financial assets and other equity instruments corresponds to their carrying amounts.

The loss allowances recognised as at the reporting date of 31 December 2022 were attributable to the categories of receivables and assets presented below. On this basis, the loss allowances for trade accounts receivable, other financial assets and other receivables and other assets as of 31 December 2022 were determined as follows:

### 31 December 2022
**Loss allowances recognised on receivables, other assets and other financial assets pursuant to IFRS 9**

| In EUR '000s | Balance sheet item | Carrying amount before loss allowance | Loss allowance | Carrying amount after loss allowance | Expected loss rate (mathematical) in % |
|---|---|---|---|---|---|
| Receivables from end customers – not past due | Trade accounts receivable | 164,842 | – 4,158 | 160,684 | 2.5 |
| Receivables from end customers – past due for <90 days | Trade accounts receivable | 20,703 | – 7,583 | 13,120 | 36.6 |
| Receivables from end customers – past due for 90 to 180 days | Trade accounts receivable | 10,505 | – 7,675 | 2,830 | 73.1 |
| Receivables from end customers – past due for >180 days | Trade accounts receivable | 79,391 | – 68,869 | 10,522 | 86.7 |
| Receivables from business partners | Trade accounts receivable | 159,972 | – 5,107 | 154,865 | 3.2 |
| Other non-derivative financial assets (Stage 1) | Other financial assets | 67,542 | – 435 | 67,107 | 0.6 |
| **Other financial assets** | | | | | |
| thereof lease receivables[1] | Other financial assets | 44,708 | | 44,708 | |
| thereof consideration payable under IFRS 15 (Mobile Communications/mobile phone upgrade option) (Stage 1) | Other financial assets | 34,746 | – 708 | 34,038 | 1.8 |
| **Other assets** | | | | | |
| thereof contract assets from contracts with customers (Mobile Communications) | Other receivables and other assets | 111,727 | – 2,944 | 108,783 | 2.6 |
| thereof consideration payable under IFRS 15 (Mobile Communications/tariff) | Other receivables and other assets | 100,227 | – 2,334 | 97,893 | 2.3 |
| thereof financial assets from contracts with customers (TV) | Other receivables and other assets | 36,261 | – 4,500 | 31,761 | 12.4 |

[1] The impairment loss identified for the lease receivables was insignificant in 2022 financial year and was not recognised.

## 31 December 2021

### Loss allowances recognised on receivables, other assets and other financial assets pursuant to IFRS 9

| In EUR '000s | Balance sheet item | Carrying amount before loss allowance | Loss allowance | Carrying amount after loss allowance | Expected loss rate (mathematical) in % |
|---|---|---|---|---|---|
| Receivables from end customers – not past due | Trade accounts receivable | 164,633 | – 4,770 | 159,863 | 2.9 |
| Receivables from end customers – past due for <90 days | Trade accounts receivable | 18,422 | – 6,213 | 12,209 | 33.7 |
| Receivables from end customers – past due for 90 to 180 days | Trade accounts receivable | 9,238 | – 5,847 | 3,391 | 63.3 |
| Receivables from end customers – past due for >180 days | Trade accounts receivable | 95,815 | – 90,833 | 4,982 | 94.8 |
| Receivables from business partners | Trade accounts receivable | 124,747 | – 2,707 | 122,040 | 2.2 |
| Other non-derivative financial assets (Stage 1) | Other financial assets | 76,750 | – 447 | 76,303 | 0.6 |
| **Other financial assets** | | | | | |
| thereof lease receivables [1] | Other financial assets | 55,394 | | 55,394 | |
| thereof consideration payable under IFRS 15 (Mobile Communications/mobile phone upgrade option) (Stage 1) | Other financial assets | 31,478 | – 569 | 30,909 | 1.8 |
| **Other assets** | | | | | |
| thereof contract assets from contracts with customers (Mobile Communications) | Other receivables and other assets | 138,061 | – 4,749 | 133,312 | 3.4 |
| thereof consideration payable under IFRS 15 (Mobile Communications/tariff) | Other receivables and other assets | 96,604 | – 3,638 | 92,966 | 3.8 |
| thereof financial assets from contracts with customers (TV) | Other receivables and other assets | 36,953 | – 4,500 | 32,453 | 12.2 |

[1] The impairment loss identified for the lease receivables was insignificant in 2022 financial year and was not recognised.

We provide the following information on the development loss allowances in the 2022 financial year:

| In EUR '000s | Trade accounts receivable (simplified model) | Other financial assets (Stage 1) | Other receivables and other assets (contract assets) | Total |
|---|---|---|---|---|
| **Loss allowance as of 31.12.2021 – calculated under IFRS 9 (thereof specific loss allowances 3,018, see following table)** | **110,370** | **1,014** | **12,887** | **124,271** |
| Net change in loss allowances in 2022 | – 16,978 | 129 | – 3,109 | – 19,958 |
| **Loss allowance as of 31.12.2022 – calculated under IFRS 9 (thereof specific loss allowances 6,692, see following table)** | **93,392** | **1,143** | **9,778** | **104,313** |

We provide the following information on the development loss allowances in the 2021 financial year:

| In EUR '000s | Trade accounts receivable (simplified model) | Other financial assets (Stage 1) | Other receivables and other assets (contract assets) | Total |
|---|---|---|---|---|
| **Loss allowance as of 31.12.2020 – calculated under IFRS 9 (thereof specific loss allowances 3,474, see following table)** | **134,076** | **1,134** | **11,061** | **146,271** |
| Net change in loss allowances in 2021 | – 23,706 | – 120 | 1,826 | – 22,000 |
| **Loss allowance as of 31.12.2021 –calculated under IFRS 9 (thereof specific loss allowances3,018, see following table)** | **110,370** | **1,014** | **12,887** | **124,271** |

The breakdown of non-current other financial assets is as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Interest in CECONOMY AG | 60,601 | 123,681 |
| Lease receivables | 31,256 | 41,596 |
| Consideration payable under IFRS 15 (Mobile Communications/mobile phone upgrade option) | 11,458 | 9,701 |
| Interest in MGI | 7,549 | 18,819 |
| Other | 7,250 | 7,979 |
| **Total** | **118,114** | **201,776** |

For more information on lease receivables, we refer to our comments in note 2.5.

Current other financial assets are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Consideration payable under IFRS 15 (Mobile Communications/mobile phone upgrade option) | 22,580 | 21,208 |
| Lease receivables | 13,452 | 13,798 |
| Other | 15,149 | 12,930 |
| **Total** | **51,181** | **47,936** |

For more information on lease receivables, we refer to our comments in note 2.5.

The breakdown of non-current other receivables and other assets is as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Contract assets from contracts with customers (Mobile Communications) | 36,647 | 45,031 |
| Other assets from contracts with customers (TV) | 29,471 | 25,332 |
| Consideration payable under IFRS 15 (Mobile Communications/tariff) | 26,799 | 23,372 |
| Other | 6,206 | 1,359 |
| **Total** | **99,123** | **95,094** |

Current other receivables and other assets are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Contract assets from contracts with customers (Mobile Communications) | 72,136 | 88,281 |
| Consideration payable under IFRS 15 (Mobile Communications/tariff) | 71,094 | 69,594 |
| Other assets from contracts with customers (TV) | 8,290 | 7,121 |
| Other | 7,084 | 8,430 |
| **Total** | **158,604** | **173,426** |

Non-current trade accounts receivable are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Receivables from end customers from mobile phone upgrade option (Mobile Communications) | 45,148 | 56,120 |
| Other | 524 | 775 |
| **Total** | **45,672** | **56,895** |

Current trade accounts receivable are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Receivables from network operators, dealers, distributors, hardware manufacturers (Mobile Communications) | 131,057 | 105,521 |
| Receivables from end customers from mobile phone upgrade option (Mobile Communications) | 75,166 | 51,139 |
| Receivables from end customers (Mobile Communications), without mobile phone upgrade option | 66,843 | 71,367 |
| Receivables from end customers (TV and Media, and Other/Holding) | 2,143 | 1,819 |
| Other | 21,140 | 15,745 |
| **Total** | **296,349** | **245,591** |

## 22 Liquid assets

Liquid assets are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Cash at bank, cheques and cash in hand | 178,022 | 286,287 |
| **Total** | **178,022** | **286,287** |

## 23 Current income tax assets

Current income tax assets mainly concern anticipated additional corporation tax and trade tax refunds for previous years.

# 24 Equity

In regard to the following notes we also refer to the statement of changes in equity.

## 24.1 Share capital

The 2020 Annual General Meeting authorised the Executive Board of freenet AG to repurchase shares totalling up to 10 percent of the company's share capital with the approval of the Supervisory Board. Overall, the company has repurchased 7.15 percent of share capital (9,160,418 shares) under three share buyback programmes (2020, 2021 and 2022 share buyback programmes). With the entry in the commercial register on 15 July 2022, the registered share capital of 128,061 thousand euros was reduced to 118,901 thousand euros by redeeming 9,160,418 no-par value ordinary bearer shares, each with a theoretical nominal value of 1.00 euros per share. The entire share capital is fully paid up. All shares have the same rights.

The Executive Board was authorised by the Annual General Meeting on 5 May 2022 to purchase and use own shares amounting to a total of 10 percent of the share capital existing at the time of the resolution with the approval of the Supervisory Board or – if this amount is lower – the share capital existing at the time this authorisation is exercised accordingly, for any legally permissible purpose in accordance with section 71 (1) no. 8 of the AktG. The authorisation is valid until 4 May 2027.

In addition to the authorisation pursuant to section 71 (1) no. 8 AktG, the Executive Board may additionally use equity derivatives to acquire own shares. This does not result in an increase in the maximum volume of shares which is permitted to be purchased; it only provides another alternative to acquire own shares.

## 24.2 Capital reserve

The capital reserve of freenet AG amounted to 567,465 thousand euros as of 31 December 2022 (31 December 2021: 737,536 thousand euros). The decline in the capital reserve resulted from the reduction in capital caused by the redemption of the company's own shares, which was entered in the commercial register on 15 July 2022. As was the case in the previous year, major components of the capital reserve reported as of 31 December 2022 originate from the capital increase in 2008 due to the acquisition of the debitel Group (349.8 million euros) as well as the merger between mobilcom AG and freenet.de AG to form freenet AG which became effective in 2007 and the related acquisition of the minority interest in the former freenet.de AG (134.7 million euros).

## 24.3 Cumulative other comprehensive income

The cumulative other comprehensive income essentially consists of actuarial gains and losses relating to the recognition of pension schemes in accordance with IAS 19 as well as currency translation differences relating to the subsequent accounting for equity-accounted investments. For information on income taxes netted in other comprehensive income, we refer to note 18.

## 24.4 Consolidated net retained profits

The consolidated net retained profits mainly comprise the cumulative consolidated profit attributable to the freenet AG shareholders and the acquisition of further minority interests in EXARING AG in financial years 2021 and 2022.

## 24.5 Non-controlling interests

Of the non-controlling interests in equity an amount of –5.5 million euros (31 December 2021: –4.2 million euros) was attributable to the 25.38 percent (31 December 2021: 28.05 percent) interest held by non-controlling shareholders in EXARING. In 2022 financial year, an additional 2.67 percent of the shares were acquired at a purchase price of 3.9 million euros. We provide the following information regarding the assets and liabilities of EXARING as of 31 December 2022, before the consolidation of liabilities, income and expenses and also inclusive of the effects of the subsequent accounting for the purchase price allocation:

| **EXARING AG**<br>In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Non-current assets | 45,864 | 36,008 |
| Current assets | 17,254 | 10,039 |
| **Total assets** | **63,118** | **46,047** |
| Non-current liabilities | 6,812 | 7,948 |
| Current liabilities | 22,028 | 15,052 |
| **Total liabilities** | **28,840** | **23,000** |
| **Net assets** | **34,277** | **23,047** |
| thereof: non-controlling interests in equity | –5,506 | –4,185 |

The net profit/loss of EXARING AG amounted to 11,229 thousand euros in 2022 financial year (previous year: 8,725 thousand euros).

## 24.6 Authorised capital

New authorised capital was created at the Annual General Meeting held on 17 May 2018 (Authorised Capital 2018). Accordingly, the Executive Board, with the approval of the Supervisory Board, is authorised to increase the share capital once or several times, by issuing new shares against contributions in cash or kind up to an overall maximum sum of 12.8 million euros until 3 June 2023. The full wording of the Executive Board's authorisation was published in the Federal Gazette under agenda item 6 of the invitation to the 2018 Annual General Meeting.

New authorised capital was created at the Annual General Meeting held on 27 May 2020 (Authorised Capital 2020). Accordingly, the Executive Board, with the approval of the Supervisory Board, is authorised to increase the share capital once or several times, by issuing new shares against contributions in cash or kind up to an overall maximum sum of 12.8 million euros until 10 June 2025. The full wording of the Executive Board's authorisation was published in the Federal Gazette under agenda item 7 of the invitation to the 2020 Annual General Meeting. In 2022 financial year, the Executive Board made no use of this authorisation.

## 24.7 Conditional capital

In accordance with the resolution by the Annual General Meeting held on 27 May 2020, the company's share capital is subject to a conditional capital increase of up to 12.8 million euros by issuing up to 12,800,000 new no-par value registered shares, with each individual no-par-value share accounting for 1.00 euro of the share capital (Conditional Capital 2020). The purpose of the conditional capital increase is to enable registered no-par value shares to be granted to the holders or creditors of convertible and/or bonds with warrants which are issued on the basis of the authorisation as adopted by the Annual General Meeting of 27 May 2020 under agenda item 8.1) and which provides a conversion or option right or the right to delivery of shares in relation to the registered no-par-value shares of the company or which establishes a conversion or option obligation in relation to these shares.

The issue amount for the new no-par value registered shares is subject to regulations set out in section 4 (7) of the articles of association. The conditional capital increase is to be carried out only to the extent to which conversion or option rights or a right to delivery of shares are utilised or to which holders or creditors with a conversion or option obligation meet their conversion or option obligation and if treasury shares are not used for settlement or if the company does not provide a cash settlement. The new registered no-par-value shares participate in the profits from the beginning of the financial year in which they are created. The Executive Board is authorised to determine the further details for carrying out the conditional capital increase. In 2022 financial year, the Executive Board made no use of this authorisation.

# 25 Employee incentive programmes

## 25.1 Programme 1

Programme 1, which had been granted to members of the Executive Board in 2011, was terminated in 2015 when paid out to the beneficiaries.

## 25.2 Programme 2

Programme 2, which had been granted to members of the Executive Board in 2014, was terminated in the previous year (2021) when paid out to the beneficiaries. In the previous year (2021), this programme resulted in personnel expenses of 580 thousand euros, due to the use of the provision of 1,656 thousand euros recognised as of 31 December 2020 in combination with payouts of 2,236 thousand euros.

## 25.3 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 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).

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. EBT is defined as consolidated profit/loss before taxes, adjusted for non-recurring items and effects of inorganic growth. Except for Mr Esch, the applicable reference value for achieving the EBT target for all Executive Board members who are beneficiaries of Programme 3 is Group EBT for 2022 financial year; for Mr Esch it is Group EBT for financial year 2023. 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 of 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 regular end of the 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.

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 account is adjusted accordingly.

The obligation arising from the LTIP programme was determined at fair value with the help of a recognised measurement model pursuant to IFRS 2. The main parameters in this measurement model are the share price of freenet AG as of the balance sheet date, the volatility of share prices in line with the remaining life of the LTIP programme, the estimate of target achievement for the respective financial year as well as the estimate of the discount rate. The graded vesting method is used; according to this method, the personnel expenses for all Executive Board members are incurred from the date on which the programme is granted.

As of 31 December 2022, a total of 355,539 virtual shares were entered in the beneficiaries' virtual accounts under Programme 3. Due to the aforementioned exercise conditions (EBT target), these virtual shares are all non-vesting. As of the preparation of these financial statements, 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. Nonetheless, it is assumed that this target was achieved in full, thus doubling the number of shares for these Executive Board members. This has already been factored into the calculation of the provision. This doubling of the number of shares is the main reason for the significant increase in the provision compared to 31 December 2021.

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

**PROGRAMME 3**

| | Number of virtual shares 1.1.2022 | Additions | Disposal by payout | Number of virtual shares 31.12.2022 | Provision 31.12.2022 in EUR '000s |
|---|---|---|---|---|---|
| Christoph Vilanek | 100,161 | 46,763 | 0 | 146,924 | 7,394 |
| Ingo Arnold | 38,523 | 17,986 | 0 | 56,509 | 2,567 |
| Stephan Esch | 21,416 | 17,986 | 0 | 39,402 | 2,173 |
| Rickmann v. Platen | 48,858 | 7,494 | 0 | 56,352 | 2,099 |
| Antonius Fromme | 48,858 | 7,494 | 0 | 56,352 | 2,099 |
| **Total** | **257,816** | **97,723** | **0** | **355,539** | **16,332** |

**PROGRAMME 3**

| | Number of virtual share 1.1.2021 | Additions | Disposal by payout | Number of virtual shares 31.12.2021 | Provision 31.12.2021 in EUR '000s |
|---|---|---|---|---|---|
| Christoph Vilanek | 44,479 | 55,682 | 0 | 100,161 | 3,572 |
| Ingo Arnold | 17,107 | 21,416 | 0 | 38,523 | 1,189 |
| Stephan Esch | 0 | 21,416 | 0 | 21,416 | 1,013 |
| Rickmann v. Platen | 27,442 | 21,416 | 0 | 48,858 | 1,017 |
| Antonius Fromme | 27,442 | 21,416 | 0 | 48,858 | 1,017 |
| **Total** | **116,470** | **141,346** | **0** | **257,816** | **7,808** |

Of the personnel expenses recognised in 2022 December in the amount of 8,524 thousand euros (previous year: 3,079 thousand euros), 3,822 thousand euros (previous year: 1,484 thousand euros) is attributable to Mr Vilanek, 1,378 thousand euros (previous year: 441 thousand euros) to Mr Arnold, 1,160 thousand euros (previous year: 466 thousand euros) to Esch, 1,082 thousand euros (previous year: 344 thousand euros) to Mr v. Platen and 1,082 thousand euros (previous year: 344 thousand euros) to Mr Fromme.

The shares added in 2022 are for financial year 2021 and in 2021 are for financial year 2020. As explained above, at the time this report was prepared, virtual shares had not yet been added to the LTIP virtual account for 2022 financial year. For 2022 financial year, 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).

## 25.4 Programme 4

In Programme 4, a target agreement was originally signed with Messrs v. Platen and Fromme (also in addition to the annual target agreement) for a five-year term corresponding to the term of the new service agreements. This agreement defines the target achievement for the annual variable remuneration of financial years 2021 (pro-rated from the Executive Board appointment, i.e. 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 new remuneration system approved by the annual general meeting in 2022 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 short-term variable 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 that period (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 programme, 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 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.

The obligation arising from the LTIP programme was determined at fair value with the help of a recognised measurement model pursuant to IFRS 2. The main parameters in this measurement model are the share price of freenet AG as of the balance sheet date, the volatility of share prices in line with the remaining life of the LTIP programme, the estimate of target achievement for the respective financial year as well as the estimate of the discount rate. The graded vesting method is used; according to this method, the personnel expenses for all Executive Board members are incurred from the date on which the programme is granted.

The provision recognised relating to Mr v. Platen and Mr Fromme as of 31 December 2022 amounts to 492 thousand euros each (previous year: 405 thousand euros each). The personnel expenses recognised under this programme in 2022 for Mr v. Platen and Mr Fromme amount to 87 thousand euros each (previous year: 405 thousand euros).

## 25.5 Programme 5

In 2022 financial year, 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 instruments 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 of 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.

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. 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.

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% to 200% (see below). Finally, to determine the overall target achievement of relative TSR, the target achievement percentages against both benchmark indices are weighted at 50% each and added together.

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).

The obligation arising from the LTIP programme was determined at fair value with the help of a recognised measurement model (Monte Carlo simulation) pursuant to IFRS 2. The main inputs to this model are the freenet AG share price at the reporting date, the applicable average prices over the relevant periods of the current and past year for determining the "relative TSR" target, the estimate of the future performance of the share prices relevant to the "relative TSR" target, the volatility of the share prices in line with the remaining term of the LTIP programme, the estimate of the level of achievement of the EBT target and the sustainability targets for the LTIP tranches issued, and the estimate of the discount rate.

As of 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. In 2022 financial year, Programme 5 resulted in personnel expenses of 1,376 thousand euros, of which 482 thousand euros relate to Mr Arnold, 447 thousand euros to Mr v. Platen, and 447 thousand euros to Mr Fromme.

### 25.6 Other employee incentive programmes

The Group had a further employee incentive programme in the financial year ended, which was recognised as a provision in the amount of 4,613 thousand euros as of 31 December 2022 (previous year: 2,117 thousand euros). Under the terms of the programme, the employees were granted virtual shares which are earned in several tranches up to 2023. In 2023, these virtual shares in the company will be paid out with a value per share already determined.

## 26 Trade accounts payable, other liabilities and deferrals and other financial liabilities

Trade accounts payable, other liabilities and deferrals and other financial liabilities are comprised as follows:

| | 31.12.2022 | | |
|---|---|---|---|
| In EUR '000s | Total | Non-current | Current |
| Trade accounts payable | 331,184 | 0 | 331,184 |
| Other non-derivative financial liabilities | 132,822 | 86,658 | 46,164 |
| **Financial liabilities** | **464,006** | **86,658** | **377,348** |
| Other liabilities and deferrals | 66,648 | 7,224 | 59,424 |
| Prepayments received | 510,995 | 112,584 | 398,411 |
| **Non-financial liabilities** | **577,643** | **119,808** | **457,835** |
| **Total trade accounts payable, other liabilities and deferrals, and other financial liabilities** | **1,041,649** | **206,466** | **835,183** |

| | 31.12.2021 | | |
|---|---|---|---|
| In EUR '000s | Total | Non-current | Current |
| Trade accounts payable | 338,785 | 0 | 338,785 |
| Other non-derivative financial liabilities | 87,877 | 23,832 | 64,045 |
| **Financial liabilities** | **426,662** | **23,832** | **402,830** |
| Other liabilities and deferrals | 58,500 | 6,919 | 51,581 |
| Prepayments received | 470,006 | 103,253 | 366,753 |
| **Non-financial liabilities** | **528,506** | **110,172** | **418,334** |
| **Total trade accounts payable, other liabilities and deferrals, and other financial liabilities** | **955,168** | **134,004** | **821,164** |

As of 31 December 2022, there are no liabilities vis-à-vis related parties; please refer to note 34.

Of the figure shown for liabilities, 835,183 thousand euros (previous year: 821,164 thousand euros) are due within the next twelve months. Liabilities amounting to 206,466 thousand euros (previous year: 134,004 thousand euros) have a maturity of between one year and five years. As in the previous year, no liabilities are due after more than five years.

Of the figure shown for the liabilities combined under financial liabilities, 377,348 thousand euros (previous year: 402,830 thousand euros) fall due within one year and 86,658 thousand euros (previous year: 23,832 thousand euros) fall due between one and five years. As in the previous year, no liabilities are due after more than five years.

Current trade accounts payable break down as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Liabilities to network operators, dealers, distributors, hardware manufacturers (Mobile Communications) | 187,837 | 210,376 |
| Liabilities to sales partners from contracts with customers | 46,143 | 39,095 |
| Obligations from distribution rights | 30,422 | 29,750 |
| Other | 66,782 | 59,564 |
| **Total** | **331,184** | **338,785** |

Current other financial liabilities are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Refund liabilities | 19,936 | 26,519 |
| Personnel obligations | 19,495 | 20,524 |
| Obligations from earn-outs | 0 | 10,000 |
| Other | 6,733 | 7,002 |
| **Total** | **46,164** | **64,045** |

Non-current other financial liabilities are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Liabilities to sales partners from contracts with customers | 61,413 | 0 |
| Obligations from distribution rights | 17,085 | 12,021 |
| Obligations from earn-outs | 7,515 | 11,036 |
| Other | 645 | 775 |
| **Total** | **86,658** | **23,832** |

Current other liabilities and deferrals are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Deferred income from bonuses and commissions received from network operators | 337,382 | 308,591 |
| Deferred income from customer credit balances, Mobile Communications | 35,000 | 34,988 |
| Liabilities from value added tax | 28,657 | 33,211 |
| Liabilities to customers from contracts with customers | 17,187 | 14,653 |
| Other | 39,609 | 26,891 |
| **Total** | **457,835** | **418,334** |

Non-current other liabilities and deferrals are comprised as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Deferred income from bonuses and commissions received from network operators | 110,848 | 101,884 |
| Liabilities to customers from contracts with customers | 7,223 | 6,918 |
| Other | 1,737 | 1,370 |
| **Total** | **119,808** | **110,172** |

## 27 Current income tax liabilities

Current income tax liabilities consist of anticipated corporation tax and trade tax payments for previous financial years and the year under review.

## 28 Borrowings and lease liabilities

Borrowings are structured as follows:

| In EUR millions | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Non-current** | | |
| Liabilities from promissory notes | 393.4 | 505.8 |
| | | |
| **Current** | | |
| Liabilities from promissory notes | 116.1 | 143.6 |
| | | |
| **Total** | **509.5** | **649.4** |

During the course of 2022 financial year, two tranches of the existing promissory note loans from 2015 and 2016 with a total nominal amount of 140.5 million euros were repaid as scheduled.

The Group's lease liabilities are broken down into the corresponding lease categories as follows:

| In EUR millions | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Non-current** | | |
| Site leases | 190.2 | 227.9 |
| Shops/stores | 85.6 | 87.7 |
| Co-location leases | 50.1 | 64.3 |
| Network infrastructure | 0.0 | 1.3 |
| Motor vehicles | 2.5 | 3.4 |
| Other | 8.1 | 11.0 |
| | **336.5** | **395.6** |
| **Current** | | |
| Site leases | 42.6 | 42.3 |
| Shops/stores | 19.1 | 20.0 |
| Co-location leases | 11.7 | 12.0 |
| Motor vehicles | 3.4 | 3.9 |
| Network infrastructure | 1.3 | 2.9 |
| Other | 3.9 | 4.2 |
| | **82.0** | **85.3** |
| **Total** | **418.5** | **480.9** |

More information in connection with IFRS 16 is provided in note 2.5.

## 29 Pension provisions and similar obligations

The pension obligations are based on defined benefit and contribution plans. The pension benefit provided in each case is the payment of a lifetime retirement pension upon reaching the age of 60 or 65 and the payment of benefits to surviving dependants. The pension benefits are partly financed by a reinsured pension scheme. All pension commitments are always determined by the salary amount and the length of service at the company. The Executive Board commitments are fully funded. They are secured by a reinsured pension scheme as well as pledged pension liability insurance policies with a fair value totalling 22,257 thousand euros (31 December 2021: 20,037 thousand euros).

The net liability recognised in pension provisions and in non-current other receivables and other assets is calculated as follows:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Present value of funded obligations | 19,359 | 31,362 |
| Present value of unfunded obligations | 61,785 | 84,940 |
| **Present value of obligations** | **81,144** | **116,302** |
| Fair value of plan assets | – 22,257 | – 20,037 |
| Influence from the asset ceiling | 1,974 | 0 |
| **Net obligation recognised** | **60,861** | **96,265** |
| Thereof shown in pension provisions | 61,785 | 96,265 |
| Thereof shown in non-current other receivables and other assets | – 924 | 0 |

It is expected that these obligations will be fulfilled mainly in the long term. The following table sets out the development in the present value of the funded and unfunded obligations:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| **As of 1.1.** | **116,302** | **121,052** |
| Current service cost | 1,007 | 1,753 |
| Past service cost | 0 | 0 |
| Gross interest expense | 1,557 | 1,244 |
| Employe contributions | 3 | 2 |
| Settlement of pension obligations | – 39 | – 96 |
| **Actuarial losses/gains** | | |
| thereof due to experience adjustments | 212 | 9 |
| thereof due to demographic parameter adjustments | 0 | 0 |
| thereof due to financial parameter adjustments | – 35,602 | – 5,298 |
| **Actuarial losses/gains, subtotal** | **– 35,390** | **– 5,289** |
| Payments made | – 2,296 | – 2,364 |
| **As of 31.12.** | **81,144** | **116,302** |

The weighted average remaining term of the obligations as of 31 December 2022 amounted to 18.7 years for the freenet plan (previous year: 22.5 years), 13.1 years for the debitel plans (previous year: 16.7 years) and 7.4 years for the plans of the Media Broadcast Group (previous year: 9.4 years).

The following amounts have been shown for the defined benefit plans for the current reporting period and the previous reporting periods:

| In EUR '000s | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Present value of funded obligation | 19,359 | 31,362 | 32,568 | 28,795 | 22,715 |
| Present value of unfunded obligation | 61,785 | 84,940 | 88,484 | 84,843 | 78,845 |
| Fair value of plan assets | – 22,257 | – 20,037 | – 17,544 | – 14,851 | – 12,387 |
| Influence from the asset ceiling | 1,974 | 0 | 0 | 0 | 0 |
| **Plan deficit** | **60,861** | **96,265** | **103,508** | **98,787** | **89,173** |
| Experience adjustments of plan liabilities | 212 | 9 | 35 | – 1,226 | 667 |
| Experience adjustments of plan assets | – 219 | 113 | 285 | 53 | – 766 |

The plan assets consist of several pension liability insurance policies entered into by the pension scheme set up for this purpose with an aggregate fair value of 22,257 thousand euros (31 December 2021: 20,037 thousand euros). The pension liability insurance policies invest the plan assets in equity funds or shares that are quoted in an active market. There is no active market for the pension liability insurance policies. The development of fair value is set out in the table below:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| **As of 1.1.** | **20,037** | **17,544** |
| Interest on plan assets (through income statement, with interest in accordance with IAS 19) | 310 | 218 |
| Differences between the expected and actual income from plan assets (recognised through other comprehensive income) | – 219 | 113 |
| Employer contributions to plan assets | 2,129 | 2,162 |
| **As of 31.12.** | **22,257** | **20,037** |

The actual income from the plan assets amount to 91 thousand euros (previous year: 331 thousand euros), and are calculated as the sum of the calculated expenses or income from the plan assets and the actuarial gains or losses.

For financial year 2023, freenet is expecting payments of 1,787 thousand euros into the plan assets and payments of 2,922 thousand euros out of the plan assets for pensions. Freenet had expected for 2022 financial year payments of 2,162 thousand euros into the plan assets and payments of 2,542 thousand euros out of the plan assets for pensions.

The net liability recognised in pension provisions and in non-current other receivables and other assets developed as follows:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| **As of 1.1.** | **96,265** | **103,508** |
| Current service cost | 1,007 | 1,753 |
| Past service cost | 1,247 | 1,026 |
| Net interest expense | – 39 | – 96 |
| Gains on the settlement of pension obligations | **2,215** | **2,683** |
| **Subtotal: amount recognised in the consolidated income statement** | | |
| Remeasurement | 212 | 9 |
| Experience-based gains (–)/losses (+) | – 35,602 | – 5,298 |
| Gains (–)/losses (+) due to financial parameter adjustments | 219 | – 113 |
| Return on (–)/costs (+) of plan assets not already included in net interest expense | 1,974 | 0 |
| **Subtotal: remeasurements recognised through other comprehensive income** | **– 33,197** | **– 5,402** |
| Payments made | – 2,296 | – 2,364 |
| Employer contributions to plan assets | – 2,129 | – 2,162 |
| Employee' contributions | 3 | 2 |
| **As of 31.12.** | **60,861** | **96,265** |

The following significant actuarial assumptions were made:

| In % | 31.12.2022 | 31.12.2021 |
|---|---|---|
| Discount rate (freenet, debitel plans) | 4.25 | 1.47 |
| Discount rate (Media Broadcast Group plans) | 4.09 | 1.06 |
| Future salary increases (debitel plan) | 2.25 | 1.75 |
| Future salary increases (Media Broadcast Group plans) | 2.50 | 2.25 |
| Future pension increases (debitel plan) | 2.25 | 1.75 |
| Future pension increases (freenet plan) | 2.20 | 1.75 |
| Future pension increases (Media Broadcast Group plans) | 2.00 | 1.70 |

As in the previous year, the RT 2018G mortality tables created by Dr Klaus Heubeck have been used as the biometric basis.

The sensitivities of the present value of the funded and unfunded obligations have been calculated on the basis of actuarial reports. We provide the following information in this respect.

| 31.12.2022 | Change in present value of obligations | |
|---|---|---|
| In EUR ’000s | Increase | Decrease |
| Increase in discount rate by 1.0 percentage points | | 8,886 |
| Decrease in discount rate by 1.0 percentage points | 10,954 | |
| Increase in future salary increases by 0.5 percentage points | 119 | |
| Decrease in future salary increases by 0.5 percentage points | | 27 |
| Increase in future pension increases by 0.25 percentage points | 1,041 | |
| Decrease in future pension increases by 0.25 percentage points | | 1,012 |
| Life expectancy: +2 years | 2,559 | |

| 31.12.2021 | Change in present value of obligations | |
|---|---|---|
| In EUR ’000s | Increase | Decrease |
| Increase in discount rate by 1.0 percentage points | | 16,491 |
| Decrease in discount rate by 1.0 percentage points | 21,261 | |
| Increase in future salary increases by 0.5 percentage points | 248 | |
| Decrease in future salary increases by 0.5 percentage points | | 30 |
| Increase in future pension increases by 0.25 percentage points | 1,985 | |
| Decrease in future pension increases by 0.25 percentage points | | 1,881 |
| Life expectancy: +2 years | 5,949 | |

The sensitivities were calculated on the basis of the same holdings and using the same valuation method as that used for determining the extent of the obligation as of 31 December 2022. For this purpose, one parameter was varied and the other parameters were left unchanged. Any interdependencies between individual parameters occurring in practise are disregarded.

## 30 Other provisions

The following overview gives a breakdown of the development of the provisions' carrying amounts:

| In EUR '000s | 1.1.2022 | Use | Reversal | Unwinding of discount | Addition | 31.12.2022 | non-current | current |
|---|---|---|---|---|---|---|---|---|
| **Other** | | | | | | | | |
| Contingent losses | 474 | 83 | 227 | 0 | 516 | **680** | 44 | 636 |
| Litigation | 33,186 | 12,389 | 16,341 | 0 | 6,460 | **10,916** | 0 | 10,916 |
| Asset retirement obligations | 41,948 | 119 | 427 | – 4,002 | 2,317 | **39,717** | 34,663 | 5,054 |
| Storage costs | 369 | 0 | 0 | – 62 | 6 | **313** | 313 | 0 |
| Other | 3,869 | 684 | 36 | 0 | 0 | **3,149** | 0 | 3,149 |
| | **79,846** | **13,275** | **17,031** | **– 4,064** | **9,299** | **54,775** | **35,020** | **19,755** |
| **Personnel** | | | | | | | | |
| Employee incentive programmes | 10,839 | 0 | 0 | 0 | 12,572 | **23,411** | 18,693 | 4,718 |
| Service anniversaries | 1,210 | 191 | 434 | 0 | 441 | **1,026** | 858 | 168 |
| Restructuring | 5,055 | 3,497 | 36 | 0 | 0 | **1,522** | 0 | 1,522 |
| Other | 28 | 29 | 0 | 0 | 393 | **392** | 102 | 290 |
| | **17,132** | **3,717** | **470** | **0** | **13,406** | **26,351** | **19,653** | **6,698** |
| **Total** | **96,978** | **16,992** | **17,501** | **– 4,064** | **22,705** | **81,126** | **54,673** | **26,453** |

Provisions for contingent losses concern, among others, expected vacancy costs for rented store space and expected losses from tariffs with a negative margin. An asset outflow of 636 thousand euros is expected for 2023.

Litigation provisions relate to the probable costs of various legal actions against Group companies as well as other as yet unresolved disputes with third parties. Most of these provisions relate to litigation with former trade partners and customers as well as issues of intellectual property law. The Group is anticipating a complete asset outflow in 2023. To avoid disclosing prematurely, and therefore endangering, the legal and negotiation position, we shall refrain from giving further information at this juncture.

The provision for make good obligations resulting from the acquisition of the Media Broadcast Group mainly comprises obligations for the dismantling and removal of radio infrastructure at numerous locations. Following the probable expiry of the underlying rental agreements, the outflow of funds is expected to be 3,479 thousand euros in 2023 and 31,206 thousand euros in the years from 2024 to 2031. There are further make good obligations related to tenant fittings at various technology and administration locations and shops of the Group. Following the probable expiry of the underlying rental agreements, the outflow of funds is expected to be 1,575 thousand euros in 2023 and 3,457 thousand euros in the years from 2024 to 2031.

Further details concerning the recognition of provisions for employee incentive programmes are documented under note 25. A provision for restructuring was recognised in 2022 due to a reorganisation of individual units. A further outflow of assets is expected to occur in full in 2023.

Provisions for service anniversaries have been recognised; the outflow of assets for 2023 is expected to be 168 thousand euros and the outflow of assets for the years 2024 to 2042 is expected to be 858 thousand euros. An interest rate of 4.06 percent and an average period of eight years between the balance sheet date and the actual payment have been assumed as the basis for calculation.

As a result of the acquisition of the Media Broadcast Group, the company also acquired obligations for semi-retirement and long-term work accounts. These obligations are netted with the fair values of the corresponding plan assets as of every balance sheet date. As of 31 December 2022, the provisions before netting for long-term work accounts amounted to 3,558 thousand euros (previous year: 4,328 thousand euros), and the corresponding provisions for semi-retirement amounted to 0 thousand euros (previous year: 103 thousand euros).

| In EUR ’000s | 2022 | 2021 |
|---|---|---|
| **Long-term work accounts** | | |
| Obligation as of 1.1. | 4,328 | 4,546 |
| Payments from long-term work accounts | – 514 | – 553 |
| Personnel expenses | – 164 | 268 |
| Interest expense | – 92 | 67 |
| **Obligation as of 31.12. before netting** | **3,558** | **4,328** |
| | | |
| Payments from plan assets | 6,526 | 6,433 |
| Loss on plan assets | – 1,031 | 93 |
| **Plan assets as of 31.12.** | **5,495** | **6,526** |

| In EUR ’000s | 2022 | 2021 |
|---|---|---|
| **Semi-retirement** | | |
| Obligation as of 1.1. | 103 | 412 |
| Payments from semi-retirement accounts | – 103 | – 317 |
| Personnel expenses | 0 | 8 |
| **Obligation as of 31.12. before netting** | **0** | **103** |
| | | |
| Fair value of plan assets as of 1.1. | 1,026 | 1,034 |
| Loss on plan assets | – 5 | – 8 |
| **Plan assets as of 31.12.** | **1,021** | **1,026** |

No provision remains as of 31 December 2022. The provision of 29 thousand euros remaining in the previous year for top-up obligations in connection with semi-retirement that may not be offset was shown in the statement of changes in provisions under “Other” under “Personnel” in 2021.

## 31 Other financial obligations, contingent liabilities and credit enhancements

As at the end of the financial year, there are operating lease commitments (which cannot be terminated) from maintenance, support and other obligations as well as order commitments in the following amounts:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Maintenance, support and other obligations** | | |
| Due within one year | 41,327 | 32,076 |
| Due within one and five years | 127,471 | 29,904 |
| Due after more than five years | 62,734 | 548 |
| | **231,532** | **62,528** |
| **Order commitments** | | |
| Regarding intangible assets | 892 | 0 |
| Regarding property, plant and equipment | 4,899 | 12,337 |
| Regarding inventories, expenses and services | 114,958 | 146,211 |
| | **120,749** | **158,548** |
| **Total** | **352,281** | **221,076** |

As in 2021, obligations under maintenance, support and other agreements consist mainly of agreements regarding the maintenance of IT hardware and databases, building services, network infrastructure and the outsourcing of business processes in customer service.

The order commitments as at the end of the financial year amounted to 120,749 thousand euros (previous year: 158,548 thousand euros). Of this sum, 5,791 thousand euros (previous year: 12,337 thousand euros) is attributable to the procurement of non-current assets. There are other purchase commitments amounting to 114,958 thousand euros (previous year: 146,211 thousand euros). These are mainly obligations relating to the sourcing of power for production at the various rental locations as well as broadband connections within the context of media networks (audio and video broadcasts).

Other contingent liabilities have arisen as a result of letters of comfort and rent guarantees, their aggregate total as at the balance sheet date being 40,578 thousand euros (previous year: 34,708 thousand euros). It is not expected that any claims will be submitted under the terms of the letters of comfort and rent guarantees because it is expected that the corresponding invoices will be paid in line with the contractual agreements and that the corresponding rental agreements will be paid regularly.

## 32 Notes to the consolidated statement of cash flows

In the consolidated statement of cash flows, the figures are reported for the Group (continuing and discontinued operations).

Cash funds consist of cash at banks, cash in hand, cheques, short-term money market instruments that can be liquidated at any time and current financial liabilities, each with an original term of up to three months. As in the previous year, cash funds do not include any liquid assets from discontinued operations.

The cash flows are broken down into operating activities, investing activities and financing activities. The indirect presentation method has been used to present cash flows from operating activities.

The item "Increase in net working capital not attributable to investing or financing activities" contains the change in the balance sheet items "Trade accounts receivable", "Other receivables and other assets", "Other financial assets", "Inventories", "Trade accounts payable", "Other liabilities and deferrals", "Other financial liabilities", "Other provisions", and the change in other assets and liabilities not attributable to investing or financing activities.

As an alternative performance measure, free cash flow shows the amount of cash generated that can be used to pay dividends or repay borrowings, for example. Accordingly, interest paid, interest received and proceeds from the cash repayment of financial assets under leases are included in cash flows from operating activities and cash repayments of lease liabilities (as a component of cash flows from financing activities) are included in the calculation of free cash flow.

## 32.1 Cash flows from operating activities

Cash flows from operating activities increased by 28.5 million euros year-on-year to 395.7 million euros in 2022 financial year (previous year: 367.2 million euros). The increase is mainly attributable to the 31.4 million euro rise in EBITDA, while all other effects almost offset each other. The aggregate year-on-year increase of 26.8 million euros in net working capital (net current assets) and contract acquisition costs (sales commission paid) is also noteworthy in this context. This effect is mainly offset by the 13.2 million euro reduction in interest payments (2022: 19.8 million euros; previous year: 33.0 million euros) and 5.9 million euros in tax payments (2022: 29.1 million euros; previous year: 35.0 million euros) and the dividend received from CECONOMY (5.5 million euros).

## 32.2 Cash flows from investing activities

In 2022 financial year, the cash flows from investing activities developed from –44.1 million euros in the previous year to –71.9 million euros. Net CapEx increased by 14.9 million euros to 60.0 million euros compared with the previous year (45.1 million euros) due, among other things, to the expansion of the administration building in Büdelsdorf. The cash investments were financed entirely out of the company's retained earnings. As part of the acquisition of The Cloud Group, as of 1 January 2019, an earn-out agreement had been signed with the existing shareholders, which was paid out in the amount of 10.0 million euros in 2022 financial year after the defined targets were achieved.

## 32.3 Cash flows from financing activities

Cash flows from financing activities came to –432.1 million euros in 2022 financial year (previous year: –703.7 million euros). The payments for 2022 financial year were mainly attributable to the payment of the dividend of 186.6 million euros (previous year 203.7 million euros), the repayment of two promissory note loan tranches in the nominal amount of 140.5 million euros (previous year: 289.5 million euros), and the repayment of lease liabilities totalling 86.4 million euros (previous year: 87.7 million euros).

Free cash flow of 249.2 million euros was generated in 2022 financial year, representing an increase of 14.9 million euros compared with financial year 2021 (234.4 million euros).

## 32.4 Calculating the underlying figure for the consolidated statement of cash flows

The underlying figure for the statement of cash flows is EBIT generated by continuing and discontinued operations. The following shows the way in which this EBIT figure is derived from the consolidated income statement.

| In EUR '000s | 1.1.2022 – 31.12.2022 | 1.1.2021 – 31.12.2021 |
|---|---|---|
| Earnings before taxes | 113,978 | 218,064 |
| Financial result | 15,423 | 31,975 |
| **EBIT** | **129,401** | **250,039** |

## 32.5 Reconciliation of liabilities from financing activities

The following reconciliation shows the liabilities from financing activities for the period from 1 January 2022 to 31 December 2022.

| | | Cash changes | | Other changes | | | |
|---|---|---|---|---|---|---|---|
| In EUR '000s | 1.1.2022 | Repayment of borrowings | Repayment of lease liabilities | Interest paid[1] | Interest expense | Other changes[2] | 31.12.2022 |
| Non-current borrowings | 505,786 | | | | | – 112,349 | 393,437 |
| Current borrowings | 140,395 | – 140,500 | | | | 113,560 | 113,455 |
| Current financial borrowings from interest accruals | 3,224 | | | – 10,268 | 9,712 | | 2,668 |
| Liabilities from finance leases | 480,886 | | – 86,433 | – 8,769 | 8,769 | 24,100 | 418,553 |
| **Total liabilities from financing activities** | **1,130,291** | **– 140,500** | **– 86,433** | **– 19,037** | **18,481** | **25,311** | **928,113** |

[1] Interest payments in connection with borrowings and leases amount to 19,037 thousand euros. Further interest payments on taxes, interest on arrears or similar amounting to 735 thousand euros are shown under the item “Interest paid” within cash flow from operating activities.
[2] This includes non-cash changes such as reclassifications, additions and disposals, and other changes related to leases.

Liabilities from financing activities for the period from 1 January 2021 to 31 December 2021 break down as follows (table adjusted):

| | | Cash changes | | Other changes | | | |
|---|---|---|---|---|---|---|---|
| In EUR '000s | 1.1.2021 | Repayment of borrowings | Repayment of lease liabilities | Interest paid[1] | Interest expense | Other changes[2] | 31.12.2021 |
| Non-current borrowings | 734,826 | | | | | – 229,040 | 505,786 |
| Current borrowings | 199,958 | – 289,500 | | | | 229,937 | 140,395 |
| Current financial borrowings from interest accruals | 6,043 | | | – 15,623 | 12,804 | | 3,224 |
| Liabilities from finance leases | 536,661 | | – 87,691 | – 10,194 | 10,194 | 31,916 | 480,886 |
| **Total liabilities from financing activities** | **1,477,488** | **– 289,500** | **– 87,691** | **– 25,817** | **22,998** | **32,813** | **1,130,291** |

[1] Interest payments in connection with borrowings and leases amount to 25,817 thousand euros. Further interest payments on taxes, interest on arrears or similar amounting to 7.201 thousand euros are shown under the item "Interest paid" within cash flow from operating activities.
[2] This includes non-cash changes such as reclassifications, additions and disposals, and other changes related to leases.

# 33 Information on financial instruments

## 33.1 Disclosures in accordance with IFRS 7

This section provides an overview of the significance of financial instruments for the Group, while also providing additional information on balance sheet items containing financial instruments.

We are setting out the following information for the purpose of presenting the financial instruments in the Group as of 31 December 2022 and 31 December 2021:

### Financial instruments by category as of 31 December 2022

| In EUR '000s | IFRS 9 measurement category | Carrying amount | Measurement | | | Fair value of financial instruments |
|---|---|---|---|---|---|---|
| | | 31.12.2022 | Amortised cost | Fair value through profit or loss | Fair value through other comprehensive income | 31.12.2022 |
| **Assets** | | | | | | |
| Cash/liquid assets | AC | 178,022 | 178,022 | | | —[1] |
| Trade accounts receivable | | 342,021 | | | | |
| At amortised cost | AC | 227,950 | 227,950 | | | —[1] |
| Fair value through profit or loss | FVTPL | 114,071 | | 114,071 | | —[1] |
| Other financial assets | | 169,295 | | | | |
| Lease receivables | n. a. | 44,708 | | | | |
| Non-derivative financial assets | | | | | | |
| At amortised cost | AC | 20,172 | 20,172 | | | —[1] |
| Other financial assets | | | | | | |
| At amortised cost | AC | 9,536 | 9,536 | | | —[1] |
| Fair value through profit or loss | FVTPL | 24,501 | | 24,501 | | |
| Other equity instruments | | | | | | |
| Fair value through profit or loss | FVTPL | 1,716 | | 1,716 | | —[1] |
| Fair value through other comprehensive income | FVTOCI | 68,662 | | | 68,662 | 68,662 |
| **Equity and liabilities** | | | | | | |
| Lease liabilities | n. a. | 418,553 | | | | |
| Trade accounts payable | AC | 331,184 | 331,184 | | | |
| Borrowings | | 509,560 | 509,560 | | | |
| Borrowings from promissory notes | AC | 506,892 | 506,892 | | | 492,908 |
| Other borrowings | AC | 2,668 | 2,668 | | | |
| Other financial liabilities | | 132,822 | | | | |
| At amortised cost | AC | 130,147 | 130,147 | | | |
| Fair value through profit or loss | FVTPL | 2,675 | | 2,675 | | —[1] |
| **thereof aggregated by IFRS 9 measurement category** | | | | | | |

[1] No fair value has been determined for the items; however, the carrying amount is a reasonable approximation of the fair value. This means that the aggregate fair value for the measurement categories AC and FVTPL are considerably lower than the corresponding aggregate carrying amounts in the balance sheet.

| In EUR '000s | IFRS 9 measurement category | Carrying amount | Measurement | | | Fair value of financial instruments |
|---|---|---|---|---|---|---|
| | | 31.12.2022 | Amortised cost | Fair value through profit or loss | Fair value through other comprehensive income | 31.12.2022 |
| **Assets** | | | | | | |
| At amortised cost | AC | 435,680 | 435,680 | | | —[1] |
| Fair value through profit or loss | FVTPL | 140,288 | | 140,288 | | —[1] |
| Fair value through other comprehensive income | FVTOCI | 68,662 | | | 68,662 | 68,662 |
| **Equity and liabilities** | | | | | | |
| At amortised cost | AC | 970,891 | 970,891 | | | 492,908[1] |
| Fair value through profit or loss | FVTPL | 2,675 | | 2,675 | | —[1] |

[1] No fair value has been determined for the items; however, the carrying amount is a reasonable approximation of the fair value. This means that the aggregate fair value for the measurement categories AC and FVTPL are considerably lower than the corresponding aggregate carrying amounts in the balance sheet.

## Financial instruments by category as of 31 December 2021

| In EUR '000s | IFRS 9 measurement category | Carrying amount | Measurement | | | Fair value of financial instruments |
|---|---|---|---|---|---|---|
| | | 31.12.2021 | Amortised cost | Fair value through profit or loss | Fair value through other comprehensive income | 31.12.2021 |
| **Assets** | | | | | | |
| Cash/liquid assets | AC | 286,287 | 286,287 | | | —[1] |
| Trade accounts receivable | | 302,486 | | | | |
| At amortised cost | AC | 183,679 | 183,679 | | | —[1] |
| Fair value through profit or loss | FVTPL | 118,807 | | 118,807 | | —[1] |
| Other financial assets | | 249,712 | | | | |
| Lease receivables | n. a. | 55,394 | | | | |
| Non-derivative financial assets | | | | | | |
| At amortised cost | AC | 18,919 | 18,919 | | | —[1] |
| Other financial assets | | | | | | |
| At amortised cost | AC | 11,967 | 11,967 | | | —[1] |
| Fair value through profit or loss | FVTPL | 18,942 | | 18,942 | | |
| Other equity instruments | | | | | | |
| Fair value through profit or loss | FVTPL | 1,475 | | 1,475 | | —[1] |
| Fair value through other comprehensive income | FVTOCI | 143,015 | | | 143,015 | 143,015 |
| **Equity and liabilities** | | | | | | |
| Lease liabilities | n. a. | 480,886 | | | | |
| Trade accounts payable | AC | 338,785 | 338,785 | | | |
| Borrowings | | 649,405 | 649,405 | | | |
| Borrowings from promissory notes | AC | 646,181 | 646,181 | | | 658,440 |
| Other borrowings | AC | 3,224 | 3,224 | | | |
| Other financial liabilities | | 87,877 | | | | |
| At amortised cost | AC | 68,888 | 68,888 | | | |
| Fair value through profit or loss | FVTPL | 18,989 | | 18,989 | | —[1] |
| **thereof aggregated by IFRS 9 measurement category** | | | | | | |
| **Assets** | | | | | | |
| At amortised cost | AC | 500,852 | 500,852 | | | —[1] |
| Fair value through profit or loss | FVTPL | 139,224 | | 139,224 | | —[1] |
| Fair value through other comprehensive income | FVTOCI | 143,015 | | | 143,015 | 143,015 |
| **Equity and liabilities** | | | | | | |
| At amortised cost | AC | 1,057,078 | 1,057,078 | | | 658,440[1] |
| Fair value through profit or loss | FVTPL | 18,989 | | 18,989 | | —[1] |

[1] No fair value has been determined for the items; however, the carrying amount is a reasonable approximation of the fair value. This means that the aggregate fair value for the measurement categories AC and FVTPL are considerably lower than the corresponding aggregate carrying amounts in the balance sheet.

The non-financial assets constitute that part of the balance sheet item “Other receivables and other assets” which is not covered by the scope of IFRS 7.

The non-financial liabilities constitute the balance sheet item “Other liabilities and deferrals”, which is not covered by the scope of IFRS 7.

The fair value of cash and cash equivalents, trade accounts receivable, other current financial assets and other current financial liabilities is roughly equivalent to the carrying amount. This is due to the short remaining terms of these financial instruments.

The fair values of the non-current trade accounts receivable and other financial assets with remaining terms of more than one year correspond to the present values of the payments associated with the assets, with due consideration being given to the relevant interest parameters. The other equity instruments measured at fair value through profit or loss do not include listed shares; there is no active market for them. If there are indications that fair values are lower or lower, these are recognised.

For other equity instruments measured at fair value through other comprehensive income, the Group recognises the fair value as the market value in an active market. The other equity instruments relate to the investment in CECONOMY (carrying amount as of 31 December 2022: 60.6 million euros) and MGI (carrying amount as of 31 December 2022: 7.5 million euros), and securities to back pension obligations.

As a result of the discounting carried out using the effective interest rate method and based on the current level of interest rates, there are only minor differences between the carrying amounts of the financial instruments and the corresponding fair values. Because of the maturity involved, the fair value of the current borrowings corresponds to the carrying amount. The fair value of the non-current borrowings exceeds their carrying amount by 13,984 thousand euros as of 31 December 2022 (previous year: 12,259 thousand euros). This difference results from the measurement of the promissory note loan at fair value; this was ascertained as at the measurement date using up-to-date estimates of the company's own credit risk and the interest rate level.

The fair value of the other equity instruments that are not traded on an exchange is determined by the Group on the basis of recognised actuarial methods (discounted cash flow method or option price models). The expected future cash flows from the financial instrument are calculated on the basis of the relevant interest rate structure and forward curves and are then discounted as of the closing date. The market value confirmations received from the external partners are periodically compared with the internally determined market values. The Group had no derivative financial instruments as of 31 December 2022.

The following overview shows the major parameters on which the assessment of the fair value of financial instruments, and the assessment of the financial instruments shown at fair value in accordance with IFRS 7 are based. The individual levels are defined in accordance with IFRS 13 as follows:

- Level 1

Unchanged use of prices from active markets for identical financial assets or financial liabilities (Deutsche Börse AG, Frankfurt stock exchange).

- Level 2

Use of inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices.

- Level 3

Use of inputs for the measurement of the financial asset or financial liability that are not based on observable market data (unobservable inputs). As was the case in the previous year, there were no transfers between the individual levels in 2022.

## Fair value hierarchy as of 31 December 2022

| In EUR '000s | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade accounts receivable, at fair value through profit or loss | 114,071 | 0 | 0 | 114,071 |
| Other financial assets, at fair value through profit or loss | 24,501 | 0 | 0 | 24,501 |
| Other equity instruments, at fair value through profit or loss | 1,716 | 0 | 0 | 1,716 |
| Other equity instruments, at fair value through other comprehensive income | 68,662 | 68,662 | 0 | 0 |
| **Equity and liabilities** | | | | |
| Borrowings from promissory notes | 492,908 | 0 | 0 | 492,908 |
| Other financial liabilities, at fair value through profit or loss | 2,675 | 0 | 0 | 2,675 |

## Fair value hierarchy as of 31 December 2021

| In EUR '000s | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade accounts receivable, at fair value through profit or loss | 118,807 | 0 | 0 | 118,807 |
| Other financial assets, at fair value through profit or loss | 18,942 | 0 | 0 | 18,942 |
| Other equity instruments, at fair value through profit or loss | 1,475 | 0 | 0 | 1,475 |
| Other equity instruments, at fair value through other comprehensive income | 143,015 | 143,015 | 0 | 0 |
| **Equity and liabilities** | | | | |
| Borrowings from promissory notes | 658,440 | 0 | 0 | 658,440 |
| Other financial liabilities, at fair value through profit or loss | 18,989 | 0 | 0 | 18,989 |

The following table shows the changes to Level 3 instruments for 2022 financial year:

| In EUR '000s | 1.1.2022 | Additions | Disposals | 31.12.2021 |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade accounts receivable, at fair value through profit or loss | 118,807 | 0 | 4,736 [1] | 114,071 |
| Other financial assets, at fair value through profit or loss | 18,842 | 5,559 [1] | 0 | 24,401 |
| Other equity instruments, at fair value through profit or loss | 1,474 | 241 | 0 | 1,715 |
| **Equity and liabilities** | | | | |
| Borrowings from promissory notes | 658,440 | 0 | 165,532 | 492,908 |
| Other financial liabilities, at fair value through profit or loss | 18,989 | 0 | 16,314 | 2,675 |

[1] This is a cumulative change in the item.

There has been no reclassification within Level 3 in 2022 financial year and there have been no effects in other comprehensive income.

For the individual categories of financial instruments, the following net gains/losses were shown in 2022 financial year and in the previous year:

## Net gains/losses by measurement category 2022

| | From interest | From subsequent measurement | | From disposals | Net gain/loss |
|---|---|---|---|---|---|
| In EUR '000s | | At fair value through other comprehensive income | Loss allowance/ losses on receivables | | |
| Assets measured at amortised cost (AC) | 6,443 | 0 | – 19,033 | | – 12,590 |
| Assets measured at fair value through profit or loss (FVTPL) | – 516 | | – 4,398 | 2,307 | – 2,607 |
| Assets measured at fair value through other comprehensive income (FVTOCI) | 0 | – 73,226 | | | – 73,226 |
| Liabilities measured at amortised cost (AC) | – 10,990 | 0 | | | – 10,990 |
| **Total** | **– 5,063** | **– 73,226** | **– 23,431** | **2,307** | **– 99,413** |

## Net gains/losses by measurement category 2021

| | From interest | From subsequent measurement | | From disposals | Net gain/loss |
|---|---|---|---|---|---|
| In EUR '000s | | At fair value through other comprehensive income | Loss allowance/ losses on receivables | | |
| Assets measured at amortised cost (AC) | 2,270 | 0 | – 10,570 | | – 8,300 |
| Assets measured at fair value through profit or loss (FVTPL) | – 796 | | – 8,855 | 5,306 | – 4,345 |
| Assets measured at fair value through other comprehensive income (FVTOCI) | 0 | – 50,778 | | | – 50,778 |
| Liabilities measured at amortised cost (AC) | – 13,770 | 0 | | | – 13,770 |
| **Total** | **– 12,296** | **– 50,778** | **– 19,425** | **5,306** | **– 77,193** |

Net gains and losses from assets measured at amortised cost include changes in the loss allowances, gains and losses from derecognition as well as payments received and reversals of impairment losses on previously written-off receivables.

Net gains or losses from the category of financial liabilities measured at amortised cost, mainly comprise interest expense to banks.

Disclosures concerning interest income and interest expense from the financial assets and financial liabilities not measured at fair value through profit or loss are based on the application of the effective interest rate method.

## Offsetting of financial assets and liabilities 31.12.2022

| In EUR ’000s | Gross amount before offsetting | Offsetting amounts | Net amount shown in the balance sheet | Fair value of financial collateral | Total net amount |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Trade accounts receivable | 441,250 | 99,229 | 342,021 | | 342,021 |
| Other financial assets | 172,852 | 3,557 | 169,295 | | 169,295 |
| **Total** | **614,102** | **102,786** | **511,316** | **0** | **511,316** |
| **Financial liabilities** | | | | | |
| Trade accounts payable | 430,413 | 99,229 | 331,184 | 4,021 | 327,163 |
| Other provisions | 84,683 | 3,557 | 81,126 | | 81,126 |
| **Total** | **515,096** | **102,786** | **412,310** | **4,021** | **408,289** |

## Offsetting of financial assets and liabilities 31.12.2021

| In EUR ’000s | Gross amount before offsetting | Offsetting amounts | Net amount shown in the balance sheet | Fair value of financial collateral | Total net amount |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Trade accounts receivable | 411,228 | 108,742 | 302,486 | | 302,486 |
| Other financial assets | 254,113 | 4,401 | 249,712 | | 249,712 |
| **Total** | **665,341** | **113,143** | **552,198** | **0** | **552,198** |
| **Financial liabilities** | | | | | |
| Trade accounts payable | 447,527 | 108,742 | 338,785 | 4,026 | 334,759 |
| Other provisions | 101,379 | 4,401 | 96,978 | | 96,978 |
| **Total** | **548,906** | **113,143** | **435,763** | **4,026** | **431,737** |

In 2022, trade accounts receivable from network operators (e.g. from bonuses, commissions) were offset against trade accounts payable and other liabilities to the same network operators. The amount set off as of 31 December 2022 was 99,229 thousand euros (31 December 2021: 108,742 thousand euros). The conditions for offsetting are met as, in this context, the various receivables from and liabilities to two network operators were remeasured, with the result that, with some insignificant exceptions, there is basically one large credit balance with those network operators. Based on an agreement with a network operator to adjust the terms of payment, monthly advance payments are made for the mobile communications services rendered by the network operator in question. These are offset on the balance sheet date and settled in the subsequent month. In addition to the offsetting amount of 100,540 thousand euros, there is also a long-term collateral payment of 4,020 thousand euros. As a result of the acquisition of the Media Broadcast Group in 2016, the company has also taken on obligations for semi-retirement and long-term work accounts. These obligations are netted with the fair values of the corresponding plan assets as of every balance sheet date. As of the balance sheet date, the netted provisions for semi-retirement amounted to 0 thousand euros (31 December 2021: 103 thousand euros). Please refer to our explanations in note 30, Other provisions.

### 33.2 Principles and objectives of financial risk management and capital risk management

With regard to its assets, liabilities and planned transactions, the freenet Group is exposed in particular to market risks, liquidity risks and default risks.

The objective of financial risk management is to constantly monitor these risks and to limit them with operational and finance-oriented activities.

The basic characteristics of financial policy, whose components are explained below, are determined by the Executive Board. In addition, certain financial transactions require the Executive Board’s prior approval.

The Group Treasury department renders services to the business units and coordinates access to the financial markets. It also monitors and manages the market and liquidity risks associated with the Group's business units by way of regular internal risk reporting which analyses the risks in terms of their degree and scale. The overriding priority for the Group Treasury department is the principle of minimising risk; another important objective is to optimise net interest expense. Prudent liquidity management controlled by the Group Treasury department involves holding an adequate reserve of liquid assets, the possibility of obtaining finance by way of adequate credit line commitments, and the possibility of closing open market positions. Liquidity risks are reduced by constantly monitoring the financial status and by maintaining adequate reserves in the form of credit lines.

The Group Treasury department is responsible for monitoring the default risks of major debtors (in particular distributors, dealers and other B2B partners) as well as regular internal reporting for these risks. Receivables due from end customers are monitored in the Receivables Management department. One of the department's primary objectives is to minimise the costs attributable to the default or impairment of receivables due from end customers and sales partners.

The Group's capital risk management is related to the equity as shown in the consolidated balance sheet and to ratios derived therefrom.

The foremost objective of the Group's capital risk management is to monitor the financial covenants specified in the loan agreements, where failure to fulfil such financial covenants might lead to the loans being called in immediately. The freenet Group conducts its capital risk management on the basis of its equity ratio and its leverage. The equity ratio is the ratio of equity to total assets; as of 31 December 2022, it was above the target of 25.0 percent (31 December 2022: 40.5 percent; previous year: 41.5 percent). Leverage (31 December 2022: 1.5; previous year restated: 1.8) is determined as the ratio of net debt to EBITDA generated over the last twelve months. Net debt is defined as borrowings in the balance sheet, less liquid assets and plus net lease liabilities.

As of 31 December 2022, all covenants were met. All other agreed undertakings and covenants in the loan agreement were also met as of the balance sheet date. The main financial covenants are defined in relation to the Group's equity and debt.

In order to actively manage the capital structure, the management is permitted to sell assets to reduce debt, and to implement measures such as issuing new shares.

The following information concerning the specific risks is based on information presented to the Executive Board.

## 33.3 Market risk

Our Group's activities are primarily exposed to financial risks resulting from changes in interest rates and currency exchange rates.

### 33.3.1 Interest rate risk

The liabilities shown under borrowings relate to four promissory note loans (disclosed as a total net amount of 509.5 million euros as of 31 December 2022 (previous year: 649.3 million euros) – including 186.9 million euros in relation to the floating-rate tranches). The Group also has a revolving credit line amounting to 300.0 million euros (previous year: 300.0 million euros) which has a term of five years and again had not been drawn on by the end of the year.

As of 31 December 2022, the Group reported interest-bearing financial liabilities amounting to 509.6 million euros (previous year: 649.4 million euros), of which 186.0 million euros are subject to a variable interest rate. In this respect, the Group is exposed to interest rate risks. Although the interest rate risks are not explicitly hedged, the net cash holdings (which are invested mainly at variable interest rates) serve as a natural hedge and accordingly mitigate interest rate risks arising from the variable-interest borrowings.

The Group Treasury department continuously monitors the various opportunities available for investing the liquid assets on the basis of the day-to-day liquidity planning at its disposal as well as the various options available for scheduling borrowings. Changes in market interest rates could have an impact on net interest expense from originally variable-interest financial instruments and are included in the calculation process for earnings-related sensitivities.

In order to present market risks, the Group uses a sensitivity analysis that shows the effects of changes in interest rates on earnings and on equity.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the portfolio of financial instruments as at the balance sheet date.

In the balance sheet, liabilities of 509.6 million euros are shown under short-term and long-term borrowings as of 31 December 2022 (previous year: 649.4 million euros), 186.0 million euros (previous year: 185.6 million euros) of which have variable interest rates. The variable-interest liabilities to banks as at the closing date carried interest of 3.5 percent. Of the aggregate amount shown for borrowings as of 31 December 2022, 116.1 million euros are shown as current. Of this amount, 2.6 million euros is deferred expected payments of accrued interest, and 113.5 million euros is earmarked for repayment of financial liabilities in 2023. As of 31 December 2022, the variable portion of the loans bears interest within a corridor of 2.7 to 3.7 percent. On the basis of market estimates, we are predicting a corridor of between 2.7 and 4.9 percent for the variable portion in 2023. This means that the cash outflows for the entire borrowings in 2023 would amount to 12.1 million euros. Based on the net position of variable-interest assets and liabilities measured at fair value, a parallel upward shift of 50 basis points in the interest rate curve would have an impact of −0.4 million euros on earnings before tax (previous year: +1.0 million euros), while a downward shift of 50 basis points in the interest rate curve would have an impact of +0.4 million euros on earnings before tax (previous year: –1.0 million euros).

Money market funds are subject to marginal interest rate fluctuations, so there is always a possibility of price losses. There is no significant risk, however, as the money has been invested in funds on a very short-term basis. There are no contractually defined maturity dates or interest adjustment dates, with returns coming from changes in the price of the instrument and any dividend payments. Based on the financial investments in money market funds and bonds shown in the balance sheet under other receivables and other assets, and other long-term financial assets, an upward shift of 5 percent in the price of the acquired shares would have an impact of 26 thousand euros (previous year: 26 thousand euros) on equity, while a downward shift of 5 percent would have an impact of –26 thousand euros (previous year: –26 thousand euros) on equity.

The risk of interest rate changes is negligible for the other interest-bearing assets and liabilities.

Changes in interest rates have an impact on fixed-income financial instruments only if they are recognised at fair value. The financial liabilities of freenet are therefore not exposed to an interest rate risk because they are recognised at amortised cost.

### 33.3.2 Foreign currency risk

Commercial transactions in foreign currencies are conducted to a limited extent in the Group. The foreign currency risk is generally hedged by entering into forward exchange contracts, or, if necessary, by way of cash holdings denominated in foreign currency.

### 33.3.3 Price risk

The Group has only a few assets and equity investments that are exposed to a price risk (such as shares in CECONOMY AG).

All in all, the Group regards the price risk as negligible.

## 33.4 Liquidity risk

The Group's general liquidity risk resides in the possibility that the company might possibly be unable to meet its financial obligations, for example the repayment of borrowings, the fulfilment of purchasing obligations and the obligations from leases.

Extensive financial planning instruments are used throughout the Group to monitor and control liquidity. Different planning horizons of up to one year are considered in connection with this. Short-term liquidity planning and control are carried out on a daily basis, each for the subsequent three months. This planning is updated daily by the Group Treasury department following liaison with the Accounting and Controlling departments on the basis of current data.

The Group also controls its liquidity risk by holding appropriate bank balances and credit lines at banks, and by monitoring continuously the forecast and actual cash flows. Reconciliations are also performed for the maturity profiles of the financial assets and liabilities. The Group uses a wide range of different financing instruments to reduce liquidity risk.

The need for and investment of liquid assets in the Group is controlled centrally on the basis of several existing internal Group cash pooling agreements in which the significant companies in the freenet Group participate.

The Group anticipates that it will be able to meet its other obligations arising from operating cash flows and the proceeds of maturing financial assets.

As at the balance sheet date, the Group had not utilised its revolving credit line of 300.0 million euros (previous year: 300.0 million euros). Within narrow limits, the company may borrow for a period of five years outside of the loan agreements in order to finance future strategic investments, for example.

Securities (money market funds and bonds in the securities deposit account) can be liquidated at short notice. There are no plans to sell any of the equity investments. If it became necessary to sell these equity investments, their sale at short notice might possibly be more difficult because there is no organised capital market for these interests.

The Group's financial and operational scope is restricted by certain provisions of the loan agreements. These impose restrictions on the company, for example regarding changes in the Group's business operations, the implementation of internal Group measures to change its structure under company law, the provision of collateral, and any acquisitions or disposals of assets, especially equity interests. The following tables show the contractually agreed undiscounted interest and principal payment on the Group's original financial liabilities at the end of financial years 2022 and 2021:

## Financial liabilities 31.12.2022

| In EUR '000s | Carrying amount | Cash flows 2023 | | | Cash flows 2024 | | | Cash flows 2025 and later | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12. 2022 | Interest fixed | Interest variable | Payments of principal | Interest fixed | Interest variable | Payments of principal | Interest fixed | Interest variable | Payments of principal |
| Trade accounts payable | 331,184 | | | 331,184 | | | | | | |
| Borrowings (liabilities to banks) | 509,560 | 4,592 | 7,521 | 116,123 | 3,306 | 5,011 | 178,482 | 3,015 | 2,591 | 214,955 |
| Other non-derivative financial liabilities | 132,822 | | | 46,164 | | | 55,574 | | | 31,084 |
| Lease liabilities | 418,553 | 8,496 | | 82,008 | 6,794 | | 76,378 | 14,587 | | 260,167 |

## Financial liabilities 31.12.2021

| In EUR '000s | Carrying amount | Cash flows 2022 | | | Cash flows 2023 | | | Cash flows 2024 and later | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12. 2021 | Interest fixed | Interest variable | Payments of principal | Interest fixed | Interest variable | Payments of principal | Interest fixed | Interest variable | Payments of principal |
| Trade accounts payable | 338,785 | | | 338,785 | | | | | | |
| Borrowings (liabilities to banks) | 649,405 | 7,154 | 3,071 | 143,619 | 4,592 | 414 | 113,357 | 5,747 | 4,364 | 392,429 |
| Other non-derivative financial liabilities | 87,877 | | | 64,045 | | | 12,231 | | | 11,601 |
| Lease liabilities | 480,886 | 8,295 | | 77,038 | 6,781 | | 72,726 | 15,488 | | 300,558 |

### 33.5 Default risk

The Group takes into consideration the probability of default at the date of initial recognition of assets and the existence of a significant increase in default risk during the reporting periods. To assess whether the default risk has increased significantly, the risk of a default occurring on the asset as at the reporting date is compared with the risk of a default occurring on the asset as at the date of initial recognition, giving consideration to the reasonable and supportable forward-looking information available. In this context, please refer to the explanatory notes on the IFRS 9 impairment model in note 2.7.7, Impairment of financial assets, and note 21, receivables, other assets and other financial assets.

The assessment of the risk of default in the freenet Group is focused primarily on trade accounts receivable owed by end customers and on lease receivables. For further information, please refer to our comments under note 21, Receivables, other assets and other financial assets. Here, particular attention is devoted to the credit standing of customers and sales partners in our Group's large-scale business activities. For important contract customer sectors, credit assessments are carried out for the customers before the contract is signed.

In the ongoing contractual relationship, the implementation of a swift and regular reminder and debt collection process involving a number of debt collection companies in the benchmarking area, together with long-term debt collection monitoring and high-spender monitoring, are essential measures for minimising default risk in our Group.

An ongoing reminder and debt collection process is likewise used for receivables owed by dealers, franchise partners and other business customers. Credit limits are also established and monitored. Where appropriate, a delivery block is imposed when the limit is reached.

Commercial credit insurance, moreover, safeguards us against significant default risks vis-à-vis major customers (dealers and distributors in Mobile Communications). In order to minimise credit default risk, the Group has insured a certain percentage of this revenue. Every month, the Group Treasury department notifies the insurer of the current revenue of each key account. The insurer uses this notification to calculate the revenue volume to be insured. The risks associated with uninsured customers are restricted by an internal limit system – generally, customers with a poor credit standing must pay cash in advance or the business relationship will not materialise. Default risks vis-à-vis end customers have not been hedged.

In order to determine the intrinsic value of trade accounts receivable, due account is taken of any change in creditworthiness between the point at which the terms of payment were granted and the balance sheet date. There is no significant concentration of credit default risk because the customer base is broad and because there are no correlations.

The appropriate recognition of loss allowances takes the default risks into account. Receivables and other assets are derecognised if the Group regards the receivable as irrecoverable.

Securities and liquid assets are invested mainly at major German banks. The default risk has been limited significantly as a result of the risk being spread over various banks. The Group Treasury department constantly monitors the investments' current and expected future yields.

## 33.6 Transfer of financial assets

For some time now, the freenet Group has been offering its customers the opportunity to choose higher-value devices for an additional monthly fee with its mobile phone upgrade option. Contracts with this mobile phone upgrade option continue to be accounted for as follows: freenet has an unconditional right to payment from the customer receiving the mobile phone as part of the mobile phone upgrade option. Freenet records a receivable in the amount of the present value of the additional monthly amounts to be paid by the customer for the higher-value mobile phone over the term of the contract when the contract is signed and the mobile phone is handed over. As customers' willingness to pay more for higher-value smartphones has increased, the number of postpaid customers selecting this mobile phone upgrade option has risen steadily over the past few financial years. This also means that the figure for deferred receivables relating to the mobile phone upgrade option recognised under non-current and current trade accounts receivable has climbed continuously. For the freenet Group, this means that capital tied up in assets has been increasing for years: today's higher-value smartphones are more expensive to purchase than the mobile phones of the past, and while cash outflows to acquire these devices occur before or when a contract is signed with the end customer, cash inflows from the mobile phone upgrade option are spread over the 24 months of the contract with the end customer.

Against this backdrop, factoring agreements were signed with two banks in 2014 and 2019. These are master agreements with indefinite terms. The sale of mobile phone option receivables is possible on a quarterly basis. The bank purchases the receivables with a defined del credere discount and it also bills freenet for interest and fees. The relevant risks (such as the risk of bad debt losses in particular) and opportunities are transferred to the bank, with the result that the receivables sold are derecognised in their entirety. The freenet Group continues to bear the risk of late payment, as well as being responsible for the collection and administration of the receivables sold (known as "servicing").

Of the sales carried out on a quarterly basis in the reporting year (nominal volume 47.7 million euros, previous year: 78.1 million euros), a total of 1.2 million euros (previous year: 1.7 million euros) was expensed. 0.6 million euros (previous year: 0.9 million euros) of this amount concerns the default risk taken on from the bank (del credere discount and fees) and 0.6 million euros (previous year: 0.8 million euros) concern interest expenses from the late payment risk. As at the balance sheet date, receivables amounting to 25.3 million euros (previous year: 60.5 million euros) have been sold and derecognised but not yet paid for. The expenses of 10 thousand euros (previous year: 10 thousand euros) to be anticipated from the late payment risk and the servicing will be realised over the residual term of the receivables (six months). The maximum loss risk for the Group is 0.4 million euros (previous year: 0.6 million euros).

The bank automatically assigns the newly defaulted receivables from the financial period ended to freenet at a fixed price each month. The buyback has no effect on either the apportionment of the risk of bad debt losses or the freenet Group's liquidity.

In the course of the financial year, income of 2.3 million euros was incurred from the sale of receivables to debt collection agencies (previous year: 5.3 million euros). All major opportunities and risks associated with ownership of these receivables were transferred to the purchaser.

## 34 Related party transactions

### 34.1 Overview

The following significant transactions took place between the Group and related parties:

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| **Revenue attributable to billing of services** | | |
| **Joint ventures** | | |
| Jestoro GmbH, Hamburg | 0 | 179 |
| Antenne Deutschland GmbH & Co. KG, Garching | 7,507 | 5,656 |
| **Associates** | | |
| Bayern Digital Radio GmbH, München | 580 | 446 |
| **Unconsolidated companies** | | |
| Hessen Digital Radio GmbH, Frankfurt | 1,249 | 949 |
| **Total** | **9,336** | **7,230** |

| In EUR '000s | 2022 | 2021 |
|---|---|---|
| **Expenses from the purchase of services** | | |
| **Joint ventures** | | |
| Check Tech Service GmbH, Hamburg (Tochterunternehmen der Jestoro GmbH) | 0 | 77 |
| Antenne Deutschland GmbH & Co. KG, Garching | 147 | 196 |
| **Associates** | | |
| ad.audio GmbH, Hamburg | 163 | 0 |
| Bayern Digital Radio GmbH, München | 676 | 98 |
| **Unconsolidated companies** | | |
| Hessen Digital Radio GmbH, Frankfurt | 58 | 145 |
| **Total** | **1,044** | **516** |

The following significant receivables from and liabilities to related parties existed as of 31 December 2022:

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Liabilities from current service transactions** | | |
| **Joint ventures** | | |
| Antenne Deutschland GmbH & Co. KG, Garching | 59 | 19 |
| **Total** | **59** | **19** |

| In EUR '000s | 31.12.2022 | 31.12.2021 |
|---|---|---|
| **Liabilities from current service transactions** | | |
| **Joint ventures** | | |
| Antenne Deutschland GmbH & Co. KG, Garching | 0 | 18 |
| **Total** | **0** | **18** |

Total remuneration of 432 thousand euros (previous year: 435 thousand euros) was granted to the employees' representatives on the Supervisory Board in 2022 financial year.

All transactions were based on market prices. No collateral has been provided.

### 34.2 Executive Board remuneration

The remuneration paid to the members of the Executive Board consists of a base remunertation, a short-term variable remuneration (STIP), and a long-term variable remuneration (LTIP). There are also pension commitments. The STIP results from an annual target agreement. The Supervisory Board stipulates the specific performance criteria applicable for this target agreement and, in the event that 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. 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 achievement is possible in a corridor between 0 and 150 percent. The Supervisory Board determines the degree of achievement of each of the defined targets following adoption of the consolidated financial statements for the previous financial year. The payout for the one-year variable remuneration amount for the previous financial year is derived by taking into account the weighting of the individual performance criteria and the actual target achievement. In principle, the remuneration system adopted by the Annual General Meeting in 2022 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, 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).

With regard to the LTIP, please refer to the explanations made in relation to the LTIP programmes in notes 25.2 (Programme 2), 25.3 (Programme 3), 25.4 (Programme 4) and 25.5 (Programme 5) in these notes to the consolidated financial statements. The remuneration for the members of the company's Executive Board was comprised as follows in the reporting year and in the previous year:

## Executive Board benefits for 2022 in accordance with IAS 24

| In EUR ’000s | Fixed benefits | Other variable benefits | Subtotal | Long-term variable benefits (LTIP)[1] | Total benefits[2] |
|---|---|---|---|---|---|
| Christoph Vilanek | 1,015 | 797 | 1,812 | 3,822 | 5,634 |
| Ingo Arnold | 634 | 415 | 1,049 | 1,860 | 2,909 |
| Stephan Esch | 518 | 332 | 850 | 1,161 | 2,011 |
| Rickmann v. Platen | 512 | 385 | 897 | 1,616 | 2,513 |
| Antonius Fromme | 508 | 385 | 893 | 1,616 | 2,509 |
| **Total** | **3,187** | **2,314** | **5,501** | **10,075** | **15,576** |

## Executive Board benefits for 2021 in accordance with IAS 24

| In EUR ’000s | Fixed benefits | Other variable benefits | Subtotal | Long-term variable benefits (LTIP)[1] | Total benefits[2] |
|---|---|---|---|---|---|
| Christoph Vilanek | 1,015 | 806 | 1,821 | 1,484 | 3,305 |
| Ingo Arnold | 511 | 336 | 847 | 441 | 1,288 |
| Stephan Esch | 518 | 336 | 854 | 1,045 | 1,899 |
| Rickmann v. Platen | 512 | 367 | 879 | 749 | 1,628 |
| Antonius Fromme | 508 | 367 | 875 | 749 | 1,624 |
| **Total** | **3,064** | **2,212** | **5,276** | **4,468** | **9,744** |

[1] This relates to variable remuneration under the LTIP programme, including non-cash benefits and payments measured in accordance with IFRS 2 in the financial year.
[2] This amount of total benefits in the above table does not include pension expenses of 300 thousand euros (previous year: 900 thousand euros).

On 26 February 2014, agreements concerning the service agreements that grant LTIPs were entered into with the members of the Executive Board. For this LTIP programme which is also designated as “Programme 2”, please refer to note 25.2 of these notes to the financial statements.

When the service agreement was extended (with Mr Vilanek, granted in April 2018, and with Mr Esch, granted in March 2019) and the 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 agreement granting new LTIPs were entered into with the aforementioned members of the Executive Board. For information on this LTIP programme, which is also designated “Programme 3”, please refer to note 25.3 in these notes to the consolidated financial statements.

When the service agreement were extended with effect from 1 June 2021 (grant date December 2021), Mr v. Platen and Mr Fromme were granted further LTIPs; for information on this “Programme 4”, please refer to note 25.4 in these notes to the consolidated financial statements.

In 2022 financial year, in connection with the introduction of the new Executive Board remuneration system, Executive Board members Mr Arnold, Mr v. Platen and Mr Fromme were granted new LTIP instruments under Programme 5 with effect from 1 January 2022; please refer to note 25.5 in these notes to the consolidated financial statements. For this reason, the Programme 4 granted in the previous year was limited solely to the target achievement period from 1 June 2021 to 31 December 2021 for Mr v. Platen and Mr Fromme. In 2022 financial year, the Executive Board members received no payments under the LTIP programmes. In the previous year (2021), cash payments of 2,236 thousand euros from the LTIP programmes related to Mr Esch (final payout under Programme 2).

As of 31 December 2022, the provision for the LTIP programmes amounted to 7,394 thousand euros (previous year: 3,572 thousand euros) for Mr Vilanek, 3,049 thousand euros (previous year: 1,189 thousand euros) for Mr Arnold, 2,173 thousand euros (previous year: 1,012 thousand euros) for Mr Esch, 3,038 thousand euros (previous year: 1,422 thousand euros) for Mr v. Platen and 3,038 thousand euros (previous year: 1,422 thousand euros) for Mr Fromme.

In 2022, Executive Board benefits in accordance with section 314 (1) no. 6a of the German Commercial Code/German Accounting Standard no. 17 (GAS 17) amounted to a total of 7,000 thousand euros (previous year: 7,108 thousand euros). This includes benefits with a long-term incentive effect of 1,499 thousand euros for 2022 financial year from the grant of the first tranche of Programme 5 (525 thousand euros for Mr Arnold, 487 thousand euros for Mr v. Platen and 487 thousand euros for Mr Fromme) and benefits with a long-term incentive effect of 1,832 thousand euros for 2021 from the grant of LTIP Programme 4 (916 thousand euros each for Mr v. Platen and Mr Fromme).

In November 2004, Mr Esch was granted an indirect pension commitment. In the financial year 2009, Mr Vilanek was granted an indirect pension commitment on the occasion of his appointment as chairman of the Executive Board as of 1 May 2009. freenet AG had taken on the pension commitment granted to Mr Preisig from the former debitel AG as of 1 September 2008. In February 2014, adjustments were made to pension commitments made to Mr Vilanek, Mr Preisig and Mr Esch. Mr v. Platen, Mr Fromme and Mr Arnold were each granted defined contribution benefits on the occasion of their appointment as members of the Executive Board (on 1 June 2018 for Mr v. Platen and Mr Fromme and on 1 January 2019 for Mr Arnold), with the pension benefits being reinsured by a life insurance policy.

As of 31 December 2022, the defined benefit obligation (DBO) 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). The DBOs for Messrs Preisig, Krieger and Berger, as former Executive Board members, totalled 11,103 thousand euros as of 31 December 2022 (previous year: 17,668 thousand euros). Due to the nature of the selected commitment, there are no defined benefit obligations for Messrs v. Platen, Fromme and Arnold.

Current service costs of 300 thousand euros (previous year: 900 thousand euros) were recognised in total in personnel expenses for the members of the Executive Board as a result of the pension commitments. In 2022, Mr Vilanek accounted for 0 thousand euros (previous year: 382 thousand euros) of this amount, Mr Esch for 0 thousand 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). The expenses for Messrs v. Platen, Fromme and Arnold relate to amounts paid into a pension scheme for the defined contribution benefits granted. These benefits are not included in the above tables "Executive Board benefits for 2022" and "Executive Board benefits for 2021".

In 2022, as in the previous year, pension commitments for Executive Board members did not include any past service costs.

No loans were extended to any of the Executive Board members and no guarantees or other warranties were provided for the Executive Board members.

### 34.3 Supervisory Board remuneration

The remuneration of the Supervisory Board 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.

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).

### 34.3.1 Remuneration for financial years 2022 and 2021

No loans were extended to any of the Supervisory Board members and no guarantees or other warranties were provided for the Supervisory Board members.

Individualised figures for the last two financial years are shown in the following tables. 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.

## Remuneration for 2022 financial year

| In EUR ’000s | Base remuneration | Attendance fees | Committee remuneration | Total |
|---|---|---|---|---|
| **Active members** | | | | |
| Knut Mackeprang [1] | 75.0 | 13.0 | 20.0 | 108.0 |
| Claudia Anderleit [1] | 50.0 | 11.0 | 10.0 | 71.0 |
| Marc Tüngler | 83.0 | 13.0 | 31.5 | 127.5 |
| Robert Weidinger | 50.0 | 12.0 | 30.0 | 92.0 |
| Sabine Christiansen | 50.0 | 11.0 | 10.0 | 71.0 |
| Thomas Reimann [1] | 50.0 | 10.0 | 15.0 | 75.0 |
| Theo-Benneke Bretsch [1] | 50.0 | 6.0 | 0.0 | 56.0 |
| Bente Brandt [1] | 50.0 | 9.0 | 15.0 | 74.0 |
| Gerhard Huck [1] | 50.0 | 8.0 | 10.0 | 68.0 |
| Prof. Dr. Kerstin Lapotta | 32.8 | 8.0 | 9.8 | 50.6 |
| Thomas Karlovits | 32.8 | 7.0 | 6.6 | 46.4 |
| Miriam Wohlfarth | 32.8 | 4.0 | 0.0 | 36.8 |
| | **606.4** | **112.0** | **157.9** | **876.3** |
| **Former members** | | | | |
| Thorsten Kraemer | 17.3 | 1.0 | 0.0 | 18.3 |
| Prof. Dr. Helmut Thoma | 34.6 | 2.0 | 6.9 | 43.5 |
| Fränzi Kühne | 17.3 | 1.0 | 0.0 | 18.3 |
| | **69.2** | **4.0** | **6.9** | **80.1** |
| **Total** | **675.6** | **116.0** | **164.8** | **956.4** |

[1] Employee representative in accordance with section 7 (1) clause 1 no. 1 MitbestG of 4 May 1976.

## Remuneration for financial year 2021

| In EUR '000s | Base remuneration | Attendance fees | Committee remuneration | Exceeding maximum remuneration | Total |
|---|---|---|---|---|---|
| **Active members** | | | | | |
| Prof. Dr. Helmut Thoma | 100.0 | 9.0 | 60.0 | – 9.0 | 160.0 |
| Knut Mackeprang[1] | 75.0 | 8.0 | 20.0 | 0.0 | 103.0 |
| Claudia Anderleit[1] | 50.0 | 7.0 | 10.0 | 0.0 | 67.0 |
| Thorsten Kraemer | 50.0 | 5.0 | 10.0 | 0.0 | 65.0 |
| Marc Tüngler | 50.0 | 10.0 | 25.0 | 0.0 | 85.0 |
| Robert Weidinger | 50.0 | 9.0 | 30.0 | 0.0 | 89.0 |
| Sabine Christiansen | 50.0 | 8.0 | 20.0 | 0.0 | 78.0 |
| Thomas Reimann[1] | 50.0 | 9.0 | 15.0 | 0.0 | 74.0 |
| Fränzi Kühne | 50.0 | 4.0 | 0.0 | 0.0 | 54.0 |
| Theo-Benneke Bretsch[1] | 50.0 | 4.0 | 0.0 | 0.0 | 54.0 |
| Bente Brandt[1] | 50.0 | 9.0 | 15.0 | 0.0 | 74.0 |
| Gerhard Huck[1] | 50.0 | 5.0 | 10.0 | 0.0 | 65.0 |
| **Total** | **675.0** | **87.0** | **215.0** | **– 9.0** | **968.0** |

[1] Employee representative in accordance with section 7 (1) clause 1 no. 1 MitbestG of 4 May 1976.

## 35 Disclosures pursuant to section 315a HGB

The average number of employees in the Group (section 314 (1) no. 4 HGB) has been shown in note 8 in the notes.

With regard to the disclosures concerning remuneration of the company's executive bodies (section 314 (1) no. 6 HGB), please refer to note 34. In accordance with section 314 (1) no. 8 HGB, we hereby declare that the Declaration of Compliance in accordance with section 161 AktG was submitted by the company's Executive Board and Supervisory Board on 7 December 2022. It has been made permanently available to shareholders on the Internet at the following address: https://www.freenet-group.de/investor/corporate-governance/index.html.

A total of 1,316 thousand euros in fees was paid to the auditor in accordance with section 314 (1) no. 9 HGB during 2022 financial year. Of this figure, 1,204 thousand euros is attributable to auditing services (thereof 1,204 thousand euros for the current audit for 2022), 81 thousand euros is attributable to other assurance services (e.g. reviewing the remuneration report; plausibility assessments regarding the covenants for the loan agreements and the achievement of targets of the Executive Board for the financial year ended) and 31 thousand euros is attributable to other services (mainly IT security).

In accordance with section 313 (2) to (3) HGB, we provide the following overview of the companies included in the consolidated financial statements:

| | Share in capital in % |
|---|---|
| **Fully-consolidated companies** | |
| freenet Cityline GmbH, Hamburg | 100.00 |
| freenet.de GmbH, Hamburg | 100.00 |
| 01019 Telefondienste GmbH, Hamburg | 100.00 |
| 01024 Telefondienste GmbH, Hamburg | 100.00 |
| 01050.com GmbH, Hamburg | 100.00 |
| freenet Datenkommunikations GmbH, Hamburg | 100.00 |
| freenet DLS GmbH, Büdelsdorf (formerly: mobilcom-debitel GmbH) | 100.00 |
| freenet Logistik GmbH, Schleswig (formerly: mobilcom-debitel Logistik GmbH) | 100.00 |
| MobilCom Multimedia GmbH, Schleswig | 100.00 |
| klarmobil GmbH, Hamburg | 100.00 |
| vitrado GmbH, Hamburg | 100.00 |
| freenet Direkt GmbH, Hamburg | 100.00 |
| freenet Energy GmbH, Berlin | 100.00 |
| Stanniol GmbH für IT & PR, Oberkrämer | 100.00 |
| freenet Shop GmbH, Oberkrämer (formerly: mobilcom-debitel Shop GmbH) | 100.00 |
| callmobile GmbH, Hamburg | 100.00 |
| freenet Shopping GmbH, Hamburg | 100.00 |
| The Cloud Networks Germany GmbH, Munich | 100.00 |
| The Cloud Networks Nordic AB, Stockholm (Sweden) | 100.00 |
| Gravis-Computervertriebsgesellschaft mbH, Berlin | 100.00 |
| freenet digital Holdings Inc., Wilmington (USA) | 100.00 |
| freenet digital LLC, Wilmington (USA) | 100.00 |
| freenet digital North America Inc., Wilmington (USA) | 100.00 |
| EXARING AG, Munich | 74.62 |
| Synergy Networks GmbH, Leipzig | 74.62 |
| Taunus Beteiligungs GmbH, Cologne | 100.00 |
| Media Broadcast GmbH, Cologne | 100.00 |
| Field Service Deutschland FSD GmbH, Köln (formerly: Media Broadcast Services GmbH, Cologne ) | 100.00 |
| Media Broadcast TV Services GmbH, Cologne | 100.00 |
| audio.digital NRW GmbH, Cologne | 100.00 |
| **Companies accounted for using the equity method** | |
| Antenne Deutschland GmbH & Co. KG, Garching (joint venture) | 50.00 |
| Antenne Deutschland Verwaltungs GmbH, Garching (joint venture) | 50.00 |
| ad.audio GmbH, Hamburg (associate) | 40.00 |
| Bayern Digital Radio GmbH, München (associate) | 45.00 |

## 36 Events of material importance after the reporting date

No events of special significance for the freenet Group have occurred after the balance sheet date.

## 37 Development of intangible assets, goodwill and property, plant and equipment

Development of intangible assets, goodwill and property, plant and equipment as of 31 December 2022

| In EUR '000s | Cost | | | | | |
|---|---|---|---|---|---|---|
| | 1.1.2022 | Additions | Reclassi-fications | Disposals | Foreign currency | 31.12.2022 |
| **Intangible assets** | | | | | | |
| Internally generated software | 171,178 | 22,208 | 0 | 7,234 | 0 | 186,152 |
| Software, licenses and right-of-use assets | 34,776 | 78,706 | 961 | 21,126 | 0 | 93,317 |
| Trademarks | 341,368 | 0 | 0 | 0 | 0 | 341,368 |
| Customer relationships | 106,480 | 0 | 0 | 0 | 0 | 106,480 |
| | **653,802** | **100,914** | **961** | **28,360** | **0** | **727,317** |
| **Goodwill** | | | | | | |
| Goodwill | 1,382,394 | 0 | 0 | 0 | 0 | 1,382,394 |
| | **1,382,394** | **0** | **0** | **0** | **0** | **1,382,394** |
| **Property, plant and equipment** | | | | | | |
| Land, property facilities and buildings | 28,282 | 13,893 | 3,141 | 0 | 0 | 45,316 |
| Switches and networks | 237 | 0 | 0 | 33 | 0 | 204 |
| Technical equipment and machinery | 213,574 | 10,579 | 266 | 2,962 | – 425 | 221,032 |
| Other operating and office equipment | 36,725 | 14,774 | 389 | 8,940 | – 8 | 42,940 |
| Prepayments made and assets under construction | 4,945 | 4,753 | – 4,757 | 487 | 0 | 4,454 |
| | **283,763** | **43,999** | **– 961** | **12,422** | **– 433** | **313,946** |
| **Total** | **2,319,959** | **144,913** | **0** | **40,782** | **– 433** | **2,423,657** |

Development of intangible assets, goodwill and property, plant and equipment as of 31 December 2021

| In EUR '000s | Cost | | | | | |
|---|---|---|---|---|---|---|
| | 1.1.2021 | Additions | Reclassi-fications | Disposals | Foreign currency | 31.12.2021 |
| **Intangible assets** | | | | | | |
| Internally generated software | 151,314 | 19,864 | 0 | 0 | 0 | 171,178 |
| Software, licenses and right-of-use assets | 192,941 | 29,377 | 79 | 187,621 | 0 | 34,776 |
| Trademarks | 341,368 | 0 | 0 | 0 | 0 | 341,368 |
| Customer relationships | 107,008 | 0 | 0 | 528 | 0 | 106,480 |
| | **792,631** | **49,241** | **79** | **188,149** | **0** | **653,802** |
| **Goodwill** | | | | | | |
| Goodwill | 1,382,394 | 0 | 0 | 0 | 0 | 1,382,394 |
| | **1,382,394** | **0** | **0** | **0** | **0** | **1,382,394** |
| **Property, plant and equipment** | | | | | | |
| Land, property facilities and buildings | 34,586 | 293 | 29 | 6,626 | 0 | 28,282 |
| Switches and networks | 672 | 0 | 0 | 435 | 0 | 237 |
| Technical equipment and machinery | 210,715 | 9,879 | 873 | 7,780 | – 113 | 213,574 |
| Other operating and office equipment | 39,495 | 9,109 | 397 | 12,275 | – 1 | 36,725 |
| Prepayments made and assets under construction | 1,752 | 5,414 | – 1,378 | 843 | 0 | 4,945 |
| | **287,220** | **24,695** | **– 79** | **27,959** | **– 114** | **283,763** |
| **Total** | **2,462,245** | **73,936** | **0** | **216,108** | **– 114** | **2,319,959** |

| Depreciation, amortisation and impairment | | | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|
| 1.1.2022 | Additions | Impairments | Reclassi-fications | Disposals | Foreign currency | 31.12.2022 | 31.12.2022 | 1.1.2022 |
| | | | | | | | | |
| 116,963 | 14,484 | 0 | 0 | 7,220 | 0 | 124,227 | 61,925 | 54,215 |
| 7,280 | 29,391 | 0 | 505 | 21,126 | 0 | 16,050 | 77,267 | 27,496 |
| 41,960 | 195,414 | 0 | 0 | 0 | 0 | 237,374 | 103,994 | 299,408 |
| 28,688 | 5,018 | 0 | 0 | 0 | 0 | 33,706 | 72,774 | 77,792 |
| **194,891** | **244,307** | **0** | **505** | **28,346** | **0** | **411,357** | **315,960** | **458,911** |
| | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,382,394 | 1,382,394 |
| **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1,382,394** | **1,382,394** |
| | | | | | | | | |
| 16,985 | 649 | 1,106 | 0 | 0 | 0 | 18,740 | 26,576 | 11,297 |
| 237 | 0 | 0 | 0 | 33 | 0 | 204 | 0 | 0 |
| 133,169 | 18,224 | 0 | – 505 | 2,843 | – 338 | 147,707 | 73,325 | 80,405 |
| 9,017 | 12,825 | 0 | 0 | 8,744 | – 8 | 13,090 | 29,850 | 27,708 |
| 6 | 0 | 0 | 0 | 0 | 0 | 6 | 4,448 | 4,939 |
| **159,414** | **31,698** | **1,106** | **– 505** | **11,620** | **– 346** | **179,747** | **134,199** | **124,349** |
| **354,305** | **276,005** | **1,106** | **0** | **39,966** | **– 346** | **591,104** | **1,832,553** | **1,965,654** |

| Depreciation, amortisation and impairment | | | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|
| 1.1.2021 | Additions | Impairments | Reclassi-fications | Disposals | Foreign currency | 31.12.2021 | 31.12.2021 | 1.1.2021 |
| | | | | | | | | |
| 102,777 | 14,186 | 0 | 0 | 0 | 0 | 116,963 | 54,215 | 48,537 |
| 129,647 | 32,845 | 32,422 | – 13 | 187,621 | 0 | 7,280 | 27,496 | 63,294 |
| 41,287 | 673 | 0 | 0 | 0 | 0 | 41,960 | 299,408 | 300,081 |
| 24,198 | 5,018 | 0 | 0 | 528 | 0 | 28,688 | 77,792 | 82,810 |
| **297,909** | **52,722** | **32,422** | **– 13** | **188,149** | **0** | **194,891** | **458,911** | **494,722** |
| | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,382,394 | 1,382,394 |
| **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1,382,394** | **1,382,394** |
| | | | | | | | | |
| 11,411 | 1,900 | 10,296 | 3 | 6,625 | 0 | 16,985 | 11,297 | 23,175 |
| 672 | 0 | 0 | 0 | 435 | 0 | 237 | 0 | 0 |
| 125,886 | 14,788 | 106 | 0 | 7,552 | – 59 | 133,169 | 80,405 | 84,829 |
| 8,776 | 12,060 | 0 | 10 | 11,828 | – 1 | 9,017 | 27,708 | 30,719 |
| 0 | 6 | 0 | 0 | 0 | 0 | 6 | 4,939 | 1,752 |
| **146,745** | **28,754** | **10,402** | **13** | **26,440** | **– 60** | **159,414** | **124,349** | **140,475** |
| **444,654** | **81,476** | **42,824** | **0** | **214,589** | **– 60** | **354,305** | **1,965,654** | **2,017,591** |

Büdelsdorf, 9 March 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) |