

To our shareholders

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2022 Highlights



January | mobilcom-debitel becomes freenet

freenet began 2022 by consolidating its brand portfolio and reinforcing the freenet umbrella brand. All products previously sold under the mobilcom-debitel brand now carry the freenet name. The aim of this standardisation is to raise freenet's profile so that it becomes known as an umbrella brand for one of the largest digital lifestyle providers in Germany and creates synergies in sales and retail, marketing and customer communications. The switch is being publicly rolled out with the help of brand ambassador Dieter Bohlen, a campaign that has already significantly increased awareness of freenet as a consumer brand.

April | freenet raises minimum wage considerably

In April, freenet set a good example of social responsibility by increasing its minimum wage for employees to 13.22 euros per hour. freenet employees received higher salaries from April 2022 onwards. The move also enhances freenet's competitive positioning for skilled workers within the lower income range (e.g. warehouse logistics staff). Companies were only required by law to increase their minimum wage to 12 euros per hour from October onwards.



May | Agreement with MediaMarktSaturn extended

At the end of May, freenet announced its decision to extend its successful long-term distribution partnership with Media-Saturn Deutschland GmbH ahead of schedule. The new agreement once again created an excellent framework for this relationship. In particular, this established and exclusive distribution partnership allows freenet to offer its own tariffs across all mobile networks and original tariffs from network operators Deutsche Telekom and Vodafone in all MediaMarkt and Saturn stores as well as across Germany via the company's online channels.



May | Marc Tüngler appointed as new Supervisory Board chairman of freenet AG

In May, the Supervisory Board of freenet AG appointed Supervisory Board member Marc Tüngler as its new chairman. Tüngler, who has served on the Supervisory Board of freenet AG since 2012, succeeds Prof. Dr Helmut Thoma, who stepped down from the Supervisory Board. He has been appointed for four years. In addition to his role as Managing Director of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW – German Association of Private Shareholders), he has been a member of the government commission on the German Corporate Governance Code since 2015. The Supervisory Board has also been bolstered by the appointment of new members Prof. Dr Kerstin Lopatta, Miriam Wohlfarth and Thomas Karlovits.



June | freenet Internet launched

In June, freenet became the first German provider to offer an app-based Internet product as it launched freenet Internet. This new online tariff can be managed flexibly via the app and can be cancelled on a monthly basis. By launching this product, freenet has established the Internet segment as the third pillar of its business alongside Mobile Communications and TV & Entertainment as it continues to consistently broaden the company's digital lifestyle portfolio. This product was expanded to include a broadband product (DSL) in early 2023. The aim is for freenet's Internet product to contribute 15 to 25 million euros to Group EBITDA from the 2025 financial year onwards as part of the company's medium-term financial ambitions.



August | EBITDA forecast raised for 2022 financial year

freenet delivered strong financial results in the first six months of 2022. Despite mounting macroeconomic challenges created by increasing geopolitical tensions, the company continued to improve its profitability in a dynamic yet rational market environment. As a result, the Executive Board raised its EBITDA forecast for the second half of 2022 (460 to 480 million euros; previously 450 to 470 million euros), an increase of 10 million euros (+2.2 percent) compared to the respective mid-points of the original and new guidance.

August | GRAVIS launches innovative and sustainable store model

In August, GRAVIS unveiled an innovative new store model just a few steps from its previous premises in Munich. The new spatial model focuses on the chain's omnichannel approach by seamlessly incorporating online activities into its bricks-and-mortar stores. By offering sustainable products, an in-store purchasing programme for old devices and the chance to offset carbon emissions by planting trees, this new store model embodies GRAVIS's commitment to sustainability. From Munich, the model is likely to be steadily rolled out to other locations.



September | New Executive Board position for Human Resources and ESG

In September, freenet addressed the key issues of the future by creating a dedicated Human Resources and ESG position on the Executive Board. Nicole Engenhardt-Gillé was appointed to freenet's Executive Board on 1 January 2023, having previously been responsible for the company's almost 3,700-strong workforce in her role as Head of Human Resources. Her remit has now expanded to include responsibility for all aspects of sustainability (ESG) as well as all training and continuing professional development within the bricks-and-mortar shop business.



August | Dieter Bohlen extends contract as "CEO" (Chief Entertainment Officer)

After a successful initial campaign with our new "Chief Entertainment Officer" to raise awareness of the umbrella brand, freenet extended its contract with Dieter Bohlen in August. Bohlen became a freenet ambassador in 2021 and has helped to significantly increase awareness of freenet as a consumer brand. The pop titan is once again advertising the digital lifestyle provider's entire range of products and services in his inimitably brusque yet charming way. The aim of the latest campaign is to communicate the brand's specific promise in addition to highlighting its Mobile Communications, Internet and TV & Entertainment businesses.



December | waipu.tv continues to expand strategic partnerships

waipu.tv recorded robust subscriber growth across the entire year, with around 250,000 more customers using its paid offering compared to a year earlier by year-end. To ensure even stronger growth in 2023, waipu.tv teamed up with several partners for the coming year during 2022. In addition to partnerships with sport streaming service DAZN as well as (Fire TV and Apple TV rival) Roku TV, waipu.tv welcomed Deutsche Glasfaser and Lilaconnect as particularly important new partners in its efforts to attract new customers.

TO OUR SHAREHOLDERS

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from left to right:
Stephan Esch, CTO
Rickmann v. Platen, CCO
Nicole Engenhardt-Gillé, CHRO
Christoph Vilanek, CEO
Ingo Arnold, CFO
Antonius Fromme, CCE

Letter to our shareholders

Dear shareholders, business partners, customers and friends of freenet,

At our Capital Markets Day just over 18 months ago, we announced our new growth phase – freenet 2025. Our declared ambition is to increase EBITDA to at least 520 million euros by 2025, which represents compound annual growth rate (CAGR) of more than 4 percent compared with the 2020 baseline. We had already begun laying the groundwork for this strategy in previous years by entering new business areas and adjusting our organisational structure, and took more important steps towards our target during the past financial year.

Our results show that we are on the right track – and have been from the start back in 2021, when we increased EBITDA by 5.0 percent to 447.3 million euros. EBITDA then grew by a further 7.0 percent to 478.7 million euros during the year under review. Revenue remained stable year-on-year at 2.557 billion euros as planned, while free cash flow rose considerably compared to 2021, increasing by 6.3 percent to 249.2 million euros.

To make sure we reach our EBITDA target of 520 million euros or more by 2025, we have identified three main priorities:

- to steadily increase profitability in our core Mobile Communications business,
- to substantially grow the waipu.tv customer base and thus the TV and Media segment's contribution to earnings, and
- to continually improve our organisational structure and digitalise our processes.

In the Mobile Communications segment, our customers are at the heart of our activities more than ever before, with customer acquisition efforts now focused on smart pricing and customer lifetime value. We are seeing instant results in this area, with positive effects on EBITDA and a further moderate rise in postpaid customers. The Mobile Communications business now has 7.3 million postpaid customers and EBITDA of 402.7 million euros, with the number of users for our app-based freenet FUNK and freenet FLEX tariffs also increasing by 28.5 percent to 113.1 thousand. We also expect the partnership with Media-Saturn Deutschland GmbH extended in the first half of last year to continue making a significant contribution to our selling power and proximity to our customers. We will continue this extremely successful collaboration on the same fair terms – with an explicit focus on online retail from now on.

In the TV and Media segment, waipu.tv continued on its steep growth trajectory, amassing new subscribers, partners and awards. With one of Germany's most innovative IPTV products, 970.0 thousand subscribers and a growth rate of 34.3 percent over the past year, waipu.tv is undoubtedly heading for the one-million-subscriber mark. Its new partners include Germany's largest suburban optical fibre provider, Deutsche Glasfaser, top US streaming hardware company Roku TV, and DAZN, the world's leading sport streaming service. The entertainment offering was also expanded by a further 35 channels in 2022, with a number of channels also moving to HD. In November, waipu.tv received the German Fairness Award in the premium TV provider category from the German Institute for Service Quality (DISQ), having already garnered two

other accolades earlier in the year – being named “Germany’s Customer Kings” by BILD in the “high customer value” category and conferred with the “highest recommendation” for premium TV providers by FOCUS Money.

Our Media Broadcast subsidiary continued to consistently expand its infrastructure services in particular. Among other things, this included signing long-term agreements to provide field services to 1&1 to repair and maintain its new 5G mobile communications network and to Deutsche Glasfaser for fault clearance at its 70 sites across northern Germany. Media Broadcast also expanded the transmitter network of the first national digital radio multiplex to include dozens of sites within Germany and reached agreements to plan, build and operate 5G campus networks for customers outside the media sector.

At the same time, we have significantly reduced the complexity of our organisational structure, processes and in some cases our products including, for example, dozens of different types of SIM card and variants of the telephone number porting process that offered no advantages for our customers. Indeed, this simplification will benefit our customers.

In addition, we largely completed the consolidation of our individual brands under the “freenet” umbrella brand and redesigned the exterior of almost all of our approximately 500 shops during the year under review. Our previous main brand mobilcom-debitel has also gradually disappeared as part of this process – from both our shops and our balance sheet. The brand’s carrying amount recognised under intangible assets totalling 98.5 million euros as of 31 December 2022 will be fully amortised by mid-2023 without impacting our ability to pay dividends.

We expect freenet Internet’s contribution to EBITDA to steadily increase to between 15 and 25 million euros by 2025. We launched Germany’s first app-based Internet product that can be cancelled on a monthly basis in the middle of 2022. This tariff can be selected, managed and paid on a completely contactless basis via the app – our next step towards a customer-focused “digital first” approach.

As always, our shareholders have been able to participate significantly in freenet’s success, with the share price remaining relatively stable for large parts of the financial year despite the challenging environment. We also paid out a dividend of 1.57 euros per share for the 2021 financial year in May of the year under review, making us one of the highest dividend payers on the German stock market. Our total shareholder return (TSR), the sum of price gains and dividends, was -6 percent for 2022, an encouraging figure compared to the wider market. Losses on the MDAX, where freenet is listed and which also takes dividend distributions into account, were almost five times higher (-28 percent) over the same period!

The composition of freenet’s Supervisory Board also changed during the 2022 financial year, with long-serving member Marc Tüngler appointed as its new chairman. The other new appointments to the Supervisory Board were Prof. Dr Kerstin Lopatta as a sustainability expert, Miriam Wohlfarth to drive digital transformation, and capital markets expert Thomas Karlowits. Among the other changes at freenet was a new remuneration system for the Executive Board that is designed to motivate management to consistently implement our digital lifestyle strategy and provides incentives for sustainable, long-term, value-oriented corporate development that takes ESG targets into account for the first time.

No matter how many incentives and new appointments are introduced at management level, however, the fate of any company depends entirely on the commitment, ability and identification of each and every one of its employees. That’s why we raised our minimum wage to 13 euros per hour on 1 April last year. This is intended as a token of our appreciation for the outstanding commitment shown by so many of our employees, including those on lower pay, and a small contribution at a time when living costs are increasing dramatically. Last but not least, I would like to mention two more awards worthy of celebration by freenet’s staff and customers alike. In May 2022, the Federal Office for Information Security (BSI) awarded us the IT security mark for freenet.de’s email services, underlining our commitment not only to product satisfaction but also to the security needs of our customers. As if that were not enough, specialist magazine “connect” also ranked our no-frills subsidiary klarmobil in its top three providers in a recent test.

To sum up the 2022 financial year, we are well on track to achieving our “freenet 2025” ambitions. From a customer base of around 9 million subscribers, we are generating high free cash flows with a largely crisis-resistant business model based on low energy intensity, capex-light strategy, low levels of debt and a proactive staffing policy.

We are very grateful to have your support on this journey, and hope you will remain loyal to freenet!

Sincerely,



Christoph Vilanek (CEO)

Report of the Supervisory Board

Dear shareholders,

The 2022 financial year saw several changes to the composition of the Supervisory Board. New members joined the Supervisory Board after the term of office of the previous shareholder representatives came to an end in May 2022. On the capital side, three women and three men now represent shareholders on the Supervisory Board for the first time. Marc Tüngler succeeded his long-serving predecessor Prof. Dr Helmut Thoma as chairman of the Supervisory Board. In addition, Nicole Engenhardt-Gillé was named as the company's first-ever female Executive Board member in charge of human resources and ESG. From 1 January 2023, she will be responsible for all aspects of human resources and sustainability at freenet AG.

The Supervisory Board, in both its previous and new composition, carried out the duties assigned to it by law, the articles of association and rules of procedure for the entire financial year. We supervised and advised the Executive Board in its management of the company based on the in-depth reports provided by the Executive Board. It did this based on the comprehensive written reports submitted to it by the Executive Board before each meeting; these reports are verbally explained and expanded upon by the Executive Board and comprehensively discussed by the Supervisory Board in its meetings. The Supervisory Board's shareholder and employee representatives regularly prepared the topics discussed in the Supervisory Board as part of their respective separate preliminary meetings. The Supervisory Board also regularly held plenary meetings themselves without the Executive Board in attendance.

Outside of the meetings, the Executive Board provided regular monthly written reports on the development of the business and any other processes within the company that are relevant for the Supervisory Board.

Moreover, information was regularly exchanged between the chairman of the Supervisory Board and the chairman of the Executive Board as well as the other Executive Board members.

This allowed us as the Supervisory Board to remain continually informed about the company's strategic direction, corporate planning including financial planning, the course of business, and the position of the company and the group. The Supervisory Board was involved directly and at an early stage in all decisions of material importance for the company and discussed these with the Executive Board thoroughly and in detail. In cases where decisions or measures to be taken

required the approval of the Supervisory Board in accordance with the law, the articles of association or the rules of procedure, we issued our approval after an extensive review and discussion.

The chairman of the Supervisory Board also held discussions with investors about specific Supervisory Board matters. In particular, this included the Executive Board remuneration system presented at the Annual General Meeting in 2022 as well as the selection process for the Supervisory Board candidates proposed for election at the 2022 Annual General Meeting.

Issues considered by the full Supervisory Board

The Supervisory Board met a total of six times during the 2022 financial year, including four in-person meetings and two virtual meetings held as videoconferences. In one case, an in-person meeting continued virtually the following day, while resolutions were also passed by written procedure in three cases.

The subject of the meetings of the full Supervisory Board were the company's current business performance, the market and competitive situation, the financial position and results of operations as well as the financing situation of the company, and the performance of group companies and the group's investees.

The Supervisory Board was closely involved in business transactions of particular relevance to the Group.

In addition to the personnel issues mentioned above, our activities focused on further developing the company's strategy in the TV and Media segment. At a total of three meetings held both with and without the Executive Board, the Supervisory Board discussed at length and ultimately rejected the possibility of external growth via a potential acquisition. With support from the chairman of the audit committee, the steering committee previously extensively addressed the opportunities and risks of this potential transaction at several meetings and additional information updates.

Details of matters addressed at meetings

In January 2022, ahead of our first meeting, we passed a resolution by written procedure concerning the continuation of the share buyback that began in 2020 and approved the extension of the share buyback programme until the end of March 2022. More than 9.1 million repurchased shares in freenet AG were redeemed by the end of the buyback programme. We also approved this redemption and the associated technical changes to the articles of association by written procedure in June 2022.

The main subject of discussion at the regular meeting held virtually in March 2022 due to the Covid situation was the annual and consolidated financial statements as of 31 December 2021. We discussed the findings of the audit of the 2021 consolidated and annual financial statements together with representatives of the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH WPG), Frankfurt am Main. After completing its own examination, the Supervisory Board raised no objections to the auditors' findings and followed the audit committee's recommendation by approving the annual and consolidated financial statements. The annual financial statements were thereby adopted.

We also discussed the review of the non-financial statement as of 31 December 2021, which is also part of our responsibilities. This review was conducted by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (Mazars WPG), Hamburg, with the close support of the audit committee. Based on the review procedures carried out and the evidence obtained, the auditor did not identify any issues which would lead him to conclude that the information in the non-financial statement was not prepared in all material respects in compliance with the legal requirements. The Supervisory Board agreed with the results of the review conducted by Mazars WPG on the recommendation of the audit committee.

Another significant topic for the Supervisory Board was the revision of the Executive Board remuneration system that was not approved by the Annual General Meeting in 2021. To do this, members of the personnel committee developed a revised version of the Executive Board remuneration system with external support that addressed the criticisms expressed at the 2021 Annual General Meeting. On the recommendation of the personnel committee, the Supervisory Board submitted the revised remuneration system to the Annual General Meeting for approval on 5 May 2022. Following the approval of the Annual General Meeting, we approved by written procedure amendments to Executive Board service agreements concluded or extended in 2020 or later to ensure that the new Executive Board remuneration system is applied on a case-by-case basis to service agreements concluded before the remuneration system was approved by the 2022 Annual General Meeting.

The meeting on 22 March 2022 also focused on the Supervisory Board candidates proposed for election by the Annual General Meeting in May 2022. The Supervisory Board assessed the knowledge, skills and independence of the candidates for election to the Supervisory Board based on the profile of skills adopted in the previous year and proposed candidates to the Annual General Meeting for election who have all of the skills required to serve on the Supervisory Board of freenet AG.

The Supervisory Board re-constituted itself with its new composition and appointed Marc Tüngler as its chairman at the in-person meeting that followed the virtual Annual General Meeting on 5 May 2022. The Supervisory Board's committees were also reappointed at this meeting.

This was followed by an introductory onboarding event aimed at Supervisory Board members newly appointed by the Annual General Meeting as part of an in-person meeting on 6 May 2022, with members of the Executive Board presenting their areas of responsibility and providing detailed information about their activities and future developments in their departments.

At its in-person meeting in September 2022, the Supervisory Board appointed experienced Head of Group Human Resources Nicole Engenhardt-Gillé to the Executive Board and as Director of Labour Relations, and gave her responsibility for the newly created Human Resources and ESG unit. By creating this new Executive Board position, the Supervisory Board is underlining the significance of both of these strategic management tasks and its clear commitment to diversity and sustainability.

At the same meeting, the Executive Board presented its deliberations on strategic options for developing the company through inorganic growth. It provided a report on its assessment of a potential transaction, which continued after the meeting in close cooperation with the steering committee and the chair of the audit committee. The results of this transaction assessment were presented at the in-person meeting on 7 December 2022 and the virtual continuation of the meeting on the following day. The potential transaction was intensively discussed by the Executive Board and Supervisory Board as well as internally within the Supervisory Board without the Executive Board and was ultimately rejected by the Supervisory Board in its virtual meeting on 12 December 2022.

At its meeting on 7 December 2022, the Supervisory Board also discussed and noted with approval the planning for the 2023 financial year presented by the Executive Board. The Supervisory Board subsequently derived the performance criteria for the short-term variable remuneration of Executive Board members from this planning. We also passed a resolution on the submission of the annual Declaration of Compliance with the German Corporate Governance Code.

At its meeting on 22 March 2023, the full Supervisory Board discussed the audit of the annual and consolidated financial statements for the financial year ended 31 December 2022. The details concerning this matter are the subject of the separate section “Audit of the annual and consolidated financial statements for 2022 financial year” in this report.

Work of the Supervisory Board committees

The Supervisory Board has set up five committees. They prepare information on issues and for resolutions to be handled by the full Supervisory Board. Within the scope permitted by law, the Supervisory Board has transferred its authority to make decisions to the committees. The committee chairs report to the full Supervisory Board about the work of the committees in the subsequent meeting in each case. The general duties, the working practices and the composition of the individual committees are described in greater detail in the Corporate Governance Statement.

No circumstances that might constitute conflicts of interest involving Executive or Supervisory Board members and must be disclosed to the chairman of the Supervisory Board and about which the Annual General Meeting must be informed were disclosed to the chairman of the Supervisory Board.

Steering committee

The steering committee met virtually with the chair of the audit committee twice in 2022 to discuss the transaction that was ultimately rejected. The Executive Board also kept members of the steering committee and the chair of the audit committee informed about the latest preliminary results of the assessment of the potential transaction in seven weekly information update meetings.

Personnel committee

Members of the personnel committee gathered for two in-person meetings and three virtual meetings in 2022. At its first meeting, the personnel committee focused on revising the remuneration system for the Executive Board after the Supervisory Board's proposal was not approved by the 2021 Annual General Meeting.

Members of the committee dealt with the creation of an Executive Board unit for human resources and ESG and preparations for the appointment of Nicole Engenhardt-Gillé to the Executive Board in three meetings.

Finally, the committee had initial discussions about the expiry of the term of office of the Chief Executive Officer (CEO) at its final meeting of the year. Finally, the personnel committee established whether and to what extent the parameters for the variable remuneration of the Executive Board members for 2021 were reached, set new parameters for the targets agreed for the 2022 financial year and proposed these to the Supervisory Board for a resolution.

Figure 1: Meeting attendance by Supervisory Board members in 2022

Meeting attendance by Supervisory Board members in 2022	Supervisory Board						Steering committee	
	22.3.	5.5.	6.5.	21.9.	7./8.12.	12.12.	17.8.	28.9.
Date of meeting in 2022	22.3.	5.5.	6.5.	21.9.	7./8.12.	12.12.	17.8.	28.9.
Meeting format	virtual	in-person	in-person	in-person	in-person	virtual	virtual	virtual
Shareholder representatives								
Marc Tüngler	virtual	in-person	in-person	in-person	in-person	virtual	virtual	virtual
Sabine Christiansen	virtual	in-person	in-person	in-person	virtual	virtual	—	—
Thomas Karlovits (since 5.5.)	—	in-person	in-person	in-person	in-person	virtual	virtual	virtual
Prof. Dr. Kerstin Lopatta (since 5.5.)	—	virtual	virtual	in-person	virtual	virtual	—	—
Robert Weidinger	virtual	in-person	in-person	in-person	in-person	virtual	virtual	virtual
Miriam Wohlfarth (since 5.5.)	—	in-person	in-person	in-person	in-person	excused	—	—
Fränzi Kühne (until 5.5.)	virtual	—	—	—	—	—	—	—
Thorsten Kraemer (until 5.5.)	virtual	—	—	—	—	—	—	—
Prof. Dr. Helmut Thoma (until 5.5.)	virtual	—	—	—	—	—	—	—
Employee representatives								
Claudia Anderleit	virtual	in-person	in-person	in-person	in-person	virtual	—	—
Bente Brandt	virtual	in-person	in-person	in-person	in-person	excused	—	—
Theo-Benneke Bretsch	virtual	in-person	in-person	in-person	in-person	virtual	—	—
Gerhard Huck	virtual	in-person	in-person	virtual	in-person	virtual	virtual	virtual
Knut Mackeprang	virtual	in-person	in-person	virtual	in-person	virtual	virtual	virtual
Thomas Reimann	virtual	in-person	in-person	in-person	in-person	virtual	—	—

¹ incl. participation in committees as a non-member

Audit committee

The audit committee regularly addressed the latest key audit areas and discussed them with the auditors in three in-person meetings and one virtual meeting. The committee's members dealt extensively with the annual report, half-yearly report and quarterly management statements. Together with the auditor, the committee regularly discussed current accounting issues and requirements due to new legislation. The audit committee and its chair maintained an ongoing dialogue with both the auditor and CFO both at and outside of its meetings.

The committee also discussed the non-audit services rendered by the auditor and preparations for tendering for the auditing of the financial statements as well as any audit committee requirements arising from the revised 2022 German Corporate Governance Code.

The audit committee recommended to the Supervisory Board that Grant Thornton AG be appointed to audit the Group's non-financial statement (hereinafter also referred to as the "non-financial statement") for the 2022 financial year, with the audit committee providing close support for the audit of the non-financial statement. The committee obtained reports directly from the managers responsible in Compliance and Internal Audit. The status of the internal control system, risk management and fraud management was also presented to the committee.

The main emphasis of the audit committee's work was to guide and support the auditing of the annual financial statements. For this purpose...

- the committee obtained the statement of independence of the auditor,
- the committee monitored the auditor's independence and the implementation of the audit assignment,
- the committee dealt with identifying the key areas for the audit of the financial statements, and
- the committee prepared the Supervisory Board's resolutions on the annual and consolidated financial statements, the proposal for the appropriation of profits and the agreements with the auditor.

Mediation committee

As in the previous years, the mediation committee did not have to be convened in 2022.

Personnel committee						Audit committee				Meetings attended	Number of meetings	Percentage
8.3.	14.6.	13.7.	1.9.	15.12.	22.2.	10.5.	9.8.	2.11.				
virtual	in-person	in-person	virtual	virtual	virtual	in-person	in-person	in-person				
—	virtual	virtual	virtual	virtual	virtual	—	—	—	13	13	100%	
virtual	virtual	virtual	virtual	virtual	—	—	—	—	11	11	100%	
—	—	—	—	—	—	—	—	—	7	7	100%	
—	—	—	—	—	—	virtual	virtual	in-person	8	8	100%	
—	—	—	—	—	virtual	in-person	in-person	in-person	10 ¹	8	100%	
—	—	—	—	—	—	—	—	—	4	5	80%	
—	—	—	—	—	—	—	—	—	1	1	100%	
—	—	—	—	—	—	—	—	—	1	1	100%	
virtual	—	—	—	—	—	—	—	—	2	2	100%	
virtual	in-person	in-person	virtual	virtual	—	—	—	—	11	11	100%	
—	—	—	—	—	virtual	in-person	in-person	in-person	9	10	90%	
—	—	—	—	—	—	—	—	—	6	6	100%	
—	—	—	—	—	—	—	—	—	8	8	100%	
virtual	in-person	in-person	virtual	virtual	—	—	—	—	13	13	100%	
—	—	—	—	—	virtual	in-person	in-person	in-person	10	10	100%	
Total:										98%		

Nomination committee

In 2022 financial year, the nomination committee prepared the Supervisory Board's nominations for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting on 5 May 2022 without coming together for a meeting.

Disclosure on individual members' attendance at meetings

The attendance rate of the members of the Supervisory Board and its committees was 98 percent. With the exception of a virtual meeting convened at short notice that two members of the Supervisory Board could not attend, all Supervisory Board members participated in all plenary meetings and relevant committee meetings. The attendance of individual members in the meetings of the Supervisory Board and its committees is disclosed below.

Onboarding process and support for training activities

All newly appointed Supervisory Board members complete a regulated onboarding process following their appointment to provide them with a good introduction to the company issues relevant to the Supervisory Board's activities. As part of this process, Supervisory Board members are provided with an overview of the organisational structure, individual business segments and material issues as well as additional information and documents. This event took place on the day after the Annual General Meeting, 6 May 2022.

The Supervisory Board and its committees are kept informed of developments, such as those of a statutory or regulatory nature, that are relevant to Supervisory Board activities or the Group's areas of activity. This also includes relevant issues associated with sustainable development and ESG reporting within the Group.

Information events are also held for Supervisory Board members to provide a deeper insight into the business model and challenges of freenet AG. The first of these information events was held in November 2022, when the Supervisory Board was able to focus on the topic of customer care in more detail.

Members of the Supervisory Board independently carried out additional training activities.

Annual and consolidated financial statements audit for 2022 financial year

The annual financial statements prepared by the Executive Board in accordance with the provisions of the German Commercial Code (HGB) for the financial year from 1 January 2022 to 31 December 2022 and the freenet AG management report were audited by PwC GmbH WPG. The audit assignment had been awarded by the chairman of the audit committee in accordance with the resolution adopted by the Annual General Meeting on 5 May 2022. The auditor issued an unqualified auditor's report. The consolidated financial statements of freenet AG as of 31 December 2022 were prepared in accordance with section 315e HGB on the basis of the international financial reporting standards (IFRSs) as adopted by the European Union. The auditor issued an unqualified auditor's report for these consolidated financial statements and the Group management report.

The auditor's report of the auditor, PwC GmbH WPG, has been signed by Niklas Wilke in his capacity as the responsible auditor. Niklas Wilke was responsible for the audit of the company for the fifth year in a row. PwC GmbH WPG has been acting as the auditor of the company without interruption since auditing the annual financial statements for financial year 2014.

The audit was reported on and discussed in the audit committee on 21 February 2023 and at the Supervisory Board meeting on 22 March 2023. The auditors took part in the Supervisory Board's and the committee's deliberations on the annual and consolidated financial statements. They reported on the key findings of the audits and were at the disposal of the audit committee and the Supervisory Board for supplementary questions and information. As a result of its own final examination of the annual and consolidated financial statements, the management report and the Group management report, the Supervisory Board raised no objections and approved the result of the audit conducted by the auditor.

The Supervisory Board followed the audit committee's recommendation and approved the annual and consolidated financial statements at its meeting on 22 March 2023. The annual financial statements are thus adopted. At its meeting on 22 March 2023, the Supervisory Board also examined the Executive Board's proposal for the appropriation of net retained profits and discussed it with the auditor. Subsequent to this, the Supervisory Board – following the audit committee's recommendation – gave its consent to the Executive Board's proposal.

Review of the non-financial group statement for the 2022 financial year

The non-financial statement for the financial year from 1 January 2022 to 31 December 2022 which was prepared by the Executive Board as part of the management report of freenet AG and the group management report and with reference to the sustainability standards of the Global Reporting Initiative (GRI) was reviewed by Grant Thornton AG, Düsseldorf. The review also included the disclosures required under the EU taxonomy. The limited assurance engagement was awarded on the basis of the Supervisory Board resolution of 7 December 2022. After reviewing the non-financial statement, the auditor concluded that they had not identified any issues which would cause him to believe that the disclosures in the Group non-financial statement have not been prepared, in all material respects, in compliance with the legal requirements (limited assurance engagement). The auditor reported on the limited assurance engagement procedures and the preliminary result of the review in the audit committee meeting on 21 February 2023. The Supervisory Board agreed with the findings of the auditor following a corresponding recommendation by the audit committee.

Audit of the remuneration report

The form and substance of the uniform and separate report jointly prepared by the Executive Board and Supervisory Board on the remuneration granted and owed to each individual current and former member of the Executive Board and Supervisory Board was audited by auditing firm PwC GmbH WPG. Following the preparations made by the audit committee, the limited assurance engagement was awarded on the basis of the Supervisory Board resolution of 7 December 2022. The auditing firm reported the results of their audit to the Supervisory Board as part of its meeting on 22 March 2023. In the auditor's opinion, the remuneration report, including the related disclosures, complies in all material respects with the accounting provisions of section 162 AktG.



Marc Tüngler, Chairman of the Supervisory Board

Changes to the Executive Board and Supervisory Board

The terms of office of the Supervisory Board's shareholder representative ended at the close of the Annual General Meeting on 5 May 2022. This meant that Prof. Dr Helmut Thoma, Fränzi Kühne and Thorsten Kraemer left the Supervisory Board.

We would like to thank Prof. Dr Helmut Thoma, Fränzi Kühne and Thorsten Kraemer for their constructive collaboration, long-running support and impact on the company in recent years. My Supervisory Board colleagues and I wish the three of them the very best and every success in their future endeavours.

In addition to existing members Sabine Christiansen, Marc Tüngler and Robert Weidinger, the Annual General Meeting also appointed Thomas Karlovits, Prof. Dr Kerstin Lopatta and Miriam Wohlfarth to the Supervisory Board.

There were no changes to the composition of the Executive Board during the 2022 financial year; Nicole Engenhardt-Gillé was appointed the new Executive Board member for human resources and ESG with effect from 1 January 2023.

The Supervisory Board would like to express its thanks and appreciation to the members of the Executive Board as well as to the employees at all of the Group companies for their personal commitment and good work.

Büdelsdorf, 22 March 2023

For the Supervisory Board

Marc Tüngler
 Chairman of the Supervisory Board

freenet share

Performance of the freenet shares during the 2022 financial year

Across the globe, the 2022 trading year was dominated by the war in Ukraine that began in late February and the political and economic consequences resulting from this conflict. Energy prices across Europe and in Germany in particular surged from spring onwards, adversely impacting both businesses and private households. Inflation based on the Harmonised Index of Consumer Prices (HICP) rose as high as +8.7 percent year-on-year in Germany. Central banks, including the ECB, steadily raised their key interest rates over the course of the year to mitigate this dynamic inflation trend, with the ECB's key interest rate reaching 2.5 percent by the end of the year. This in turn caused bond market yields to surge, with 10-year German government bonds ending the year at 2.51 percent (previous year: -0.21 percent). This development means that equities have become less attractive as an investment than bonds. Signs of an impending worldwide recession and an imminent deglobalisation of the global economy also had a negative impact on the business outlook for companies, with Germany's energy-intensive industrial companies particularly heavily affected by the current geopolitical and global economic environment

Table 1: Information on freenet AG shares

As of 31 December 2022	
WKN/ ISIN:	A0Z2ZZ/DE000A0Z2ZZ5
Sector:	DAXsector Telecommunication, DAXsubsector Wireless Communication
Class of shares:	No-par-value registered ordinary shares
Index memberships:	MDAX, TecDAX, Midcap Market Index, CDAX, HDAX, STOXX Europe 600 Telecommunications (SXXP), SXXP performance index (SXXGR) Prime All Share, Technology All Share
Share capital/number of shares:	118,900,598 euros/ 118,900,598 shares
Official trading:	Regulated Market/Prime Standard: Frankfurt, OTC market: Berlin, Hamburg, Stuttgart, Düsseldorf, Hanover, Munich
Symbol/Reuters instrument code:	FNTN / FNTGn.DE

The aforementioned adverse impacts are reflected in the significant slump in prices across Germany's largest equity indices since the end of 2021 (DAX: -12 percent; MDAX: -28 percent; TecDAX: -25 percent). The STOXX 600 Europe Telecommunications (SXXGR) performance index, which tracks the 32 largest telecommunications companies in Europe, fell less sharply by comparison (-14 percent). While the sector is considered energy-intensive due to its network infrastructure operations, the products and services offered by telecommunications companies are also deemed to be virtually essential for consumers. As a result, the industry experiences resilient demand in times of crisis and is widely regarded as a defensive investment sector.

As a company that generates around 90 percent of its revenue from mobile communications services, freenet is part of the SXXGR. Unlike most of the companies included in this index, however, freenet does not operate its own network infrastructure (asset-light model), enabling it to keep energy and investment costs comparatively low. Over the 2022 full year, freenet shares achieved a total shareholder return (TSR), the sum of price gains and dividends, of -6 percent, well above the year-end figures for its benchmark indices (MDAX, TecDAX, SXXGR) in relative terms. The share price climbed to its annual high of 26.79 euros in the first four months of the year. After the Annual General Meeting in May and thus the expiry of any entitlement to a dividend for 2022, the price then fell rapidly to 21.69 euros (including ex-dividend markdown). The shares then recovered to just over 25 euros by June. The share price dropped steadily in the second four months of the year, eventually reaching its annual low of 18.81 euros in the final third of 2022, when its benchmark indices also recorded their lows for the year. The freenet share price then rose consistently to close the year at 20.42 euros. The annual average closing price was 22.67 euros, with an average trading volume of 479 thousand shares per Xetra trading day.

Figure 2: Performance of freenet shares vs. benchmark indices in 2022

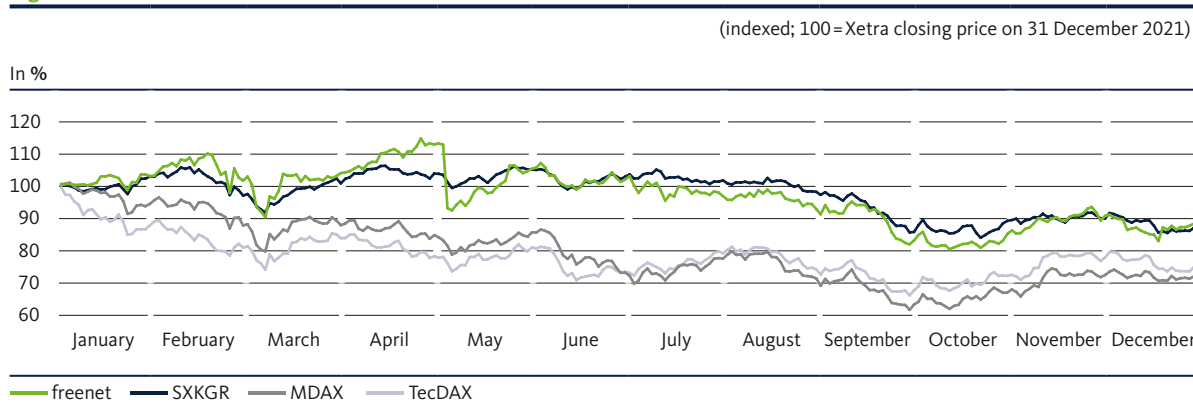


Figure 3: Performance of freenet shares in 2022 (Xetra)



Share buyback programmes

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, freenet repurchased 7.15 percent of share capital (9.16 million shares) during three share buyback programmes at a total price of 179.14 million euros.

The most recent share buyback programme started on 12 January 2022 and ended on 31 March 2022. In this share buyback programme, 651,522 shares were repurchased at a price of 14.66 million euros. All of the shares repurchased during the three share buyback programmes were redeemed with a corresponding reduction in share capital on 8 June 2022. As of 31 December 2022, the share capital of freenet AG amounted to 118,900,598 euros divided into 118,900,598 shares.

Figure 4: Overview of freenet AG share buyback programmes

	Shares outstanding (before buyback)	Total buyback volume	2020 share buyback programme (buyback volume)	2021 share buyback programme (buyback volume)	2022 share buyback programme (buyback volume)	Total buyback volume	Shares outstanding (after buyback)
Shares	128,061,016	12,806,102	2,956,232	5,552,664	651,522	9,160,418	118,900,598

Detailed information on the share buyback programmes are available at fn.de/sharebuyback. The 2022 Annual General Meeting also authorised the Executive Board of freenet AG to repurchase additional shares totalling up to 10 percent of the company's share capital with the approval of the Supervisory Board.

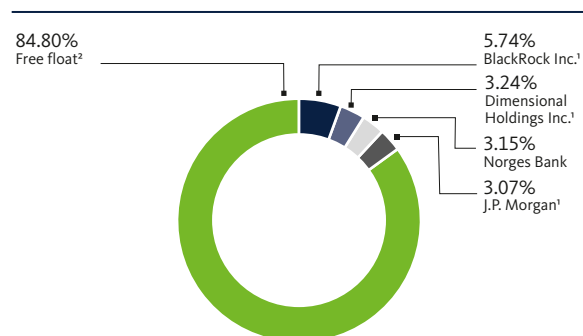
Shareholder structure at the end of 2022

As of 31 December 2022, the shareholder base of freenet AG consisted of around 110 thousand shareholders (previous year: around 113 thousand). Just over half of the market capitalisation (51.1 percent) is still held by institutional investors, most of which are located in North America (33.7 percent) and Germany (27.5 percent). The remaining market capitalisation is primarily attributed to private investors (43.0 percent), almost all of whom (98.0 percent) are registered as resident in Germany. Up-to-date information about freenet's shareholder structure is available at: fn.de/shareholders.

The cancellation of shares repurchased by freenet AG as of 8 June 2022 has increased the relative stakes of existing shareholders in freenet AG in line with the reduction in share capital. In this context, there were no voting rights notifications from investors who previously held less than 3 percent of the outstanding shares. At the end of 2022, a total of four shareholders exceeded the reporting thresholds of the German Securities Trading Act (WpHG). The largest shareholder is asset management company BlackRock Inc. with 5.74 percent, followed by Dimensional Holdings Inc. at 3.24 percent, Norges Bank with 3.15 percent and J.P. Morgan at 3.07 percent. The remaining 84.80 percent is in free float (as defined by the WpHG).

The voting rights notifications pursuant to Section 21 of the German Securities Trading Act (WpHG) for the 2022 financial year have been published at: fn.de/votingrights.

Figure 5: Shareholder structure of freenet AG as of 31 December 2022



¹ incl. attributions according to the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

² Free float according to WpHG

Analyst recommendations

International investment companies, banks and brokers (known as sell-side analysts) regularly published reports and recommendations on freenet AG in 2022.

Overall, significantly more analysts issued a Buy recommendation for freenet shares than at the end of 2021. As of the reporting date, 12 analysts rated the freenet share a Buy (end of 2021: eight), two analysts recommended holding the stock (end of 2021: four), and one analyst issued a Sell recommendation (end of 2021: three) for the shares. The main arguments for the Buy recommendations were the robust and crisis-resistant nature of freenet's business model as well as the dynamic growth of waipu.tv, while the primary argument for the only Sell recommendation was potential margin pressure in the saturated mobile communications market. At 15, the number of analysts remained unchanged from the end of 2021, with two analysts discontinuing coverage with a Buy and Hold recommendation respectively, while a further two analysts initiated coverage with one Buy and one Hold recommendation. Four analysts upgraded their recommendations to Buy during the year under review, two of whom had previously recommended selling the share while the remaining two had advised holding it. The recommendations of the remaining analysts remained unchanged over the course of the year.

As of 31 December 2022, the average target price given by the analysts was 25.88 euros (2021: 23.34 euros). The average target price rose by around 11 percent year-on-year, reflecting the increased number of Buy recommendations for the share. The highest target price was 30.00 euros (end of 2021: 29.00 euros), while the lowest target price was 15.60 euros (end of 2021: 13.00 euros).

The analysts' current target price are published at fn.de/analysts.

Figure 6: Overview of analyst recommendations as of 31 December 2022

Change in analyst recommendation

Analyst, bank	31.12.21	△	31.12.22
Lars Vom-Cleff Deutsche Bank	Hold	↑	Buy
Joshua Mills Exane BNP Paribas	Sell	↑	Buy
Yemi Falana Goldman Sachs	Sell	↑	Buy
Thomas Hofmann LBBW	Hold	↑	Buy

No change in analyst recommendation

Analyst, bank	31.12.21	△	31.12.22
Mathieu Robilliard Barclays	Buy	→	Buy
Usman Ghazi Berenberg	Buy	→	Buy
Martin Hammerschmidt Citi	Buy	→	Buy
Karsten Oblinger DZ Bank	Buy	→	Buy
Simon Keller Hauck & Aufhäuser	Buy	→	Buy
Adam Fox-Rumley HSBC	Buy	→	Buy
Simon Stippig M.M. Warburg	Buy	→	Buy
Steve Malcolm Redburn	Sell	→	Sell
Polo Tang UBS	Hold	→	Hold

Coverage initiation/termination

Analyst, bank	31.12.21	△	31.12.22
Titus Krahn Bank of America	n/a	n/a	Buy
Stephane Beyazian ODDO BHF	n/a	n/a	Hold
Martin Jungfleisch Kepler Chevreux	Hold	n/a	n/a.
Ulrich Rathe Jefferies	Buy	n/a.	n/a.

Capital market communications

freenet AG and its governing bodies aim to communicate with investors and analysts in a transparent, trustworthy, prompt and equitable way. With this in mind, important information such as press releases, corporate news, ad hoc disclosures, voting rights notifications, company presentations, financial reports and relevant data regarding publications and the Annual General Meeting are available at: fn.de/investors.

2022 saw an equal mix of virtual and in-person discussions with analysts and investors, with virtual roadshows and conferences now a standard format for interacting with investors. While this partly came about due to social distancing restrictions, it also represents a more efficient use of time and reflects increasing awareness of environmental considerations (sustainability) among all those involved. Overall, freenet participated in 14 conferences and carried out six roadshows and field trips during the year under review, while the Supervisory Board also held a corporate governance roadshow. The company also engaged in a number of discussions with investors outside of official events.

Conference calls in the form of webcasts were organised as part of the publication of quarterly statements, giving the Executive Board opportunities to provide extensive updates on the development of freenet's business. Recordings of these conference calls are also made available at fn.de/investors after each call.

freenet will continue to hold a balanced mix of virtual and in-person investor meetings as well as quarterly results conference calls over the course of 2023. Corporate governance roadshows will also be held as required.

A list of upcoming events is available at: fn.de/capitalmarket. The Executive Board and chairman of the Supervisory Board are also available for discussions with investors outside of these events.

Distributions to shareholders

At the Annual General Meeting on 5 May 2022, a resolution was adopted by a majority of 99.75 percent to pay a dividend of 1.57 euros (previous year: 1.50 euros) per share for the 2021 financial year. The payout thus amounted to a total of 186.6 million euros (previous year: 203.7 million euros) and was made from the tax-specific deposit account in accordance with section 27 of the German Corporation Tax Act (Körperschaftsteuergesetz–KStG). This means that the dividend was paid out without any deduction of withholding tax and the solidarity surcharge.

Shares with a total value of 14.66 million euros were repurchased under the third share buyback programme (2022 share buyback programme), taking the total distribution to freenet shareholders in 2022 to 201.32 million euros.

Tax treatment of the freenet dividend

The upcoming dividend distribution will be made from the tax-specific deposit account, so the payment will be made without deduction of withholding tax and solidarity surcharge. freenet AG assumes that this will continue to be the case in the coming financial years.

Domestic investors who acquired the freenet shares after 31 December 2008 will realise a profit subject to withholding tax in the event of a sale. In the opinion of the German tax authorities, in this case the distributions reduce the taxable purchase costs of the shares and thus lead to a profit on sale – and therefore to an implicit subsequent taxation of the dividends.

In future, the Executive Board will maintain its dividend policy of distributing a stable dividend equivalent to 80 percent of free cash flow.

The Executive Board and Supervisory Board intend to propose to the Annual General Meeting on 17 May 2023 to distribute a dividend for the 2022 financial year in the amount of 1.68 euros per share based on the free cash flow generated. The dividend would be paid on 22 May 2023.

Sustainable action

Dear shareholders, business partners, customers and friends of freenet,

Some trends come and go, but sustainability is different. Sustainability is a megatrend that is here to stay. While the question of how broadly sustainability should be defined is often the subject of heated social and political debate, it is becoming increasingly apparent that sustainability is about much more than just “the environment”. From a corporate perspective, the aim is to define a framework for sustainable business activities. How can and should companies make a practical contribution to the fight against climate change? What are their responsibilities when it comes to human rights due diligence, both within their supply chains and in relation to their own employees? Can products be designed to facilitate sustainable consumption and promote a circular economy?

These are just some of the questions that politicians are trying to answer as they make regulatory interventions and assign increasing levels of responsibility to businesses. However, companies have also independently recognised that something needs to change if they are to set their business activities on a firm foundation in the long term, and are responding by committing themselves to ambitious targets and integrating sustainability into their corporate strategy.

freenet is also aware of its responsibility towards its employees, customers, the environment and communities at all of its sites as well as in a broader social context. For us, doing business responsibly and sustainably means taking environmental and social aspects into account and establishing appropriate standards of corporate governance. After all, it is vital to take a long-term view when it comes to assessing the positive and negative effects of our own commercial activities.

That is why freenet has set itself the target of increasingly incorporating sustainability aspects into its corporate decisions and economic decision-making criteria. The creation of our new Human Resources and ESG Executive Board unit demonstrates our commitment in this area. We have also strengthened the sustainability expertise on our Supervisory Board by appointing proven ESG expert Prof. Dr Kerstin Lopatta as a new member. We want to work together to systematically and comprehensively tackle the challenges posed to us by ever more stringent regulatory requirements, our organisation’s voluntary commitment to sustainability and the generally increasing expectations of our stakeholders.

We are focusing our sustainability efforts on areas that have been identified as material for our business. In a social context, the focus is on creating a harmonious, secure, healthy and performance-oriented working environment that reflects the diversity of our society and excludes all types of discrimination. In a highly competitive recruitment market, we want to continue increasing our appeal as an employer in order to maintain freenet’s future viability from a staffing perspective. We are meeting the challenge of adapting to the fast-changing requirements placed on our employees by establishing a culture of learning that focuses on independent learning, the transfer of knowledge within the Group, and targeted training plans geared towards essential skills.

To minimise the environmental impact of freenet’s business activities, we are aiming to reduce our carbon emissions (Scope 1 and Scope 2 emissions) to zero by 2030. To achieve this goal, we are focusing on purchasing power from renewable energy sources, electrifying our vehicle fleet, reducing energy consumption and integrating these targets into remuneration for our Executive Board and workforce, among other initiatives.

Switching to green energy means almost 100 percent of our electricity demand is now covered by renewable sources. We are considering making unused open spaces available for the expansion of climate-friendly sources in the future. We want to make employee mobility more environmentally friendly by increasing the proportion of hybrid and electric vehicle use, for example, part of which will involve further expanding the electric vehicle charging infrastructure at our sites. We also provide incentives for switching to public transport or bicycle. When it comes to energy efficiency, we focused on modernising our head office in Büdelsdorf in particular. As the use of digital technology is a key factor in our business activities, transitioning our TV and radio transmission to the highly efficient DVB-T2 and DAB+ standards was a natural progression for us. We are also driving digitalisation across all customer contact points in the Mobile Communications and Internet businesses in order to make our products and services both more energy efficient and more attractive for our customers.

To establish a functioning circular economy, we also consider it our responsibility to make our customers aware that they can either have their aging smartphones repaired or arrange for them to be properly disposed of. freenet also offers a number of sustainable products and services that can help to conserve resources and return resources to the material cycle.

TO OUR SHAREHOLDERS

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In addition to these social and environmental aspects, appropriate standards of corporate governance are also a key part of the identity of freenet AG. For freenet, corporate governance means managing and controlling the company in an ethical way that aims to foster a sense of responsibility and create lasting value. Compliance with laws, norms and standards is a matter of course for us. In addition, we have defined ethical principles, company standards and codes of conduct that are designed to ensure we can participate responsibly in business life.

For freenet, ESG-driven corporate governance is not incompatible with economic success or shareholder value. Instead, it creates and maintains a foundation for future success.

The Executive Board



Christoph Vilanek
(CEO)



Ingo Arnold
(CFO)



Nicole Engenhardt-Gillé
(CHRO)



Stephan Esch
(CTO)



Antonius Fromme
(CCE)



Rickmann v. Platen
(CCO)