freenet fertig, los!

2024

Annual report

Mobile Communications. Internet. TV entertainment.

Key figures

Operational key figures[1]

In EUR million/as indicated	2024	2023 (restated)[2]	Change absolute	Change relative
Revenues	2,477.7	2,385.3	92.4	3.9%
Gross profit	973.9	914.8	59.1	6.5%
EBITDA	521.5	503.9	17.6	3.5%
Adjusted EBITDA[3]	503.1	503.9	– 0.7	– 0.1%
Consolidated profit	296.4	167.6	128.8	76.9%
Earnings per share (in EUR)[4]	2.50	1.40	1.11	79.4%

Subscribers

In ’000s	31.12.2024	31.12.2023	Change absolute	Change relative
Postpaid customers	7,600.2	7,418.3	181.9	2.5%
App-based tariffs[5]	112.3	121.3	– 9.0	– 7.4%
freenet TV subscribers (RGU)	496.3	583.8	– 87.4	– 15.0%
waipu.tv subscribers	1,940.6	1,369.3	571.3	41.7%
Number of subscribers (total)	10,149.4	9,492.7	656.7	6.9%

Balance sheet

	31.12.2024	31.12.2023 (restated)[2]	Change absolute	Change relative
Equity ratio	44.4%	42.1%	2.3 %P	5.4%
Leverage (x times EBITDA)	0.9	1.2	– 0.2	– 19.2%

Cash flow, investments and depreciation and amortisation[1]

In EUR million	2024	2023 (restated)[2]	Change absolute	Change relative
Free cash flow	292.3	276.6	15.7	5.7%
Net investments (CapEx)	– 38.3	– 48.5	10.2	– 21.0%
Depreciation, amortisation and impairment	– 146.0	– 247.6	101.6	– 41.0%
thereof amortisation of the mobilcom-debitel trademark	0.0	– 98.5	n.a.	n.a.

Share

As indicated[6]	31.12.2024	31.12.2023	Change absolute	Change relative
Share price (in EUR)	27.54	25.34	2.20	8.7%
Market capitalisation (in EUR million)	3,275	3,013	262	8.7%
Dividend per share (in EUR)	1.97[7]	1.77	0.20	11.3%

Employees[1]

	31.12.2024	31.12.2023	Change absolute	Change relative
Headcount	3,167	3,174	– 7	– 0.2%
FTE	2,655	2,647	8.4	0.3%

1 Refers exclusively to continuing operations
2 Please refer to Note 2.17 in the Notes to the consolidated financial statements for the adjustments to the 2023 comparative figures
3 Adjusted for the one-off effect from the sale of IP addresses
4 Basic and diluted
5 Includes subscribers of freenet FUNK and freenet FLEX
6 Based on Xetra closing price
7 Subject to the approval of the 2025 Annual General Meeting, EUR 0.12 of the amount is attributable to a special dividend

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For more information on the 2024 financial year including statements from our Executive Board members, go to fn.de/24fy

Letter to our shareholders

Dear shareholders,
Our declared target was to achieve exceptionally strong growth in the 2024 financial year. And we have succeeded! In the TV business, we have gained more than half a million net new customers with our waipu.tv product and are now a major player in the IPTV business with almost 2 million subscribers. In mobile communications, we gained more new postpaid customers than we have for a long time. In figures, this means more than 180,000 net new subscribers! In total, we now have more than 10 million postpaid customers and TV customers at freenet. And yet we paid out a record dividend last year. We generated an operating EBITDA of EUR 503.1 million – if you include the one-off effect from the sale of IP addresses, the figure is as high as EUR 521.5 million. The same applies to free cash flow, which forms the basis for our dividend distribution. At EUR 292.3 million, this is also significantly higher than the previous year, of which EUR 18.4 million is attributable to the aforementioned one-off effect. Both financial performance indicators are within our guidance, which we raised during the year. Against the backdrop of this successful business performance, we recommend to the 2025 Annual General Meeting to increase the dividend once again by 11.3% to EUR 1.97 per share, of which EUR 0.12 per share is attributable to the aforementioned one-off effect.

"Our core business of mobile communications is developing positively in a largely saturated market."

This success is primarily due to our sustained establishment in the markets we address. We have continuously expanded and consolidated our position in the mobile communications market over the past few years. This includes our positive perception among customers as well as our constructive relationships with network operators. In the middle of last year, we concluded multi-year contracts with the network operators. These give us fundamental long-term planning security and flexibility in mobile communications. Accordingly, we have launched many new tariffs on the market, are now offering 5G tariffs in all networks under our freenet brand and have expanded our offering for price-conscious customers. This was particularly noticeable in the second half of the year: almost 90% of net new subscribers for the year are located there. We now supply around 7.6 million postpaid customers with mobile communications services.

"Our strength is the sale of subscription models."

We focus on what we do best in mobile communications: selling subscription models. We also sell a range of related services – our digital lifestyle products. These include everything to do with and in connection with mobile communications (e.g. smartphone insurance or protective covers). What is not part of our focus is the pure sale of hardware. That is why we closed all Gravis stores and the online shop in the middle of last year. Gravis was essentially a reseller of Apple hardware and was bought by us in 2013 in order to realise synergies in the mobile communications business. Unfortunately, the steadily tightening purchasing conditions meant that the business could no longer be operated profitably on a sustainable basis. It was with a heavy heart that we had to wind up the business this year. We would like to take this opportunity to thank the former Gravis employees once again, who gave their best every day in the stores with motivation and commitment right up to the end.

"waipu.tv has become an integral part of the German TV market"

We are definitely focussing on growth in the IPTV business. We have been active in the German TV market for several years and we are working every day to further establish ourselves as a relevant market player. We were particularly successful in doing this last year with waipu.tv: We gained well over half a million net new customers and are now the most relevant IPTV provider in Germany after MagentaTV with just under 2 million subscribers. And we believe that this is the TV business of the future. After all, the best way to watch linear television in Germany – and that is still more than 40 million people every day – is via the Internet. No other technology offers so much performance (channels etc.), convenience and flexibility for the money. The expansion of fibre optics and 5G will further strengthen this technological trend and, in particular, push cable further back as a TV reception channel. This structural change will be strengthened

"The 2024 financial year was one of the most successful years in our 25-year history – we will build on this in the coming years."

even more in the coming years by the abolition of the ancillary cost law ("Nebenkostenprivileg") last year. Since mid-2024, around 12 million cable TV households have been free to decide which TV broadcasting channels they want to pay for. This market potential will be gradually tapped once the implementation – keyword: "unlicensed viewers" – is complete.

In the current 2025 financial year, we again expect moderate growth in our revenues, driven primarily by the continued significant growth in waipu.tv subscribers. The stabilisation of marketing expenses at waipu.tv combined with continued revenues growth should lead to a visible increase in EBITDA in the TV and Media segment. As a result, we expect adjusted EBITDA (excluding the positive one-off effect from the sale of IP addresses) to be in the range of EUR 520 million to EUR 540 million (prior year: EUR 503.1 million). At the same time, free cash flow is expected to be in the range of EUR 300 million to EUR 320 million. This includes the one-off effect of around EUR 14 million from the sale of the second tranche of IP addresses in 2025 in order to provide a complete picture of the expected distribution basis for the dividend for the 2025 financial year.

"Our new financial ambition is to generate at least EUR 100 million more EBITDA at the end of 2028 compared to the 2023 financial year."

At the end of last year, we announced our financial ambition for 2028 as part of the publication of our nine-month figures. Having signed long-term contracts with network operators, we believe our mobile business is very well positioned to continue growing moderately in the coming years in a largely saturated mobile market. We expect EBITDA growth of around EUR 20 million for the mobile communications business compared to the 2023 financial year. In the TV business, we see the opportunity to increase EBITDA by around EUR 80 million. The rising EBITDA of the Exaring business (waipu.tv) in a significantly growing market is the decisive factor here. Overall, we expect EBITDA at Group level to amount to at least EUR 600 million. Free cash flow should grow to at least EUR 330 million (2023: EUR 276.6 million). Our dividend policy defines that 80% of free cash flow is to be distributed as a dividend. We will continue to adhere to this in the future. As a result, an increase in the dividend per share is to be expected without taking one-off effects into account. We have also announced that we will decide on the implementation of a share buyback programme each year. This would be financed from the remaining 20% of free cash flow, provided no other investment opportunities are available.

We achieved a great deal in the past financial year. And we want to achieve even more in the coming financial years. If you, dear shareholders, have any questions, we will be happy to answer them personally at our Annual General Meeting in Hamburg in May.

Sincerely

Your freenet Executive Board

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

Report of the Supervisory Board

Dear shareholders,

Together with the Executive Board, we can look back on a successful 2024 financial year for our company. The conclusion of long-term supply agreements with mobile network operators provides the company with security in its core business for the coming years. The TV and Media segment continues on a pleasing growth path. The Supervisory Board was closely involved in the corresponding developments and negotiations. The future viability of the company for the coming years was also the focus of the Supervisory Board's activities in 2024 in other respects. While the Personnel Committee was involved in preparing for the change at the top of the Executive Board in 2025 and exploring options for the future structure of the Executive Board, the Audit Committee closely monitored the first audit of the financial statements by our new auditing firm.

Provision of information to the Supervisory Board

As in the past, the Supervisory Board fulfilled the duties incumbent upon it in accordance with the law, the articles of association and the rules of procedure throughout the financial year. We monitored and advised the Executive Board in its management of the company on the basis of its detailed reports. This was based on the extensive written reports submitted by the Executive Board prior to our meetings, which were explained verbally by the Executive Board at the meetings, discussed in more detail and debated openly and comprehensively by the Supervisory Board and Executive Board. The Executive Board fulfilled all of the Supervisory Board's requests for information and answered any questions raised by the members. The shareholder representatives on the Supervisory Board and the workers' representatives regularly prepared for the topics discussed by the Supervisory Board in separate preliminary meetings. At the plenary meetings themselves, the Supervisory Board also met regularly without the Executive Board being present.

In addition, the Supervisory Board ensured that it was also kept appropriately informed outside of meetings. To this end, the Executive Board reported in writing on a monthly basis on all issues relevant to the company or other matters of interest to the Supervisory Board.

There was also a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Executive Board and the other members of the Executive Board, including on issues relating to strategy and current business developments, through personal meetings and phone calls. The Chairman of the Supervisory Board kept the Other Supervisory Board members informed of the content of these discussions by reporting at the meetings.

In this way, we as the Supervisory Board were always informed about the intended business policy, corporate planning including financial planning, sustainability matters and the course of business as well as the situation of the company and the Group. The Supervisory Board was directly involved in all decisions of fundamental importance to the company at an early stage and discussed them intensively and in detail with the Executive Board. Where the approval of the Supervisory Board was required for decisions or actions by law, the articles of association or the rules of procedure, we approved these after intensive examination and discussion.

The Chairman of the Supervisory Board was also available for discussions with investors on matters specific to the Supervisory Board, as dialogue with investors and investor representatives is highly relevant to the Supervisory Board. Talks between him and investors did not take place in 2024, but are planned again for 2025.

Topics in the Supervisory Board plenum

In the 2024 financial year, the Supervisory Board held a total of four face-to-face meetings and passed resolutions by written procedure in two cases.

At all meetings, the plenary discussions regularly focussed on current business developments, the market and competitive situation, the financial and earnings position and the financing situation of the company as well as the development of the Group companies and the Group's investments.

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

Meeting contents in detail

At the regular balance sheet meeting on 20 March 2024, the focus was on the annual and consolidated financial statements as of 31 December 2023. The results of the 2023 audit were discussed together with the representatives of the auditor - PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH WPG), Frankfurt am Main, for the last time. After completing its own audit, 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 thus adopted.

Another topic was the audit of the non-financial statement as of 31 December 2023, which also falls within our area of responsibility. The audit was conducted by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, and was closely monitored by the audit committee. Based on the audit procedures performed and the audit evidence obtained, no matters came to the auditor's attention that caused it to conclude that the disclosures in the non-financial statement were not prepared, in all material respects, in accordance with the legal requirements. At the proposal of the Audit Committee, the Supervisory Board adopted this audit result of Grant Thornton AG as its own.

Other topics discussed at the meeting on 20 March 2024 included preparations for the Annual General Meeting in May 2024 as well as determining target achievement and setting the target values for short-term variable Executive Board remuneration. We also extended the appointment of Executive Board member Stephan Esch by five years.

At the face-to-face meeting following the Annual General Meeting on 8 May 2024, the Supervisory Board dealt with current business developments and the current status of negotiations on the network operator agreements.

At the meeting on 18 September 2024, the Personnel Committee reported on its activities regarding the reorganisation of the Executive Board following the announcement by the Chairman of the Executive Board that he did not wish to extend his contract after his current appointment. The committee sought the views of the full Supervisory Board for the further work process. The Audit Committee reported on the preparations for the first audit of the financial statements by the new auditor elected by the Annual General Meeting, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG AG WPG). The Supervisory Board also discussed the transition plan for climate change mitigation and the company's climate targets in relation to Scope 1 and Scope 2 emissions.

The Executive Board's reporting on sustainability issues was also the focus of the last plenary meeting of the year on 10 December 2024. With regard to sustainability reporting, we discussed the fields of action of climate and climate risks, diversity in the Group and IT/cyber security with the Executive Board. The Supervisory Board also discussed the planning for the 2025 financial year presented by the Executive Board, which it approved. The Supervisory Board subsequently took the performance criteria for the short-term variable remuneration of the members of the Executive Board from the planning. We also passed a resolution on the submission of the annual Declaration of Conformity with the German Corporate Governance Code (GCGC). In this context, the Supervisory Board again dealt intensively with the independence of the shareholder representatives, taking into account the term of office of twelve years reached in 2024 for Supervisory Board members Marc Tüngler and Robert Weidinger. As a result, the Supervisory Board assessed all six shareholder representatives as independent of the company and the Executive Board within the meaning of the GCGC. Further details can be found in the Corporate Governance Statement at fn.de/cgstatement.

By written procedure, we passed resolutions on the refinancing of expiring credit lines with a promissory note loan of up to EUR 100 million on the one hand and a revolving credit facility of up to EUR 250 million on the other.

The full Supervisory Board dealt with the audit of the annual and consolidated financial statements as of 31 December 2024 at its meeting on 20 March 2025. The details of this are the subject of the separate section “Audit of the annual and consolidated financial statements for the 2024 financial year” in this report.

Work in the committees of the Supervisory Board

The Supervisory Board has established five committees. They prepare resolutions and topics to be discussed by the full Supervisory Board. To the extent permitted by law, the Supervisory Board’s decision-making powers are delegated to committees. The committee chairmen report to the full Supervisory Board on the committee work at the following meeting. The general tasks, working methods and composition of the individual committees are described in more detail in the Corporate Governance Statement.

Matters that could give rise to conflicts of interest on the part of Executive Board or Supervisory Board members, which must be disclosed to the Chairman of the Supervisory Board and about which the Annual General Meeting must be informed, have not been disclosed to the Chairman of the Supervisory Board.

Steering Committee

The steering committee met twice in virtual form in 2024 and dealt with the status of negotiations with network operators on the conclusion of supply contracts as well as their conditions and impacts on the business.

Personnel Committee

The members of the Personnel Committee held a total of eleven meetings in 2024.

Materiality of the committee’s activities centred on the preparations for the search for a successor to the Chairman of the Executive Board, who had declared his intention to step down from the Executive Board at the end of his current appointment. In ten meetings, some of which were continued on subsequent days, and numerous other discussions, the committee members initially dealt with the selection of consulting firms for the search and for the basic future composition of the Executive Board, with analysing the options and very intensively with the concrete search and selection of suitable candidates for the position of Chairman of the Executive Board. The committee held face-to-face and virtual meetings with several potential candidates and negotiated terms and conditions. On this basis, it prepared the Supervisory Board’s decision on the appointment of a new CEO and the conclusion of a corresponding employment contract.

Another topic in the Personnel Committee in the first half of the year was the preparation of the resolution by the full Supervisory Board on the extension of the appointment of Stephan Esch as a member of the Executive Board.

The Personnel Committee also determined whether and to what extent the parameters for the variable remuneration of the members of the Executive Board for 2023 had been achieved, set new parameters for the target agreements for the 2024 financial year and proposed these to the Supervisory Board for resolution.

Audit Committee

The Audit Committee held four meetings at which it regularly dealt with the current focal points of the audit and discussed them with the auditors. The committee members dealt extensively with the Annual report, the half-year report and the quarterly statements. Interim announcements were also discussed with the Executive Board and the auditor prior to publication. Together with the auditor, the committee regularly discussed current accounting issues and requirements due to new legal requirements. The committee and its chairman maintained a regular dialogue with both the auditor and the Chief Financial Officer at meetings and outside of meetings.

Materiality for the committee was the monitoring of the activities of the new auditor elected by the Annual General Meeting, KPMG AG WPG, during onboarding and in the preparation and execution of the audit of the financial statements as of 31 December 2024.

The work of the Audit Committee focussed on monitoring the audit of the annual financial statements. For this ...

- ... the committee obtained the auditor's declaration of independence,
- ... the committee monitored the independence of the auditor and the implementation of the audit mandate,
- ... the committee dealt with determining the focal points of the audit of the financial statements and
- ... prepared the resolutions of the Supervisory Board on the annual and consolidated financial statements as well as the proposal for the appropriation of profits and the agreements with the auditor.

The committee also dealt with the refinancing of the company and prepared the Supervisory Board's decisions on the issue of a new promissory note loan and the conclusion of a loan agreement. The Audit Committee members also dealt with the non-audit services provided by the auditor. In this context, the committee approved the performance of the audit of the 2024 non-financial group statement by the auditor. In terms of content, the committee monitored the conversion of sustainability reporting in line with the European Sustainability Reporting Standards (ESRS) and received reports on the company's approach, e.g. on the basis of the implementation of the double materiality assessment. The committee gained an overview of developments in the areas of compliance and internal auditing through direct communication with the responsible managers. The status of the internal control system, risk management and anti-fraud management was also presented to the committee.

Mediation Committee
As in prior years, the mediation committee did not have to be convened in 2024.

Nomination Committee
The Nomination Committee, which is responsible for proposing candidates to the Annual General Meeting for election to the Supervisory Board, held a virtual meeting in 2024 and dealt with the timetable for the search for candidates for the next elections of Supervisory Board members.

Sustainability expertise on the Supervisory Board
Sustainability is highly relevant for freenet AG. For this reason, the entire Supervisory Board and the committees regularly and intensively deal with this issue. The Supervisory Board of freenet AG has appointed two sustainability officers. These are the Supervisory Board members Prof. Dr. Kerstin Lopatta and Claudia Anderleit. Both Prof. Dr. Kerstin Lopatta, as a professor at the University of Hamburg and Deputy Chairwoman of the EFRAG Sustainability Reporting Board, and Claudia Anderleit, in her role as a senior employee in the sustainability department at freenet AG, have relevant expertise in this area due to their activities.

Individualised disclosure of meeting attendance
As in the prior year, the attendance rate of members at meetings of the Supervisory Board and its committees was again 98% of all possible meeting attendances. With the exception of one Supervisory Board meeting and one committee meeting, which one Supervisory Board member was unable to attend due to illness, all Supervisory Board members attended all plenary meetings and all respective committee meetings. The participation of the members in the meetings of the Supervisory Board and the committees is disclosed below in individualised form.

Figure 1 : Meeting attendance by Supervisory Board members in 2024

Meeting attendance by Supervisory Board members in 2024	Supervisory Board				Steering committee		Audit committee				Nomination Committee	Personnel committee											Meetings attended	Number of meetings	Percentage
Date of meeting in 2024	20.03.	08.05.	18.09.	10.12.	10.05.	24.05.	21.02.	14.05.	06.08.	06.11.	06.12.	16.02.	18.03.	03.07.	30.07.	07.08.	27.08.	01.10.	18.10.	06.11.	29.11.	23.12.			
Meeting format	✓	✓	✓	✓	☑	☑	✓	✓	✓	✓	☑	☑	☑	☑	☑	☑	☑	✓	☑	☑	✓	☑			
Shareholder representatives																									
Marc Tüngler	✓	✓	✓	✓	☑	☑					☑	☑	☑	☑	☑	☑	☑	✓	☑	☑	✓	☑	18	18	100%
Sabine Christiansen	✓	✓	✓	✓							☑	☑	☑	☑	☑	☑	☑	✓	☑	☑	✓	☑	16	16	100%
Thomas Karlovits	✓	✓	✓	✓	☑	☑																	6	6	100%
Prof. Dr. Kerstin Lopatta	✓	✓	✓	✓			✓	✓	✓	✓													8	8	100%
Robert Weidinger	✓	⊗	✓	✓			✓	✓	✓	✓	☑												8	9	89%
Miriam Wohlfahrth	✓	✓	✓	✓																			4	4	100%
Employee representatives																									
Claudia Anderleit	✓	✓	✓	✓								☑	☑	☑	☑	☑	☑	✓	☑	☑	✓	☑	15	15	100%
Theo-Benneke Bretsch	✓	✓	✓	✓	☑	☑						☑	☑	☑	☑	☑	☑	✓	☑	☑	✓	☑	6	6	100%
Knut Mackeprang	✓	✓	✓	✓	☑	☑																	17	17	100%
Tobias Marx	✓	✓	✓	✓																			4	4	100%
Frank Suwald	✓	✓	✓	✓			✓	✓	✓	⊗													7	8	88%
Petra Winter	✓	✓	✓	✓			✓	✓	✓	✓													8	8	100%
																									98%

☑ virtual
✓ in-person
⊗ excused

Onboarding process and support for training measures

Following the election, a regulated onboarding process is carried out for the newly elected Supervisory Board members in order to enable them to familiarise themselves well with the topics relevant to their work on the company's Supervisory Board. To this end, the Supervisory Board members are provided with an overview of the organisational structure, the individual business areas and Material Topics as well as further information and documents.

The Supervisory Board and the committees are informed about relevant changes, e.g. of a legal or regulatory nature, for the Supervisory Board's activities or the Group's areas of activity at its meetings. This also includes relevant topics in connection with the Group's ESG strategy and ESG reporting.

In addition, information events are organised for the members of the Supervisory Board to provide a deeper insight into the topics that are important for understanding the business model and the challenges freenet AG faces. Three such information events were held in 2024, at which the Supervisory Board dealt in depth with the project to link online and offline shopping in the freenet shops, the status of Exaring AG's waipu.tv offering and auditing and risk management within the Group.

The members of the Supervisory Board took responsibility for any further training measures.

Efficiency and self-assessment of the Supervisory Board

According to recommendation D.12 of the GCGC, the Supervisory Board should regularly assess how effectively it as a whole and its committees fulfil their tasks. The Supervisory Board carried out such a self-assessment in the 2024 financial year without external support. This did not reveal any fundamental need for change.

Independently of the self-assessment in accordance with the Code, the Supervisory Board discusses its working practices, the procedure before and during the meeting and the optimisation of its work after each meeting – without the Executive Board being present.

Audit of the annual and consolidated financial statements for the 2024 financial year

The annual financial statements for the financial year from 1 January 2024 to 31 December 2024 prepared by the Executive Board in accordance with the German Commercial Code (HGB) and the management report of freenet AG were audited for the first time by KPMG AG WPG. The audit mandate was awarded by the Chairman of the Audit Committee in accordance with the resolution of the Annual General Meeting on 8 May 2024. The auditor issued an unqualified audit opinion. The consolidated financial statements of freenet AG as of 31 December 2024 were prepared in accordance with Section 315e HGB on the basis of the International Financial Reporting Standards (IFRS). The auditor also issued an unqualified audit opinion on these consolidated financial statements and the Group management report.

The auditor's report by the auditor, KPMG AG WPG, was signed by Haiko Schmidt as the responsible auditor. Haiko Schmidt is responsible for auditing the financial statements of the company and the Group for the first time. KPMG AG WPG is also acting as the company's auditor for the first time.

The audit was reported on and discussed by the Audit Committee on 19 February 2025 and at the Supervisory Board meeting on 20 March 2025. Representatives of the auditor took part in the discussions on the annual financial statements and consolidated financial statements in both committees. They reported on the key findings of the audits and were available to the Audit Committee and the Supervisory Board for additional questions and information. Following the final results of its review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, the Supervisory Board raised no objections and approved the results of the audit by the auditor.

The Supervisory Board followed the recommendation of the Audit Committee and approved the annual financial statements and consolidated financial statements at its meeting on 20 March 2025. The annual financial statements are thus adopted. At its meeting on 20 March 2025, the Supervisory Board also examined the Executive Board's proposal for the appropriation of net retained profits and discussed it with the auditor. Subsequently, the Supervisory Board – following the recommendation of the Audit Committee – approved the Executive Board's proposal.

Audit of the non-financial group statement for the 2024 financial year

The non-financial group statement prepared by the Executive Board as part of the management report of freenet AG and the group management report for the financial year from 1 January 2024 to 31 December 2024 was audited by the auditor, KPMG AG WPG, with limited assurance. The audit included all mandatory disclosures under the EU Taxonomy Regulation. The audit engagement was awarded on the basis of the Supervisory Board's resolution of 10 December 2024. After reviewing the non-financial group statement, the auditor came to the conclusion that no matters have come to his attention that cause him to believe that the non-financial group statement of the company has not been prepared, in all material respects, in accordance with the legal requirements and the EU Taxonomy Regulation as well as the interpretation by the legal representatives presented in the non-financial group statement (limited assurance engagement). The audit procedures and the preliminary audit results were reported at the Audit Committee meeting on 19 February 2025. The Supervisory Board endorsed the auditor's findings on the recommendation of the Audit Committee.

Audit of the remuneration report

The standardised and separate report prepared jointly by the Executive Board and Supervisory Board on the remuneration granted and owed to each individual current or former member of the Executive Board and Supervisory Board was formally and materially audited by the auditor KPMG AG WPG. The audit mandate was awarded following preparation by the Audit Committee on the basis of a resolution passed by the Supervisory Board on 10 December 2024. The auditor reported to the Supervisory Board on the results of the audit at the meeting on 20 March 2025. In the auditor's opinion, the remuneration report, including the related disclosures, complies in all materiality with the accounting provisions of Section 162 AktG.

Changes to the Supervisory Board and Executive Board

There were no changes to the composition of the Executive Board and Supervisory Board in the 2024 financial year.

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

Büdelsdorf, 20 March 2025

For the Supervisory Board

Marc Tüngler
Chairman of the Supervisory Board

freenet share

Development of the share in the market environment

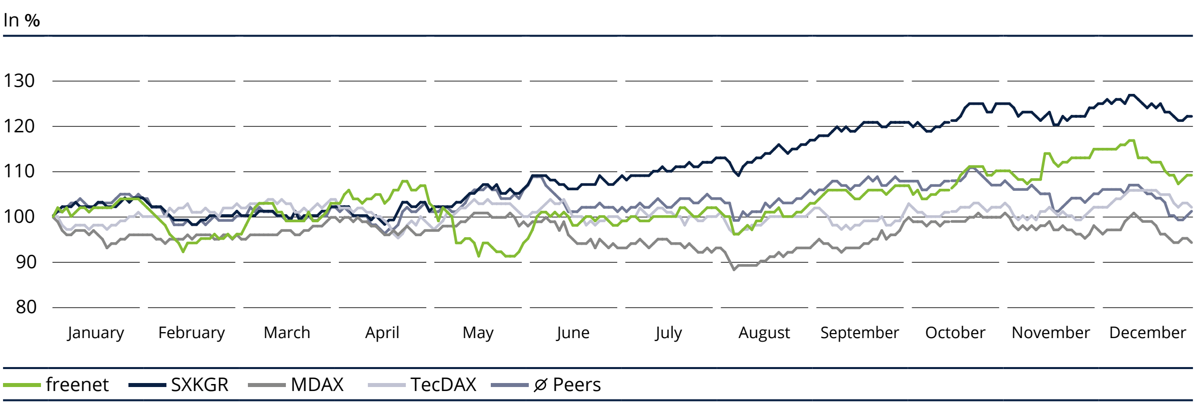
The 2024 stock market year was influenced worldwide by the prevailing economic and geopolitical uncertainties. The inflation rate was close to the European Central Bank's (ECB) inflation target of. As a result of these developments, the ECB initiated a turnaround in interest rates in the middle of the past year. These developments had different impacts on the benchmark indices relevant to freenet. The MDAX recorded a price loss (–6%) over the course of the year. The TecDAX, a representative share index of German technology companies, recorded a slightly positive performance (+2%). The SXKGR sector index (+22%), which tracks the 32 largest European telecommunications companies, performed significantly better. These indices are so-called performance indices, which reflect the Total Shareholder Return (TSR) from changes in share price and dividend payments. freenet's TSR was 16%, with a share price increase of 9% and a record dividend of EUR 1.77 per share. The company therefore two of the three benchmark indices listed in 2024 and also recorded a significantly higher share price increase than the average of its listed competitors (+1%).

Table 1: Information on the freenet AG share

WKN / ISIN:	A0Z2ZZ/DE000A0Z2ZZ5
Sector:	DAXsector Telecommunication, DAXsubsector Wireless Communication
Class of shares:	No-par value registered ordinary shares
Selected index memberships:	MDAX, TecDAX, Midcap Market Index, CDAX, HDAX, STOXX Europe 600 Telecommunications (SXKP), Performanceindex des SXKP (SXKGR), Prime All Share, Technology All Share
Share capital / number of shares:	EUR 118,900,598/118,900,598 units
Voting rights:	One vote per share
Official trade:	Regulated Market/Prime Standard: Frankfurt; Regulated Unofficial Market: Berlin, Hamburg, Stuttgart, Düsseldorf, Hanover, Munich
Abbreviation/Reuters Instrument Code:	FNTN/FNTGn.DE

Figure 2: Performance of freenet share vs. benchmark indices in 2024

(Indexed as of 31 December 2023)



Development of the share in the 2024 financial year

At the end of 2024, the freenet share achieved a TSR of 16% and was thus below the TSR at the end of the prior year (+32%) due to a lower price increase compared to the prior year (2023: 24% ; 2024: 9%). The share started the year at a price of EUR 25.34. After subsequent price fluctuations in the first two months of the year, the share price rose steadily and reached the same price as of the beginning of the year (EUR 25.34) at the time of the Annual General Meeting in May. On the day after the Annual General Meeting, the share price fell noticeably by around 6% (partly due to the dividend discount). The share price subsequently fell to its low for the year of EUR 23.02 (prior year: EUR 20.63). The share price then rose significantly over the course of the year, reaching its high for the year of EUR 29.70 in the last quarter of the year (prior year: EUR 26.42). The average closing price for the year was EUR 26.09 (prior year: EUR 23.47) with an average trading volume of 280 thousand shares (prior year: 296 thousand shares) per trading day on Xetra.

Figure 3: Performance of freenet share in 2024 (Xetra)

Shareholder structure at the end of the year

As of 31 December 2024, freenet AG's shareholder base consisted of around 111 thousand shareholders (end of prior year: 112 thousand). Around 47% of the market capitalisation is held by institutional investors (end of prior year: 49%), most of whom are based in North America (33%; end of prior year: 30%), continental Europe (31%; end of prior year: 30%) and Germany (24%; end of prior year: 25%). The remaining share of market capitalisation is mainly attributable to private investors (44%; end of prior year: 44%), almost all of whom are registered in Germany (98%; end of prior year: 98%). The remaining 8% of market capitalisation cannot be clearly allocated.

Current information on the shareholder structure can be found at fn.de/shareholders.

At the end of 2024, there was one shareholder, the asset manager BlackRock (prior year-end: BlackRock, J.P. Morgan, Norges Bank), whose (aggregated) voting rights were above the relevant reporting thresholds in accordance with the WpHG (5.12%; prior year-end: 4.90%). Norges Bank exceeded and fell below the reporting threshold several times over the course of the year within a marginal scope. Norges Bank last fell below the reporting threshold on 31 December 2024. J.P. Morgan fell below the reporting threshold of 3% on 9 April 2024, after the company's share stood at 3.53% at the end of the prior year. This also applies to BNP Paribas, which exceeded the reporting threshold on 9 August 2024 but fell below it again on 4 September 2024. The other 94.88% of voting rights (end of prior year: 88.16%) were in free float at the end of 2024 in accordance with the WpHG.

Voting rights notifications in accordance with Section 21 WpHG are published at fn.de/votingrights.

Figure 4: Shareholder structure of freenet AG as of 31 December 2024 (in accordance with WpHG)

Recommendations from analysts

In 2024, investment houses, banks and brokers (so-called sell-side analysts) regularly published studies and recommendations on freenet AG.

A total of 17 analysts regularly published studies on the freenet share in the past year (prior year: 17). On the reporting date of the year under review, 13 analysts recommended buying the share (prior year end: 13), three analysts recommended holding the share (prior year end: four) and one analyst recommended selling the share (prior year end: none). In a year-end comparison, one analyst (UBS) upgraded the recommendation from "hold" to "buy". One analyst (LBBW) downgraded his recommendation from "buy" to "hold" due to achievement of the share price target. In addition, one analyst (Goldman Sachs) downgraded his recommendation from "hold" to "sell". The main arguments in favour of the buy recommendation are the robustness and crisis resistance of the business model, from which a stable dividend payout power is derived, as well as the dynamic growth of waipu.tv, which should ensure increasing earnings contributions in the future. In addition, the planning security provided by the long-term contracts concluded with the network operators in 2024 was a valid argument in favour of the buy recommendation. The main argument in favour of the hold recommendation is the low growth potential in the saturated mobile communications business. The sell recommendation is based on lower yield growth compared to the sector as well as limited opportunities as a result of potential market consolidation.

Figure 5: Overview of analyst recommendations as of 31 December 2024

Financial institution	Recommendation			Target price		
	Year-end 2023	△	Year-end 2024	Year-end 2023	△	Year-end 2024
Bank of America	Buy	→	Buy	34.00 EUR	↑	36.00 EUR
Barclays	Buy	→	Buy	35.00 EUR	↑	37.00 EUR
Berenberg	Buy	→	Buy	30.00 EUR	↑	32.00 EUR
Bernstein	Buy	→	Buy	30.70 EUR	↑	35.20 EUR
Citi	Buy	→	Buy	28.50 EUR	→	28.50 EUR
Deutsche Bank	Buy	→	Buy	30.00 EUR	↑	36.00 EUR
DZ Bank	Buy	→	Buy	30.00 EUR	↑	32.00 EUR
Exane BNP Paribas	Buy	→	Buy	30.00 EUR	↑	34.00 EUR
Goldman Sachs	Hold	↓	Sell	29.50 EUR	↓	28.50 EUR
Hauck & Aufhäuser	Buy	→	Buy	31.00 EUR	↑	34.00 EUR
HSBC	Buy	→	Buy	31.00 EUR	↓	30.00 EUR
Kepler Chevreux	Buy	→	Buy	28.00 EUR	↑	30.00 EUR
LBBW	Buy	↓	Hold	27.50 EUR	↑	30.50 EUR
ODDO BHF	Hold	→	Hold	27.00 EUR	↑	28.00 EUR
Redburn Atlantic	Hold	→	Hold	25.14 EUR	↑	25.60 EUR
UBS	Hold	↑	Buy	24.00 EUR	↑	30.00 EUR
Warburg Research	Buy	→	Buy	28.30 EUR	↑	29.10 EUR

14 of the 17 analysts raised their price targets in a year-end comparison. One analyst left his prior target price unchanged and two analysts lowered their target price. On average, the target price rose by EUR 2.16 or 7.4% (prior year: EUR 3.51 or 13.6%) to EUR 31.55 (prior year-end: EUR 29.39). This increase reflects the increased credibility of the growth ambitions in the TV segment and the high stability of the mobile communications business. The highest target price EUR 37.00 (prior year-end: EUR 35.00), while the lowest target price was EUR 25.60 (prior year-end: EUR 24.00).

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

Capital market presence

freenet AG and its executive bodies are committed to transparent, honest, timely and equal communication with investors and (ESG) analysts. In this regard, important information such corporate news, ad hoc announcements, voting rights announcements, company presentations, financial / ESG reports and relevant data on publications and the Annual General Meeting are made available at fn.de/investors.

The past year was characterised by an equal mix of virtual and physical meetings with analysts and investors. Virtual roadshows and conferences have now become a standard format for dialogue with investors. The more efficient organisation of time and the awareness of all participants for the environmentally friendly aspects are the drivers for this. In total, freenet took part in around 25 capital market events (conferences / roadshows / field trips) with around 180 investor contacts in the past year. In addition, there were a number of investor contacts outside of capital market events.

As part of the publication of the quarterly results, conference calls were organised in the form of webcasts in which the Executive Board provided detailed information on freenet's development. As part of an extended conference call on the results for the 2024 nine-month period, the Executive Board also provided a long-term business outlook under the title "2028 Financial Ambition". The conference calls can be viewed afterwards as recordings at fn.de/investors.

In 2025, freenet will continue to focus on a balanced mix of virtual and physical investor meetings and conference calls as part of the publication of the quarterly results. Corporate governance roadshows, including with the participation of the Chairman of the Supervisory Board, will also be organised at regular intervals.

Upcoming events can be viewed at fn.de/capitalmarket. The Executive Board and the Chairman of the Supervisory Board are also available for discussions with investors independently of these dates.

Distributions to shareholders

At the Annual General Meeting on 8 May 2024, a resolution was passed with a majority of 95.15% to distribute a dividend of EUR 1.77 per share for the 2023 financial year (prior year: EUR 1.68). The distribution totalled EUR 210.4 million (prior year: EUR 199.7 million) and was made in full for the last time from the tax contribution account in accordance with Section 27 of the German Corporate Income Tax Act. The dividend was therefore paid out without deduction of capital gains tax and solidarity surcharge.

For the future, the Executive Board of freenet AG continues to assure a dividend policy that provides for a distribution of 80% of the free cash flow. The free cash flow is not adjusted for one-off effects. Due to the one-off sale of IP addresses in two tranches in the 2024 and 2025 financial years, part of the dividend is attributable to this one-off effect. This relates exclusively to the first tranche of the one-off sale of IP addresses. The second instalment, which will be collected in the 2025 financial year, will form part of the basis for the dividend distribution in 2026.

The Executive Board of freenet AG intends to propose to the Annual General Meeting on 13 May 2025 the distribution of an ordinary dividend for the 2024 financial year in the amount of EUR 1.97 per share. The one-off effect from the sale of IP addresses accounted for EUR 0.12 per share. The payment would be made on 16. May 2025.

In recent years, dividends have been paid in full from the tax contribution account, which means that payments were made without deduction of capital gains tax and solidarity surcharge to domestic shareholders who acquired the shares after 31 December 2008. These investors only realised a capital gain subject to withholding tax in the event of a sale. Investors who acquired the shares before 31 December 2008 were also exempt from this capital gain subject to withholding tax.

From 2025, the current practice for dividend distributions (in full from the tax contribution account) will change. As a positive distributable profit must be distributed as a priority, the dividend will only be distributed from the tax contribution account in the amount that exceeds the distributable profit. The dividend is also exempt from deductions for the portion that is paid from the tax contribution account. Dividends payable from 2026 onwards are expected to be fully subject to the deduction of capital gains tax and solidarity surcharge. This applies both to shares acquired before 31 December 2008 and to shares acquired after this date. The explanations apply to the distribution of ordinary dividends and special dividends.

Group management report

Notes: Please Note that there may be arithmetical rounding differences in the subtotals and final totals due to the number format, as the figures have been rounded to one decimal place. Furthermore, when converting units of measurement (e.g. in '000s to millions), the result may be 0.0 or – 0.0 for reported items.

Organisational structure and business model

Overview of organisational structure and business model

freenet AG, the parent company of freenet, is a listed stock corporation (AG) under German law with its registered office in Büdelsdorf – the head office is located in Hamburg. The financial year corresponds to the calendar year (1 January to 31 December).

As of 31 December 2024, the Executive Board consisted of six departments.

Table 2: Composition of the Executive Board as of 31 December 2024

Department	Member of the Executive Board
Chief Executive Officer (CEO)	Christoph Vilanek
Chief Financial Officer, vice chairman of the Executive Board (CFO)	Ingo Arnold
Chief Human Resources Officer (CHRO)	Nicole Engenhardt-Gillé
Chief Technical Officer (CTO)	Stephan Esch
Chief Customer Experience Officer (CCE)	Antonius Fromme
Chief Commercial Officer (CCO)	Rickmann v Platen

In line with internal corporate management, a distinction is made between three segments:

- Mobile Communications
- TV and media
- Other/holding

The breakdown into the Mobile Communications segment and the TV and Media segment is based on products and not on customer groups or geographical areas. Holding functions and activities or Group units that cannot be directly allocated to one of the other two segments are summarised in the Other/holding segment.

freenet sees itself as a digital lifestyle provider, i.e. a provider of mobile communications services, TV entertainment, Internet, mobile devices and all services and applications associated with mobile devices. Revenues are mainly generated on the basis of long-term contracts or contracts with a monthly extension in the subscription model (so-called service revenues). freenet's business activities are primarily limited to the private customer segment and Germany.

Figure 6: Customer-focused value creation and business model

Precursor	Packaging	Multichannel distribution	Customer management	Customer
Telecommunications	Pricing	Directly controllable sales channels	Communication	B2B
Hardware manufacturers	Marketing	Indirect sales channels	Support	B2C
Digital lifestyle	Branding		Customer development	
Energy suppliers	Partner management		Customer retention	
TV/Radio programmes			Billing	
Own infrastructure (TV)			CRM based on artificial intelligence	

There was a significant change in the composition of the segments (e.g. due to company acquisitions or disposals or changes in the management structure) in the past financial year due to the discontinuation of the business operations of Gravis Computervertriebsgesellschaft mbH (“Gravis”) as of 30 June 2024. The company, which was acquired in 2013, mainly operated as a reseller of Apple hardware. Gravis was allocated to the Mobile Communications segment and generated revenues of around EUR 244 million in the 2023 financial year.

Mobile Communications segment

The sale of mobile communications services is freenet’s core business. In addition to mobile communications services, the Mobile Communications segment also sells mobile devices, internet services and accessories and services in connection with mobile communications (digital lifestyle products). freenet addresses almost exclusively private customers in the Mobile Communications segment

With the vision “Always the right choice”, freenet is consistently aligning its business model in the mobile communications business with the customer. Mobile Communications services are marketed via an omnichannel sales network with demand-orientated tariffs and its own branding. The focus is on customer relationships via directly controllable sales channels, which include around 500 freenet shops and various online sales channels. These channels enable freenet to address customers directly with additional up/cross-selling potential as well as the possibility of direct customer interaction and loyalty. As a further key sales pillar, freenet has exclusive marketing rights for mobile communications services of the Deutsche Telekom and Vodafone networks in around 400 Media-Saturn Deutschland GmbH (“MSD”) consumer electronics centres.

In the provision of mobile communications services, freenet relies on a service provider model that is unique in Germany and supported by the regulatory authorities. This is primarily an extended reseller model in which the customer relationships are not transferred to the respective network operators, as is often the case, but remain with freenet. In contrast to mobile network operators (MNO model), the capital-binding operation of a mobile network is not required. freenet also does not acquire any network capacities (MVNO model) from one of the network operators. Due to the direct customer relationships, freenet largely integrates all downstream services for the customer (customer service, billing, marketing).

freenet benefits from the advantages of direct customer relationships in the asset-light model. Another unique selling point of freenet in the German mobile communications market is that the portfolio of tariffs offered extends to the original tariffs of the German network operators (Deutsche Telekom, Vodafone and Telefónica Deutschland) on the one hand and that the company’s own tariffs can be realised under freenet brand names in the respective networks (freenet Mobilfunk, klarmobil) on the other. This gives freenet flexibility in addressing different target groups and designing needs-orientated mobile communications products.

Over the past 25 years, freenet has grown to become the only network-independent mobile communications provider of a competitive size in Germany. The Mobile Communications segment comprises almost 8 million Postpaid customers, which are considered a non-financial performance indicator for the segment.

TV and Media segment

Media Broadcast

freenet AG has indirectly held 100% of Media Broadcast GmbH since 2016. Media Broadcast is a large nationwide network operator in the broadcasting and media industry and a partner for digitalisation. The company primarily generates revenues from the provision of terrestrial infrastructure services for public and private broadcasters, the distribution of freenet TV and as a provider of terrestrial radio infrastructure via Digital Audio Broadcasting (DAB+).

Media Broadcast currently holds the exclusive rights to offer terrestrial TV access (DVB-T2) via its own network in Germany. This results in two business models: TV B2B and TV B2C. In TV B2B, Media Broadcast acts primarily as a service provider for public broadcasters in Germany, in particular ARD and ZDF. Media Broadcast transports the terrestrial signals of the public broadcasters and receives a contractually agreed monthly remuneration. In TV B2C, Media Broadcast offers terrestrial TV access for paying subscribers in the private customer market with its freenet TV product. The programme bouquet includes both public and private channels in HD quality.

In the radio sector, Media Broadcast is responsible for the planning and construction as well as the operation and service of terrestrial infrastructures for programme broadcasters in the private sector and the public service sector. In particular, Media Broadcast is driving forward the expansion of the digital transmission standard DAB+. This standard is currently replacing analogue terrestrial reception technologies in many regions of Germany. Media Broadcast operates and markets one of the two possible nationwide broadcasting network platforms completely independently and holds a stake in Antenne Deutschland via a joint venture, which holds the platform licence for the second nationwide coverage. Media Broadcast is currently contracted as the exclusive transmitter network operator for Antenne Deutschland. In addition, analogue radio technologies such as shortwave, longwave and ultrashortwave continue to be operated for various applications.

Media Broadcast also offers a number of professional services in addition to the TV and radio business on the basis of the extensive coverage and technical expertise of its decentralised field service personnel. These include maintenance and fault clearance services for companies in the mobile communications and fibre optic sectors.

Exaring AG

freenet has held a controlling interest in Exaring AG since 2016 (as of 31 December 2024: 74.6%). With waipu.tv, Exaring has developed its own streaming service, which is now one of the most relevant in Germany. waipu.tv is the alternative to conventional cable or satellite connections, which can no longer fulfil the contemporary requirements of linear television. Using an app and a dedicated fibre optic network to operate the television platform, the company transmits and sells access to video content via IPTV (“Internet Protocol Television”) under the waipu.tv brand. waipu.tv makes it easy to record programmes from the linear TV schedule and make them available to users on demand. It is also possible to fast-forward and rewind the programme. In addition, current programmes can be reset to the beginning using the restart function. Around 300 channels are transmitted by waipu.tv. These are made up of linear public and private TV content as well as FAST channels (“Free Ad Supported Streaming Television”). In addition to IPTV, waipu.tv also offers various products from streaming services (including Netflix, Disney+, WOW Live-Sport) in combination packages. In addition to the IPTV content, an extensive media library with over 30,000 films and series is offered on demand. waipu.tv was able to take a relevant market position in the growing German IPTV market compared to other competitors within a few years and had almost 2 million subscribers at the end of 2024.

waipu.tv is distributed via its own website, various B2B partners (including Apple and Google), freenet’s sales channels and MSD’s specialised electronics shops. The resulting service revenues account for the majority of revenues. The private customer business is supplemented by business customer services – essentially “programmatic advertising”. Programmatic advertising is an automated method of digital marketing in which advertising space is bought and sold in real time via software-supported auctions. Data analyses and algorithms are used to precisely address target groups and maximise advertising success.

Corporate Strategy and goals

Vision and corporate strategy

“Always the right choice” – this vision determines freenet’s entrepreneurial actions. The quality of the products and services offered should confirm that freenet is always the right choice for all stakeholders – employees, customers, partners and shareholders. freenet assumes environmental and social responsibility and takes this into account with long-term decisions in the sense of sustainable management.

freenet’s strategy is based on the ambition of “growth with digital lifestyle”.

The company summarises a diverse portfolio of products for the digital lifestyle under the “freenet” umbrella brand. The primary focus here is on mobile communications and TV entertainment as well as all related services, applications and devices. From this overall offering, freenet generates customised solutions primarily for the private customer market. The overall offering is continuously improved, expanded and adapted to the life cycle of customer relationships. One instrument for monitoring these processes and profitability is the customer lifetime value concept. The concept is linked to growth expectations, which are to be realised by extending customer relationships and further improving customer loyalty. A total of four customer-related fields of action concretise the vision and the strategic approach.

Figure 7: freenet’s four areas of action

Customer-focused	Digital First	Demand-oriented	Close to customers

freenet strives to continuously optimise processes in the organisational and operational structure along the integrated stages of the value chain. This affects both internal processes and interaction with customers.

The deep understanding of available data gained through digitalisation creates new and innovative opportunities for customer communication, service and the preparation of offers. The focus is on the use of artificial intelligence to reduce the complexity of a wide range of offers and at the same time optimally serve divergent customer requirements.

The deep understanding of available data gained through digitalisation creates new and innovative opportunities for customer communication, service and the preparation of offers. The focus is on the use of artificial intelligence to reduce the complexity of a wide range of offers and at the same time optimally serve divergent customer requirements.

At the centre of the company’s activities is the “customer experience” built up in prior years, which ensures the sustainable conception and networking of the various individual initiatives geared towards the needs of customers.

To strengthen the positive customer experience, the findings from customer contacts are used for product developments and digital innovations. This applies in particular to the mobile communications and TV Entertainment segments, which are the main economic pillars of freenet. Customer experience management, a consistent strengthening of the freenet umbrella brand and an omnichannel platform form the basis for the convergence of the company’s own online and offline sales activities and the seamless provision of services directly to the customer. All the prerequisites are thus in place to further improve proximity to the customer.

With a clear organisational structure, clearly assigned responsibilities and a focus on the principles of sustainable management and value orientation, all stakeholders should benefit equally from the company's development.

ESG strategy

Sustainability is an integral part of freenet's corporate strategy. The sustainability strategy (also known as the ESG strategy) comprises five fields of action on which the company's sustainable behaviour is based:

1. Climate
2. Circular economy
3. Customer
4. Employees
5. Governance

The target is to give equal weight to the three dimensions of sustainability, i.e. environmental, social and governance, in future decisions.

The company's actions with regard to the ESG strategy are based on the following guiding principle: "freenet AG organises its business activities in such a way that they are environmentally responsible, socially just and economically profitable. People are always at the centre of our actions."

Field of action: climate

As a company, freenet is aware of its environmental responsibility. Accordingly, the company supports the Paris Climate Agreement in the field of action climate and intends to align its business processes with the 1.5-degree target in future. In this regard, freenet formulated a transition plan for climate change mitigation in 2024, which envisages a reduction of more than 60% in Scope 1 and Scope 2 emissions from 2022 to 2030.

By updating its carbon footprint, freenet continues to set the necessary framework to identify levers and actions that contribute to the reduction of GHG emissions and thus to the mitigation of climate change. In this context, the use of renewable energies and the gradual electrification of the vehicle fleet are the most important levers for decarbonising our own business activities.

Most of the GHG emissions associated with freenet's business model can be attributed to the upstream and downstream value chain (Scope 3). Here, too, freenet intends to exert influence within the scope of its own possibilities in order to make a contribution to mitigating climate change.

Field of action: circular economy

In the area of mobile communications, freenet's offers are generally linked to the issue of a mobile device. The focus in the field of action circular economy is on conserving resources, extending product life cycles and reducing (electrical and electronic) waste. As a digital lifestyle provider, freenet wants to contribute to the implementation and acceleration of a circular economy approach within the German telecommunications industry.

The company's ambition is to be a reliable partner for sustainable consumption for customers. This is already reflected in the existing product portfolio, which includes subscription models for devices, trade-in services, refurbished devices and repair services as well as sustainably produced devices and accessories. In future, the circular economy-orientated product and service portfolio is to be further strengthened and expanded. In addition, customers are to be informed even more about the possibilities of sustainable use of mobile devices and incentives are to be created so that important and scarce resources can be returned to the cycle.

Field of action: customer

The customer is at the centre of freenet's activities. The target is to build self-determined and long-term customer relationships. As a digital lifestyle provider, freenet attaches great importance to promoting digital participation in society by offering a wide range of prices and services. freenet offers a diverse range of tariffs and services, networks and a large number of devices for various user groups. The broad spectrum enables (potential) customers with different socio-demographic characteristics to enjoy equal opportunities.

As a network-independent service provider in mobile communications, freenet also advises customers independently and customised to their individual needs. freenet's actions are geared towards maximising customer satisfaction, as this is also the basis for freenet's economic success.

Field of action: employees

freenet employees are also a key factor in the long-term success of the company. Promoting a dialogue-oriented, safe, flexible and performance- and knowledge-oriented working environment is therefore a key target in this field of action. Various development formats contribute to this target and will continue to be an integral part of the HR strategy in the future.

Diversity is an equally important factor for long-term success and should also be reflected in the total workforce. Accordingly, equal rights and equal opportunities are core values of our corporate culture.

Field of action: governance

In the field of action governance, ensuring a sustainable supply chain is a key focus of the company. freenet is aware of its own responsibility and all risks to be considered, as the possible violation of human rights, and will endeavour to exert the influence available to it along the value chain. Furthermore, a comprehensive compliance culture has already been established in the Group over the past few years and integrated into all areas of the company.

Especially as a telecommunications company that is subject to strict legal and regulatory provisions, the focus of governance issues is on the careful handling of customer data provided to freenet. Data protection and data security issues have therefore continued to grow in importance in recent years and have become increasingly important within the company. Various review and security structures at all levels throughout the Group ensure that data is adequately protected even in the face of advancing digitalisation and increasing external attacks.

Corporate management

Control approach

freenet uses a standardised Group-wide management system to implement its long-term objectives and measure its operating performance. Performance measurement is linked to financial and non-financial performance indicators, which form the framework for value-orientated business conduct. The established financial management system also ensures financial stability.

The aim of value-oriented business conduct is to address and balance the expectations that various stakeholder groups have of freenet. For example, equity investors expect an adequate and secure long-term return on their invested capital, lenders expect timely interest payments and the ability to repay debt, and employees expect job security and fair salaries.

The Executive Board regularly reviews the appropriateness of the control system.

The performance indicators used for corporate management regularly include alternative performance measures (APMs). Despite the widespread use of alternative performance measures by companies and investors to assess business development and the debt situation, they have only limited informative value as a sole analytical tool. In addition, APMs with similar or identical designations are not necessarily directly comparable between companies due to different calculation methods. In order to take account of the low degree of standardisation, the respective calculation systems are presented below.

Financial performance indicators

freenet uses the financial performance indicators listed in the following table to measure and present the company's financial success in a comprehensible manner.

Table 3: Financial performance indicators [1]

In EUR million/as indicated	2024	2023 (restated) [2]	Change absolute	Change relative
Revenues	2,477.7	2,385.3	92.4	3.9%
EBITDA	521.5	503.9	17.6	3.5%
Adjusted EBITDA	503.1 [3]	503.9	– 0.7	– 0.1%
Free cash flow	292.3	276.6	15.7	5.7%
Postpaid ARPU (in EUR)	17.9	18.0	– 0.1	– 0.6%

1 Relates exclusively to continuing operations
2 Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures
3 Adjusted for the one-off effect from the sale of IP addresses

Management by revenues and (adjusted) EBITDA is performed at Group and product-related segment level (mobile communications and TV and media). In addition, the postpaid ARPU in the Mobile Communications segment is used for management purposes. Free cash flow is managed exclusively at Group level. The financial performance indicators (adjusted) EBITDA, free cash flow and postpaid ARPU are APM.

Revenues

Revenues correspond to the gross value added from operating activities and are a key parameter for measuring the company's success. Revenues in the Mobile Communications segment are mainly dependent on the sale of mobile communications services. The development of additional, complementary revenues is in the strategic interest of the Executive Board. This business activities in the digital lifestyle sector. The development of revenues in the TV and Media segment is increasingly characterised by strong customer growth in the IPTV area.

Media Broadcast revenues continue to account for the majority of revenues in this segment. These are generated on the one hand from the number of freenet TV subscribers and on the other from the amount of revenues from infrastructure services for the German media industry.

EBITDA and adjusted EBITDA

EBITDA reflects the company's operating performance and is mainly influenced by the amount of gross profit (mainly revenues less cost of materials) and personnel and other operating expenses. This applies to both the Group and the product-related segments. EBITDA is considered a key indicator for assessing the business performance of a company over time and of companies in the same market segment. It is also used to compare business models with different capital costs and/or investment structures. Accordingly, EBITDA is used for valuation purposes in the context of company acquisitions and disposals.

EBITDA provides a holistic view of income and expenses for the reporting period and also includes one-off effects, if they exist. One-off effects can be both expenses and income resulting from material one-off and/or regulatory effects (e.g. restructuring expenses). If one-off effects distort the transparent presentation of the freenet Group's operating business development, the adjusted EBITDA is used as a performance indicator. Any one-off effects are excluded from the calculation of adjusted EBITDA. If there are no one-off effects in the reporting period, the EBITDA corresponds to the adjusted EBITDA.

The starting point for both performance indicators is EBIT, which is derived in the following table.

Table 4: Calculation of EBITDA and adjusted EBITDA [1]

	In EUR million	2024	2023 (restated) [2]	Change absolute	Change relative
	EBIT	375.5	256.3	119.3	46.5%
+	Depreciation, amortisation and impairment	146.0	247.6	– 101.6	– 41.0%
=	**EBITDA**	**521.5**	**503.9**	**17.6**	**3.5%**
–	One-off effect: sale of IP addresses	18.4	0.0	18.4	n.a.
=	**Adjusted EBITDA**	**503.1** [3]	**503.9**	**– 0.7**	**– 0.1%**

[1] Relates exclusively to continuing operations
[2] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures
[3] Adjusted for the one-off effect from the sale of IP addresses

Free cash flow

As a Group-wide liquidity-oriented key figure, free cash flow is an important addition to the earnings-oriented assessment of performance and is equally important for providers of equity and debt capital. Free cash flow is a key indicator of the ability to achieve self-financed growth, ensure a stable dividend policy and fulfil all operating payment obligations, and therefore represents a benchmark for potential repayments.

Free cash flow, in particular net working capital, is managed by Treasury on the basis of an established cash management system. In addition to the continuous optimisation of payment terms for liabilities, the control measures also include efficient receivables management.

The free cash flow performance indicator shows the amount of cash and cash equivalents available for the distribution of dividends or the repayment of financial liabilities, among other things. It should be emphasised that both interest payments and lease payments are included in the determination of free cash flow as part of the cash flow from operating activities, which is why they do not result in any further withdrawals from free cash flow.

Table 5: Composition of free cash flow [1]

In EUR million		2024	2023 (restated) [2]	Change absolute	Change relative
	Cash flow from operating activities	406.3	403.0	3.3	0.8%
–	Cash outflows for investments in property and intangible assets	43.7	51.4	– 7.7	– 14.9%
+	Cash inflows from the disposal of property and intangible assets	5.4	2.9	2.5	88.2%
–	Cash outflows for the repayment of lease liabilities	75.7	77.9	– 2.3	– 2.9%
=	**Free cash flow**	**292.3**	**276.6**	**15.7**	**5.7%**

[1] Relates exclusively to continuing operations
[2] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

Postpaid ARPU

Postpaid ARPU is the average monthly revenues (before VAT) per postpaid customer in the Mobile Communications segment. It serves as an indicator for the willingness of customers to pay corresponding monthly fees for the respective mobile communications services and for the sales success in marketing high-quality mobile phone tariffs. Consequently, postpaid ARPU is an indicator of the quality of the customer base, the safeguarding of which is in the strategic interest of the Executive Board. Changes in the market and competitive situation in Germany can have a significant impact on the development of the performance indicator. Regulatory changes and force majeure (e.g. restrictions on travelling) can also influence the level of postpaid ARPU.

Postpaid ARPU is calculated without taking into account the subsidy components for hardware included in the basic fee. The development of postpaid service revenues is derived directly from the development of postpaid ARPU and postpaid customer numbers.

Non-financial performance indicators

The developments of the financial performance indicators revenues, (adjusted) EBITDA and free cash flow are related to the development of the total number of subscribers as a summarised non-financial performance indicator of the relevant customer groups. The strategically relevant customer group varies depending on the segment. The postpaid customer base serves as a performance indicator for the Mobile Communications segment and the TV customer base, consisting of waipu.tv subscribers and freenet TV subscribers (RGU), for the TV and Media segment. Customer acquisition, retention and management are essential for freenet's successful development. A (subscription) customer or subscriber corresponds to a paid contractual relationship.

The postpaid customer base, in which the strategically important mobile customers are summarised, secures freenet's medium-term earnings and liquidity strength due to the fixed-term contracts and is central to corporate management. The development of freenet TV subscribers (RGU) and waipu.tv subscribers serves as a benchmark for success in establishing and penetrating the TV market.

The selection of performance indicators provides a transparent view of freenet's strategic orientation and reflects the customer groups relevant to the capital market.

Table 6: Non-financial performance indicators

In '000s	31.12.2024	31.12.2023	Change absolute	Change relative
Postpaid customers	7,600.2	7,418.3	181.9	2.5%
freenet TV subscribers (RGU)	496.3	583.8	– 87.4	– 15.0%
waipu.tv subscribers	1,940.6	1,369.3	571.3	41.7%
Total subscribers	**10,037.1**	**9,371.4**	**665.7**	**7.1%**

Other key figures and indicators of the company's success

In addition to financial and non-financial performance indicators, freenet uses other key figures and indicators to manage the Group, which are an expression of the company's success.

These include:

- Product brands, new products, partnerships and sales activities,
- Research and development activities,
- Employee matters,
- EBIT and financial result and
- Gross profit and gross profit margin.

EBIT, financial result, gross profit and gross profit margin are also APM.

Product brands, new products, partnerships and sales activities

In the reporting year, freenet launched new products, entered into further partnerships and opened up additional sales channels in order to secure its original business on the one hand and create new potential at the same time. Materiality includes the following:

Mobile Communications segment

- Deepening partnerships with German network operators in the form of long-term contracts
- Launch of new mobile brands and tariffs (including Happy SIM)
- Implementation of the new shop concept (Assisted Personalised Shopping, APS)
- Intensifying the perception of freenet in sports sponsoring

TV and Media segment

- waipu.tv
  - New partnerships and collaborations (including Disney+)
  - Ongoing investments in awareness of the waipu.tv brand (testimonial Dieter Bohlen)
  - Expansion of station portfolio (now around 300 stations)
  - Expansion of the waipu.tv 4K stick functions
- Media Broadcast
  - Launch of a pilot project for the distribution of television programmes via 5G Broadcast
  - Completion of the expansion programme of the nationwide transmitter network for the first national DAB+ programme package

Reseach and development

In view of the rapid technological progress in the telecommunications industry, freenet is working intensively on all major innovations in this area. The materiality target is to maintain its competitive position in this dynamic market environment in the long term. Development work at freenet mainly takes place within the framework of IT, strategy and product development projects.

In the IPTV sector, the competitive success of the waipu.tv product depends largely on the ability to continuously develop the platform and its features and make them more attractive to customers. To this end, a dedicated software development department with the appropriate skills and expertise has been established.

In 2024, freenet made cash-effective investments in internally generated software totalling EUR 24.6 million (prior year: EUR 24.4 million) as part of IT, strategy and product development projects. In 2024, the income statement for the continuing operations was influenced by expenses from the amortisation of internally generated software in the amount of EUR 16.3 million (prior year: EUR 15.1 million) as part of these research and development activities.

Employee matters

At the end of 2024, freenet employed 3,167 people (end of prior year: 3,174 employees) at nine locations and in the freenet shops. The number of vocational trainees and dual study programmes at freenet was 213 at the end of 2024 (end of prior year: 278). Training and Education as well as dual study programmes also serve to maintain the skills of employees. freenet sees their continuous further development with regard to current market and technological developments as a decisive criterion for its future business success.

Detailed information on employee matters can be found in the non-financial group statement.

EBIT and financial result

EBIT is defined as Earnings before interest and taxes (EBIT). The financial result is made up of the items “result of equity-accounted investments”, “interest and similar income”, “interest and similar expenses” and “other financial result”.

Gross profit and gross profit margin

Gross profit is defined as the balance of revenues and the cost of materials. The gross profit margin is the ratio of gross profit to revenues.

Table 7: Calculation of gross profit [1]

	In EUR million	2024	2023 (restated) [2]	Change absolute	Change relative
	Revenues	2,477.7	2,385.3	92.4	3.9%
–	Cost of materials	1,503.8	1,470.5	33.3	2.3%
=	**Gross profit**	**973.9**	**914.8**	**59.1**	**6.5%**
=	**Gross profit margin**	**39.3%**	**38.3%**	**1.0%P**	**2.5%**

1 Relates exclusively to continuing operations
2 Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

Financial management system

The key performance indicator system for strategic and operational corporate management is supplemented by an established financial management system. The primary targets of the financial management approach pursued are to ensure access to the (debt) capital market, to maintain sufficient liquidity for the operating business and to define a reliable and sustainable dividend policy. The tasks relating to these objectives are performed centrally by Treasury, supported by Financial Controlling and Accounting.

Cash, liquidity and capital structure management

Additions to the (debt) capital market and liquidity are integral to ensuring liquidity:

1. Cash and liquidity management and
2. Capital structure management.

Cash and liquidity management ensures that freenet can fulfil its payment obligations at all times. To this end, cash flows from both the operating business and financial transactions are continuously monitored and integrated into rolling cash flow planning. Group-internal cash pooling also allows Group companies to utilise surpluses from other units to cover their own liquidity requirements without external financing.

Capital structure management controls the capitalisation of the Group and its subsidiaries. The key figures for the Group-wide organisation of the capital structure are the equity ratio and leverage, for which limits have been defined. In addition, an adjusted leverage is reported for information purposes, which provides a less conservative perspective on the Group's debt by including the market value of equity investments in the net financial liabilities (adjusted net financial liabilities).

A lower limit of 25.0% was set for the equity ratio, which reflects the ratio of equity to total assets (in each case according to the consolidated balance sheet), and an upper limit of 3.0 times EBITDA was defined for the leverage.

Table 8: Capital structure management limits

	Limits	Achieved as of 31.12.2024	31.12.2024	31.12.2023 (restated) [1]	Change absolute	Change relative
Equity ratio	> 25.0	Yes	44.4%	42.1%	2.3%P	5.4%
Leverage	≤ 3.0	Yes	0.9	1.2	– 0.2	– 19.2%

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

The equity ratio rose from 42.1% at the end of December 2023 to 44.4% at the end of December 2024 and remains well above the lower limit of 25.0%. The leverage is derived from the ratio of net financial liabilites to the EBITDA generated in the last twelve months. At the end of 2024, the leverage ratio was 0.9 (end of prior year: 1.2) and thus below the upper limit of 3.0.

Table 9: Calculation of net financial liabilities and leverage

In EUR million	31.12.2024	31.12.2023 (restated) [1]	Change absolute	Change relative
Non-current financial liabilities	223.0	250.1	– 27.1	– 10.8%
+ Current financial liabilities	195.6	180.7	14.8	8.2%
+ Net lease liabilities	252.4	309.8	– 57.4	– 18.5%
– Liquid assets	181.6	159.8	21.8	13.6%
= Net financial liabilites	**489.3**	**580.9**	**– 91.5**	**– 15.8%**
= Leverage	**0.9**	**1.2**	**– 0.2**	**– 19.2%**
– Equity investments	86.0	85.3	0.7	0.8%
= Adjusted net financial liabilities	**403.4**	**495.6**	**– 92.2**	**– 18.6%**
= Adjusted leverage	**0.8**	**1.0**	**– 0.2**	**– 22.6%**

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

Dividend policy and share buy-backs

The dividend policy is an essential part of financial management. The Executive Board of freenet generally pursues a policy of continuous distributions based on operational development. The starting point and basis of assessment is the free cash flow. As a component of the company guidance, this liquidity ratio provides a reliable starting point for deriving a dividend expectation for and by shareholders.

In the interests of dividend continuity, the Executive Board defines 80% of free cash flow as the expected long-term dividend payout ratio. The Executive Board is thus committed to a predictable and appropriate shareholder participation. In addition to a cash dividend, the intention is to allow shareholders to participate in the company's success in the form of share buybacks under certain circumstances. Decisions on implementation will be made on a case-by-case basis.

Economic environment

Overall economic development in Germany

Standstill in economic growth

Germany's gross domestic product (GDP) is expected to decline slightly in 2024 compared to the prior year. The impacts of the economic standstill are increasingly being felt on the labour market. The number of unemployed has recently risen slightly. Although private consumption was able to support the economy, the hoped-for revival failed to materialise. Despite a significant rise in real disposable income, private households have increasingly saved instead of spending their income on consumer goods. This led to a higher savings rate, which remains at a high level.

ECB focuses on interest rate cuts

The economic institutes expect inflation to be 2.2% in 2024, close to the European Central Bank's (ECB) target. The lower inflation compared to the prior year (5.9%) supported the purchasing power of private households. Inflation in 2024 was mainly driven by inflation in the services sector. The ECB had raised the key interest rate (deposit rate) to 4.0% in 2022 and 2023. Last year saw a turnaround and the ECB lowered the key interest rate four times to 3.0%. This was the ECB's response to stable inflation rates and lower than expected economic growth.

Sector-related development

Mobile communications market in Germany

Regulatory developments

The mobile communications market in Germany continued to be characterised by technological progress in 2024. The Federal Network Agency (BNetzA) finalised the allocation of 5G frequencies in 2022 and set expansion requirements for network operators, such as the obligation to cover at least 98% of households with 5G by the end of 2024. Accordingly, the network operators worked on implementing the specified targets in the past year. The stipulated requirements demand efforts and financial investments from the network operators, which they pass on both to their own sales and to the wholesale conditions of network-independent mobile communications providers. The aim for the future is to protect competition on the market and ultimately the customer. Accordingly, there has been an ongoing discourse on the conditions under which mobile frequencies should be made available to network operators for temporary use.

In May 2024, the BNetzA published a consultation draft on the extension of frequency usage rights, in which it confirmed its intention to implement a temporary extension until 2030. With this approach, the BNetzA is significantly accommodating the established network operators. The promotion of service competition, which is intended to enable service providers (including freenet) to compete fairly on the mobile wholesale market, is the subject of debate beyond 2024. A final decision by the BNetzA on the modalities of frequency allocation is expected in the first half of 2025.

Competitive environment

1&1 and Vodafone begin migration as part of new partnership

The competitive landscape in the mobile communications market in Germany remained largely unchanged in 2024 compared to the prior year. 1&1 formally became the fourth network operator in Germany at the end of 2023, but nationwide coverage via its mobile network is still pending. Until then, 1&1 will use the national roaming of Telefónica Deutschland and Vodafone. The migration of around 12 million 1&1 mobile customers to Vodafone's Mobile network began in August 2024 and is scheduled to be completed by the end of 2025. In return, Telefónica Deutschland began to establish new partnerships and expand existing ones.

No significant shifts in market shares

The mobile communications market in Germany remained virtually unchanged. In terms of revenues, the market continues to be evenly distributed among the existing participants. The three established network operators dominate the market, while Deutsche Telekom holds the largest share. 1&1 and freenet have market shares of a comparable size, while the remaining providers only cover a small part of the market. The minor shifts in market shares and the stable average revenues per user (ARPU) indicate a stable and rational market environment for the past year.

Private customer market

Mobile data usage continues to increase

freenet is active in the mobile communications business almost exclusively in the market for private customers. This market has an estimated volume of around EUR 10 billion. According to our own calculations, freenet accounts for just under 20% thereof. Demand for mobile communications services from private customers continues to be characterised by high demand for mobile data, driven by the use of streaming services, cloud applications and social media. In 2024, the average data consumption was around 9 GB per month (prior year: around 7 GB) and increasingly took place on the 5G network.

Trend towards increasing use of postpaid contracts remains intact

Private customers prefer flexible contracts that allow them to adjust or cancel tariffs according to their needs and preferences. They value good customer service and are increasingly interested in innovative services that offer them added value (e.g. user-friendly apps and paperless contracts). Given the ratio of active personal SIM cards to residents in Germany, the private customer market appears to be essentially saturated. The reason for moderate market growth in terms of service revenues is the structural trend from prepaid to higher-value postpaid contracts. Around 70% of active personal SIM cards are billed via postpaid contracts. Postpaid contracts generally offer significantly higher data volumes and facilitate the flexibility of additional consumption.

TV and video market in Germany

TV and video consumption

Linear television remains the most relevant form of video consumption

In the past year, the average amount of video viewing per day in Germany was 194 minutes. The majority thereof, two hours, was spent watching linear television. Linear television remains by far the most relevant source of video consumption. There is a clear age gap here. The older the consumer, the more time they spend watching video on linear television – up to four hours a day. Linear television remains an important part of Germans' everyday lives in order to stay informed and relax. More than half of the German population uses linear television every day and only 7% never watch linear television.

Internet continues to grow in importance as a reception channel

The trend of increasingly using the internet as a source for the consumption of video content remains intact. One in five German TV consumers now watches linear television via the Internet. The younger the TV consumer, the more Internet-based TV is favoured as a means of reception. The number of TV households in Germany has remained stable over the last few years at just under 39 million. The cable, satellite and antenna reception channels have become less relevant. A clear trend from cable and satellite TV to Internet-based TV can therefore still be recognised, which indicates a continuing structural change in the use of TV broadcasting channels. Deutsche Telekom with MagentaTV and freenet with waipu.tv are the most relevant providers of Internet-based linear television in Germany in terms of market share at.

Convergence of linear and non-linear content continues

In addition, the use of streaming services continues to increase. Internet-based linear television and Video-on-Demand (VoD) are benefiting from the increasing spread of smart TVs. One in five TV consumers combines linear television with the use of streaming services. This increasing combined use of linear and non-linear content is not only driven by the changing consumption habits of TV households. The increasing digitalisation of linear television is also leading to partnerships between linear television providers and VoD providers. On the one hand, this is reflected in bundle offers, the scope of which includes services from linear and non-linear providers. The focus here is on the platform concept, i.e. technical integration. On the other hand, VoD providers such as Netflix and DAZN are increasingly establishing FAST channels. Here, VoD providers draw on their content portfolio to generate streams that are similar to traditional linear television. This form of programme exploitation makes it possible to make content from a wide range of genres, which often has no place in traditional linear television, accessible to a wider audience.

FAST channels are available from providers of traditional linear television formats as well as on platforms such as Samsung TV Plus or ad-financed VoD platforms. Established broadcaster groups are also increasingly launching corresponding offerings on the market (e.g. RTL+, Joyn).

Abolition of the ancillary cost law (“Nebenkostenprivileg”)

Since mid-2024, around 12 million TV households have been free to choose their reception channel

Until 30 June 2024, the ancillary cost law (“Nebenkostenprivileg”) was a regulation in German tenancy law that allowed landlords to pass on cable TV fees to tenants, among other things. In addition to the rent, a financial amount could be charged to tenants as part of the service charge bill. The background to this regulation lies in the equipping of large residential complexes with cable TV in the 1980s. As a result, landlords concluded decades-long wholesale contracts with cable network operators to finance these investments. The actual use of cable TV by tenants played no role in this. Since 1 January 2021, the ancillary cost law (“Nebenkostenprivileg”) for cable TV has been abolished as part of the Telecommunications Act (TKG). Since 30 June 2024 at the latest, landlords are no longer allowed to pass on cable TV fees to tenants. As a result, around 12 million TV households will be free to decide for the first time which TV reception channel they want to pay for.

Marginal effect on customer migration due to high proportion of “unlicensed viewers”

The affected TV households had to conclude individual contracts with providers in order to continue receiving cable TV. Alternatively, they could switch to other TV reception channels or completely do without linear television. As a result, the two largest cable TV providers in Germany lost more than 4 million customers from January to September of last year alone. Only a few customers switched from mass contracts with the landlord companies to individual contracts with the cable providers. The majority of customers appear to continue to receive linear television via cable, but do not pay for it (so-called “unlicensed viewers”). This is because switching off the signal for cable TV is technically and time-consuming. In most cases, the cable connections in the relevant residential units have to be sealed on site to prevent “unlicensed viewing”. Many cable providers shy away from this effort in order to save costs or to avoid annoying (potential) customers. Against this backdrop, a diffusion of “unlicensed viewers” to other TV reception channels can only be expected over a longer period of time. It is assumed that there will be around 3.5 million “unlicensed viewers” by the end of 2024.

IPTV appears to be the most obvious alternative for existing cable TV receivers

The choice of Internet-based linear television ("IPTV") is generally regarded as an economical alternative to cable TV. IPTV reception is generally no more expensive than an individual cable TV contract, but usually offers more services (channels, functions, quality). In addition, no major one-off investment is required, such as a satellite antenna, as almost every household has an internet connection anyway. The Materiality of the previous cable TV receivers, who changed their reception channel as part of the abolition of the ancillary cost law ("Nebenkostenprivileg"), could migrate to IPTV. The customer numbers of the two largest IPTV providers in Germany (MagentaTV and waipu.tv) increased by just under 1 million in the nine-month period of 2024.

Overview of the course of business

Overall statement by the Executive Board on business performance

2024 financial year as an important partial success in achieving the 2028 ambition

The Executive Board of freenet AG assesses the course of the past financial year as positive and states that the 2024 financial year was an important partial success in achieving the 2028 financial ambition published in November 2024.

The results of the past financial year underline freenet's consistently successful work in the mobile communications business and its growth ambitions in the IPTV business. The company focuses its core competences on the sale of subscription models that are generally not replaceable or dispensable for private households in the short and medium term (mobile communications, TV Entertainment). The current geopolitical and economic uncertainties have not had any material impact on freenet's business performance.

The core business of mobile communications developed solidly and predictably, unaffected by external circumstances. freenet strengthened the future of the mobile communications business in the past year by concluding new agreements with the German mobile network operators Deutsche Telekom, Vodafone and Telefónica Deutschland over a longer-term period. This gives freenet access to an even more comprehensive range of tariffs and had a positive impact on the gross profit margin in the mobile communications business in the past year.

The TV and Media segment developed in line with the company's expectations and increasingly represents a relevant part of freenet's profitability base. The growth in waipu.tv subscribers met the high expectations and more than compensated for the loss of freenet TV subscribers (RGU). The announced intensified marketing activities at waipu.tv were continued in the past financial year. As a result, EBITDA in this segment was down on the prior year. An upward trend is expected again in this respect for the 2025 financial year (see guidance section).

Financial performance indicators are within the guidance corridors that were raised during the year

At EUR 521.5 million, EBITDA was above the prior year's figure (EUR 503.9 million) and in the middle of the guidance raised in December (EUR 515 to 530 million). The increase in the guidance (priorly: EUR 500 million to EUR 515 million) resulted from the sale of IP addresses no longer required for the operation of the company's own data centre, which will be sold in two tranches and will generate cash income for freenet of around EUR 18 million in 2024 and around EUR 14 million in 2025 and will be reported in the Other/holding segment. Adjusted for this one-off effect, adjusted EBITDA in the 2024 financial year totalled EUR 503.1 million (prior year: EUR 503.9 million).

Free cash flow also increased compared to the prior year (EUR 276.6 million) and, at EUR 292.3 million, was in the middle of the guidance raised in December (EUR 285 to 300 million). The reason for the increase (priorly: EUR 270 to 285 million) was also due to the sale of IP addresses, which had the same effect on EBITDA and free cash flow. Adjusted for the one-off effect, free cash flow remained at the prior year's level (EUR 276.6 million) at EUR 273.9 million. The free cash flow of EUR 292.3 million is decisive for the dividend distribution. Accordingly, the basis for the dividend distribution increased by 5.7% compared to the prior year.

In addition to the one-off effect, the positive developments in EBITDA and free cash flow reflect the increase in high-margin service revenues in both product-related segments and an overall stable basis for other expenses and income in relation to customer growth. Overall, revenues grew moderately from EUR 2,385.3 million to EUR 2,477.7 million in the 2024 financial year.

Table 10: Guidance-actual comparison: financial performance indicators

In EUR million/as indicated	2023 Reference value (restated)[1]	2024 Guidance (28.2.2024)	Increased 2024 Guidance (7.11.2024)	Increased 2024 Guidance (5.12.2024)	Change in Guidance	2024
Financial performance indicators						
Revenues[2]	2,385.3	Stable performance	Moderate growth	Moderate growth	➔	2,477.7
EBITDA[2]	503.9	495 – 515	500 – 515	515 – 530	↑	521.5
Free cash flow[2]	276.6	260 – 280	270 – 285	285 – 300	↑	292.3
Postpaid ARPU (in EUR)	18.0	Stable performance	Stable performance	Stable performance	➔	17.9

↑ above the prior guidance
➔ unchanged compared to the prior guidance
↓ below the prior guidance

Table 11: Guidance-actual comparison: non-financial performance indicators

In '000s	Reference value 31.12.2023	2024 Guidance (28.2.2024)	31.12.2024
Non-financial performance indicators			
Postpaid customer base	7,418.3	Moderate growth	7,600.2
freenet TV subscribers (RGU)	583.8	Noticeable decrease	496.3
waipu.tv subscribers	1,369.3	Significant growth	1,940.6

1 Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures
2 Relates exclusively to continuing operations

Business development of the product-related segments

Mobile Communications segment

News and events

Conclusion of long-term contracts with network operators

In the middle of last year, freenet announced that it had concluded multi-year agreements with the network operators Deutsche Telekom, Vodafone and Telefónica Deutschland. The new agreements secure parts of freenet's mobile communications business in the long term and open up access to an even more comprehensive range of tariffs. Since the beginning of July, freenet has been offering 5G tariffs in all three major German mobile networks, including under its own brands. In addition, the individual parameters in the new agreements provide more long-term planning security and greater flexibility in customer acquisition. Accordingly, freenet expanded its tariff portfolio in the second half of 2024. In this context, the offering for price-conscious customers was also further expanded, with freenet utilising Telefónica Deutschland's Blau brand tariffs for the first time.

Implementation of the "Assisted Personalised Shopping" (APS) shop concept

With "Assisted Personalised Shopping" (APS), freenet implemented a completely new shop concept for freenet in the past financial year. This concept is based on the strategic combination of analogue sales from the freenet shops and digital sales via freenet's online shop. The introduction of the shop concept, which was completed in the 2024 financial year, offers customers a significantly expanded selection of demonstration devices and products. Needs-based advice from employees on site puts the customer more in the foreground. Co-browsing, i.e. joint navigation on a tablet PC, creates more intensive customer interaction during the ordering process. All of these aspects are aimed at customer-centricity at the Point of Sale (PoS). The reduced stock levels in the shop associated with the concept are offset by fast delivery of the product within a planned time frame of 24 hours. This is made possible by an optimised central merchandise management system in combination with the newly implemented digital shop processes.

Discontinuation of Gravis' business operations

With the closure of the Gravis shops, this business division has been classified as discontinuing operations (IFRS 5) since the middle of last year. Since this time, all impacts of the business closure have been recognised separately with retrospective effect and no longer influence freenet's financial and non-financial performance indicators. The main reason for the serious decision to close around 40 Gravis shops and its online shop was the steady rise in purchase prices. Since the acquisition of the company in 2013, the expected synergies could not be realised despite intensive efforts, including due to the disproportionately high increase in the purchase prices of the Apple hardware sold. freenet's continuing operations (IFRS 5) focus on the customer-centric sale of subscription models.

In the following presentations, the expenses and income of freenet are therefore shown without the business activities of Gravis, unless explicitly stated otherwise.

Customer and revenues development

The number of postpaid customers has grown moderately by 2.5% to 7.60 million since the end of the prior year (7.42 million). The number of users of app-based tariffs fell by 7.4% compared to the end of 2023 (121.3 thousand) to 112.3 thousand. Overall, freenet – like the market – continued to benefit from the trend of customers moving from prepaid to postpaid contracts and the desire for independent advice. At EUR 17.9, postpaid ARPU remained stable compared to the prior year (EUR 18.0). Service revenues increased by 0.6% to EUR 1,718.2 million (prior year: EUR 1,707.4 million) and continue to account for the majority of segment revenues. Products and services that are geared towards the digital lifestyle (DLS) of customers and complement freenet's existing mobile communications services, in particular smartphone insurance and accessories as well as antivirus software, have been a complementary source of revenues for years. In the 2024 financial year, the business division contributed EUR 171.5 million to segment revenues (prior year: EUR 171.8 million). Overall, the Mobile Communications segment generated revenues of EUR 2,057.2 million and thus showed a stable performance compared to the prior year (EUR 2,040.7 million).

Table 12: Customer and revenues development – Mobile Communications segment

In '000s	31.12.2024	31.12.2023	Change absolute	Change relative
Postpaid customers	7,600.2	7,418.3	181.9	2.5%
App-based tariffs [1]	112.3	121.3	– 9.0	– 7.4%
Total number of mobile customers	**7,712.5**	**7,539.6**	**172.9**	**2.3%**
As indicated	2024	2023 (restated) [2]	Change absolute	Change relative
Postpaid ARPU (in EUR)	17.9	18.0	– 0.1	– 0.6%
Revenues (in EUR million)	2,057.2	2,040.7	16.5	0.8%

1 Includes subscribers of freenet FUNK and freenet FLEX
2 Please refer to Note 2.17 in the Notes to the consolidated financial statements for the adjustments to the 2023 comparative figures

TV and Media segment

News and events

waipu.tv increases scope of services

During the 2024 financial year, numerous new channels and partnerships increased the scope of waipu.tv's services. Among other things, waipu.tv signed a distribution agreement with The Walt Disney Company Germany, giving subscribers access to the media company's well-known channels. In addition to the channel expansion, also published a new joint combined offer. Customers who take out a combined subscription to "waipu.tv Perfect Plus" and "Disney+" receive significant price reductions. waipu.tv now has partnerships with almost all relevant streaming services (Disney+, Paramount+, Joyn Plus+, WOW, Netflix). In addition, waipu.tv expanded its channel offering throughout the year in terms of various genres and now shows around 300 channels, almost 95% of which are available in HD.

Investments in waipu.tv's brand recognition

Since the second half of the 2023 financial year, waipu.tv's marketing activities have been intensified beyond the regular actions. Around EUR 10 million was invested in additional actions in each half-year with the primary target of increasing waipu.tv's brand awareness in light of the abolition of the ancillary cost law ("Nebenkostenprivileg"). This includes television advertising, which is considered to be particularly effective in reaching the target group of active cable TV households. This target group is primarily affected by the abolition of the ancillary cost law ("Nebenkostenprivileg"). In the past year, brand awareness was increased to such an extent that waipu.tv is known to every second cable TV customer. Investments were also made in waipu.tv's technical performance in the 2024 financial year in view of the growing customer base.

Media Broadcast

In the past financial year, Media Broadcast in Halle (Saale) launched a pilot project for the distribution of television programmes via 5G Broadcast. This pilot project is based on a tender issued by the Saxony-Anhalt Media Authority and includes tests to optimise transmission speed, Electricity consumption, programme quality and disaster warnings using 5G Broadcast technology. As part of this, the existing DVB-T2 infrastructure was converted to 5G Broadcast. The initial test phase includes the transmission of the ARD and MDF.1 programmes as well as demonstrations of the seamless switchover to wireless streaming and the functionality of disaster warnings. There are currently no 5G broadcast-capable devices on the market. However, initial tests have shown promising application possibilities and the performance of the new technology.

Media Broadcast also successfully completed the expansion programme of the nationwide transmitter network for the first national DAB+ programme package in the 2024 financial year. Five new transmitter sites were put into operation in five regions, improving reception of the 13 public and private programmes. With a total of 170 sites, over 91% of the German population is now able to receive the programmes with an indoor antenna. Mobile area coverage is currently over 97% and motorway coverage is over 99%.

Customer and revenues development

The number of TV subscribers at waipu.tv grew significantly in the past financial year. waipu.tv gained 571.3 thousand net new subscribers (prior year: 399.3 thousand). By the end of the year, the number of subscribers had risen to 1.941 million (prior year: 1.369 million). waipu.tv has now established itself as a provider with an attractive value-for-money proposition in the IPTV sector on the German market and is the second-largest provider of IPTV in Germany behind MagentaTV.

Table 13: Customer and revenues development – TV and Media segment

In '000s	31.12.2024	31.12.2023	Change absolute	Change relative
freenet TV subscribers (RGU)	496.3	583.8	– 87.4	– 15.0%
waipu.tv subscribers	1,940.6	1,369.3	571.3	41.7%
Total TV subscribers	**2,436.9**	**1,953.0**	**483.9**	**24.8%**
In EUR million	**2024**	**2023**	**Change absolute**	**Change relative**
Revenues	399.9	345.4	54.5	15.8%

As expected, the number of revenues-generating users (RGUs) of freenet TV decreased noticeably by 87.4 thousand from 583.8 thousand to 496.3 thousand in the twelve months of the past year. As a result of a price increase at the end of 2022, which fully materialised in the 2024 financial yearthe revenues generated by freenet TV remained almost stable compared to the prior year. In Total, the significant growth of waipu.tv more than compensated for the decline in freenet TV users, meaning that the number of TV subscribers for freenet products totalled 2,436.9 thousand at the end of the year, up 24.8% on the end of the prior year (1,953.0 thousand). Media Broadcast also gained new customers in the area of B2B services and continued to make the largest relative contribution to the TV and Media segment's revenues and EBITDA. Overall, the segment increased its revenues significantly by 15.8% year-on-year to EUR 399.9 million (prior year: EUR 345.4 million), mainly due to the growth of waipu.tv.

Economic situation of the Group

Preliminary remark

Gravis Computervertriebsgesellschaft mbH, Berlin, (hereinafter referred to as "Gravis") discontinued its business operations as of 30 June 2024. In accordance with the IFRS 5 accounting standard, the activities of Gravis and certain business transactions directly related to the closure of Gravis in other freenet AG Group companies represent the discontinuing operations of Gravis. The result of this division is recognised separately in the income statement in the line "Consolidated profit from discontinuing operations". In accordance with IFRS 5.34, the previous year's figures in the income statement, the statement of comprehensive income and the cash flow statement were restated (see Notes to the consolidated financial statements, Note 36).

Earnings situation

At EUR 2,477.7 million, Group revenues in the 2024 financial year were up 3.9% on the prior year (EUR 2,385.3 million). This was due to the stable performance of revenues in the Mobile Communications segment as well as the significant growth in the TV and Media segment. In particular, the significant growth in waipu.tv subscribers led to the increase in revenues and thus also accounted for a large part of the growth in consolidated revenues. In addition, the sale of IP addresses no longer required in the amount of EUR 18.4 million had a revenues-increasing effect in the Other/holding segment.

Table 14: Revenue and earnings figures for the Group [1]

In EUR million	2024	2023 (restated) [2]	Change absolute	Change relative
Revenues	**2,477.7**	**2,385.3**	**92.4**	**3.9%**
Mobile Communications segment	2,057.2	2,040.7	16.5	0.8%
Service revenues (total)	1,718.2	1,707.4	10.8	0.6%
TV and Media segment	399.9	345.4	54.5	15.8%
Gross profit	973.9	914.8	59.1	6.5%
Other expenses/income	– 452.4	– 410.9	– 41.5	10.1%
Adjusted EBITDA	**503.1** [3]	**503.9**	**– 0.7**	**– 0.1%**
EBITDA	**521.5**	**503.9**	**17.6**	**3.5%**
EBIT	375.5	256.3	119.3	46.5%
Financial result	– 30.3	– 25.2	– 5.1	20.3%
EBT	345.2	231.1	114.1	49.4%
Consolidated profit	**296.4**	**167.6**	**128.8**	**76.9%**

1 Relates exclusively to continuing operations
2 Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures
3 Adjusted for the one-off effect from the sale of IP addresses

The increase in revenues is also reflected in the development of gross profit. In addition to the one-off effect from the sale of IP addresses, the new long-term contracts concluded with the three established network operators in the 2024 financial year had a particularly positive impact on gross profit. As a result, this increased by EUR 59.1 million compared to the prior year (EUR 914.8 million) to EUR 973.9 million. The gross profit margin improved by 1.0 percentage points to 39.3% (prior year: 38.3%).

Other operating income increased by EUR 2.1 million compared to the prior-year period to EUR 46.1 million. It mainly includes income from reminder and chargeback fees to end customers, the external recharging of expenses for promoters and the subletting of shops.

Other own work capitalised results from internally generated software as part of IT projects and, at EUR 24.6 million, is at the prior year's level (EUR 24.5 million).

Personnel expenses increased by EUR 17.0 million to EUR 235.5 million (prior year: EUR 218.5 million), mainly due to salary increases during the year and higher expenses for restructuring in the TV and Media segment (Media Broadcast).

Other operating expenses increased by EUR 26.7 million to EUR 287.6 million in the 2024 financial year (prior year: EUR 260.9 million). The main reason for the increase is the significant intensification of marketing measures for waipu.tv in the TV and Media segment since the prior year in order to benefit as much as possible from the momentum in the IPTV market, particularly as a result of the abolition of the ancillary cost law ("Nebenkostenprivileg"). Higher expenses for consulting and IT costs as well as for loss allowances on receivables, which were mainly attributable to the Mobile Communications segment, also contributed to the increase. In addition, other operating expenses were largely attributable to administrative costs (e.g. ancillary costs for shops/stores and administrative buildings).

Total other expenses and income, as the difference between gross profit and EBITDA, totalled EUR 452.4 million, up on the prior year (EUR 410.9 million). EBITDA thus totalled EUR 521.5 million (prior year: EUR 503.9 million). Excluding the one-off effect from the sale of IP addresses (EUR 18.4 million), adjusted EBITDA totalled EUR 503.1 million (prior year: EUR 503.9 million). Reference is made to this earnings figure below in order to ensure better comparability with the prior-year period. At 20.3%, the adjusted EBITDA margin is below the prior year's level (21.1%).

Table 15: Composition of Group EBITDA [1]

In EUR million	2024	2023 (restated) [2]	Change absolute	Change relative
Mobile Communications segment	427.3	420.3	7.0	1.7%
TV and Media segment	102.9	110.2	– 7.3	– 6.6%
Other/holding segment	– 8.7 [3]	– 26.6	18.0	67.5%
freenet Group	**521.5**	**503.9**	**17.6**	**3.5%**

[1] Relates exclusively to continuing operations
[2] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures
[3] Adjusted for the one-off effect from the sale of IP addresses

Depreciation, amortisation and impairment decreased by EUR 101.6 million compared to the prior year (EUR 247.6 million) to EUR 146.0 million. The sharp decrease is almost exclusively due to the remaining amortisation of the mobilcom-debitel trademark in the prior-year period in connection with the realignment of the brand strategy (EUR 98.5 million).

The financial result showed a net expense of EUR 30.3 million, an increase of EUR 5.1 million compared to the prior-year figure of EUR –25.2 million. This was mainly due to the higher negative share of earnings in connection with contributions to the equity of Antenne Deutschland GmbH & Co. KG, which is consolidated using the equity method (EUR –5.3 million; prior year: EUR –2.8 million). In addition, net interest expenses in the 2024 financial year (EUR 25.7 million) were higher than in the prior-year period (EUR 23.2 million), mainly due to higher interest on variable-rate promissory note loans.

The effects explained above resulted in earnings before income taxes totalling EUR 345.2 million, which represents an increase of EUR 114.1 million compared to the prior year (EUR 231.1 million).

Expenses from income taxes totalling EUR 48.8 million (prior year: EUR 63.4 million) were recognised in the 2024 financial year. Current tax expenses of EUR 32.6 million (prior year: EUR 37.1 million) and deferred tax expenses of EUR 16.2 million (prior year: EUR 26.3 million) were recognised. The deferred taxes recognised in the reporting period included one-off income of EUR 21.0 million from the Growth Opportunities Act, which came into force at the beginning of 2024. Due to the possibility of greater utilisation of corporate income tax loss carryforwards for the 2024 to 2027 financial years (now 70% of taxable income instead of 60%), higher deferred income tax assets on tax loss carryforwards were capitalised in the balance sheet compared to the prior legal situation. The amortisation of the mobilcom-debitel trademark resulted in deferred tax income of EUR 14.3 million in the prior year 2023 (2024: EUR 0). In addition, deferred tax expenses in both the 2024 financial year and the prior year were attributable to the utilisation of capitalised tax loss carryforwards and to temporary differences between the measurements of assets and liabilities in accordance with IFRS and tax law.

Total consolidated profit from continuing operations increased significantly to EUR 296.4 million in the 2024 financial year (prior year: EUR 167.6 million). Consolidated profit from discontinuing operations totalled EUR –50.8 million (prior-year period: EUR –8.3 million), which includes all income and expenses attributable to the discontinuing Gravis operations (see Notes to the consolidated financial statements, Note 36).

Net assets and financial position

Total assets as of 31 December 2024 amounted to EUR 3,342.0 million, a decrease of EUR 82.3 million compared to 31 December 2023 (EUR 3,424.3 million).

Table 16: Condensed balance sheet of the Group

In EUR million	31.12.2024	31.12.2023 (restated) [1]	Change absolute	Change relative
Non-current assets	2,523.9	2,649.6	– 125.7	– 4.7%
Current assets	818.1	774.7	43.4	5.6%
Assets	**3,342.0**	**3,424.3**	**– 82.3**	**– 2.4%**
Equity	1,484.2	1,442.9	41.2	2.9%
Non-current liabilities	708.3	845.3	– 136.9	– 16.2%
Current liabilities	1,149.5	1,136.1	13.4	1.2%
Equity and liabilities	**3,342.0**	**3,424.3**	**– 82.3**	**– 2.4%**
Equity ratio	**44.4%**	**42.1%**	**2.3%P**	**5.4%**

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

On the assets side, non-current assets decreased by EUR 125.7 million from EUR 2,649.6 million to EUR 2,523.9 million. Lease assets decreased by EUR 70.1 million to EUR 223.5 million (year-end 2023: EUR 293.6 million), mainly due to scheduled depreciation, amortisation and impairment in connection with the discontinuing operations of Gravis (EUR 17.8 million). In addition, intangible assets decreased by EUR 31.5 million to EUR 159.3 million (year-end 2023: EUR 190.8 million), mainly due to the scheduled amortisation of the exclusive distribution right with MSD (EUR 25.6 million) and impairments in connection with the discontinuing operations of Gravis (EUR 6.7 million). The decrease in property, plant and equipment by EUR 17.8 million to EUR 111.6 million (year-end 2023: EUR 129.4 million) is mainly due to depreciation and amortisation in addition to impairments on the discontinuing operations of Gravis (EUR 3.3 million).

Current assets increased by EUR 43.4 million to EUR 818.1 million (end of prior year: EUR 774.7 million). Within current assets, the trade accounts receivable recognised an increase by EUR 24.7 million to EUR 337.4 million (end of previous year: EUR 312.7 million), mainly due to an increase in receivables from network operators. By contrast, inventories decreased by EUR 17.1 million to EUR 46.7 million (year-end 2023: EUR 63.8 million), mainly as a result of the closure of Gravis as of 30 June 2024.

On the liabilities side, equity increased by EUR 41.2 million to EUR 1,484.2 million (end of prior year: EUR 1,442.9 million). With a dividend distribution of EUR 210.4 million, the increase in equity is mainly due to the consolidated profit of EUR 245.6 million. The equity ratio rose from 42.1% at the end of December 2023 to 44.4% in 2024 and remained well above the limit of 25% defined by freenet.

Total non-current and current liabilities decreased by EUR 123.5 million to EUR 1,857.8 million (end of prior year: EUR 1,981.3 million). Repayments of lease liabilities decreased by EUR 68.7 million to EUR 278.5 million (year-end 2023: EUR 347.2 million), mainly due to scheduled repayments. Including Lease receivables , net lease liabilities amounted to EUR 252.4 million as of 31 December 2024 (year-end 2023: EUR 309.8 million). The decrease in other financial liabilities by EUR 32.7 million from EUR 95.1 million to EUR 62.4 million is mainly due to payments in connection with the exclusive MSD distribution cooperation. Trade accounts payable decreased by EUR 20.9 million to EUR 316.9 million (year-end 2023: EUR 337.7 million). This was primarily due to the development of liabilities to hardware suppliers at the balance sheet date.

Financial liabilities, which remain the largest item within non-current and current liabilities, totalled EUR 418.5 million as of the reporting date, slightly below the level at the end of 2023 (EUR 430.8 million). The effects of the scheduled repayments of three tranches of promissory note loans from 2016 and 2020 totalling EUR 178.5 million and the new borrowing of three promissory note loan tranches with a nominal value of EUR 165.0 million almost balanced each other out (see Notes to the consolidated financial statements, Note 28). As in the prior year, the revolving credit line (EUR 250.0 million; prior year: EUR 300.0 million) was not drawn as of 31 December 2024. The leverage at the end of the year was 0.9 (end of prior year: 1.2) and thus remains well below the upper limit defined by freenet (3.0).

Table 17: Equity ratio and leverage

	31.12.2024	31.12.2023 (restated)[1]	Change absolute	Change relative
Equity ratio	44.4%	42.1%	2.3%P	5.4%
Leverage	0.9	1.2	– 0.2	– 19.2%

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

Liquidity situation

Compared to the same period of the prior year, cash flow from operating activities from continuing operations increased by EUR 3.3 million to EUR 406.3 million in the 2024 financial year (prior year: EUR 403.0 million). The increase is mainly due to the EUR 17.6 million rise in EBITDA in this period – this includes the cash proceeds from the first tranche of the IP address sale totalling EUR 18.4 million. By contrast, the EUR 8.3 million year-on-year increase in taxes paid (2024: EUR 38.5 million; prior year: EUR 30.2 million) and EUR 6.8 million higher increase in contract acquisition costs including net working capital reduced the cash flow from continuing operations.

Table 18: Liquidity indicators of the Group[1]

In EUR million	2024	2023 (restated)[2]	Change absolute	Change relative
Cash flow from operating activities (1)	406.3	403.0	3.3	0.8%
Cash flow from investing activities	– 42.0	– 51.1	9.1	17.9%
Net investments (CapEx) (2)	– 38.3	– 48.5	10.2	21.0%
Cash flow from financing activities	– 300.0	– 356.1	56.1	15.7%
Cash outflows for the repayment of lease liabilities (3)	– 75.7	– 77.9	2.3	2.9%
Net change in cash funds	**21.8**	**– 18.2**	**40.0**	**219.6%**
Free cash flow (1)+(2)+(3)	**292.3**	**276.6**	**15.7**	**5.7%**

[1] Relates exclusively to continuing operations
[2] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

The cash flow from investing activities from continuing operations totalled EUR –42.0 million in the 2024 financial year compared to EUR –51.1 million in the prior-year period. Net cash investments decreased by EUR 10.2 million to EUR 38.3 million, partly due to lower investments in Media Broadcast's DAB+ broadcasting network compared to the prior year. Investments were financed entirely from own funds. In addition, there were cash outflows from the acquisition of SuperNova GmbH & Co. KG as of 1 January 2024 (EUR 6.5 million) and from contributions to the equity of Antenne Deutschland GmbH & Co. KG (EUR 5.4 million; prior year: EUR 2.9 million).

The cash flow from financing activities from continuing operations developed from EUR –356.1 million in the prior year to EUR –300.0 million in the 2024 financial year. The payments in the 2024 financial year were attributable to the dividend payment of EUR 210.4 million (prior-year period: EUR 199.7 million), the repayment of three promissory note loan tranches with a nominal value of EUR 178.5 million (prior-year period: EUR 113.5 million, see Notes to the consolidated financial statements, Note 28) and the repayment of lease liabilities totalling EUR 75.7 million (prior year: EUR 77.9 million). In contrast, the Group received funds totalling a nominal amount of EUR 165.0 million in the 2024 financial year in connection with the issue of three promissory note loan tranches (prior year: EUR 35.0 million).

In the 2024 financial year, free cash flow from continuing operations totalled EUR 292.3 million, which corresponds to an increase of EUR 15.7 million compared to the prior year (EUR 276.6 million).

Report on expected developments

Market and sector expectations

Macroeconomic development

Almost no economic growth expected in Germany

The German economy is expected to continue to stagnate in 2025, as the stability in the service sector will at best compensate for the declines in the industrial and construction sectors. In this respect, GDP is forecast to grow by a maximum of 0.1%. Despite an increase in real income, private consumption will remain weak, which will result in a continued high savings rate. The unemployment rate is expected to rise to over 6% in 2025, while the inflation rate will be around 2%.

Mobile communications market

Private customer market

Demand for mobile communications services remains unchanged

In the past year, the expansion of fibre optic networks and 5G Mobile networks in Germany made significant progress. As a result, the nationwide availability of 5G mobile communications also improved. Investment in the German mobile communications infrastructure will continue in 2025. This will create the conditions for a continued increase in the use of mobile communications services. The uninterrupted increase in the use of data transfers via mobile networks also virtually rules out a reduction in demand for mobile communications services. A general decline in private consumption should not result in a drop in revenues for the industry in 2025 either, as mobile communications services are now one of the population's basic needs. Moderate growth in revenues for telecommunications services is expected, in line with prior years. The trend towards migration from prepaid to postpaid contracts is also expected to remain intact.

Competitive environment

New partnerships increase dynamism in the competitive environment

The market entry of 1&1 as the fourth network operator in Germany was completed at the end of 2023, although the date of nationwide coverage in Germany is not yet foreseeable. Until then, 1&1 will use the national roaming of Telefónica Deutschland and Vodafone. In August of last year, the migration of around 12 million 1&1 mobile customers from the network of the prior national roaming partner Telefónica to Vodafone began. Due to the technically challenging implementation, the migration is expected to last until the end of 2025. It should be Noted that the majority of 1&1 mobile customers will use the Vodafone network in the coming years. As a result, Telefónica Deutschland's network could lose capacity utilisation. Against this backdrop, Telefónica Deutschland has announced that it will establish new partnerships and expand existing ones.

Competitive environment expected to remain rational

Some market observers interpret the developments described as the start of more intense competition for customers than in prior years. An argument against such a development is that the motivation for mobile customers to switch providers tends to be low due to standardised price structures in the market. In recent years, the consumer price index (CPI) for mobile communications services in Germany has remained at a constant level. Together with the recognisable trends in the market towards increasing data volumes per tariff, customers have recently received more service for the corresponding price levels. In this market environment, a rational and predictable wireless services market can still be assumed in Germany.

TV and video market

Internet continues to gain relevance as a TV reception channel

In 2025, the proportion of TV households that receive linear television via the internet should continue to increase. Other broadcasting channels (cable, satellite, antenna) will continue to lose relevance accordingly. In addition to the abolition of the ancillary cost law ("Nebenkostenprivileg"), the improvement in the technical requirements of TV households (high-performance internet connections, Internet-enabled TV sets) and the preference of young consumers for internet television will naturally drive the increased use of this broadcasting channel over the coming years. Even if the relevance of linear television for this generation is significantly lower than for consumers over the age of 50, linear television will remain an important part of Germans' everyday lives for the foreseeable future.

Merging linear and non-linear video content

The popularity of streaming services among the total population is expected to continue to grow. The streaming market will remain highly competitive, which will lead to constant adjustments to the structure of offerings. For example, ad-financed and in some cases free streaming services (AVoD) will establish themselves and combined offers (bundles) will expand. It is also apparent that previously pure streaming content will be marketed in the form of programme channels (FAST channels). The blurring of the boundaries between linear and non-linear content will continue. As a result, the Executive Board of freenet AG believes that the relevance of aggregating the various content and channels on one platform will increase.

Ancillary cost law ("Nebenkostenprivileg"): development of the full market potential will continue

In particular, the use of cable as a broadcasting channel for linear television should continue to decline in 2025 against the backdrop of the abolition of the ancillary cost law ("Nebenkostenprivileg") in mid-2024. Around 3.5 million TV households still receive cable TV even though they no longer pay for it (so-called "unlicensed viewers"). According to our own surveys, around a third of the more than 12 million TV households affected by the ancillary cost law ("Nebenkostenprivileg") are prepared to switch to an Internet-based TV reception channel in future. The Executive Board of freenet AG expects that the development of this priorly barely addressable market potential will extend over the next few years.

TV advertising market slowly begins to change

In addition to the fees for receiving content, the sale of advertising space is the most important contribution to the revenues of programme providers in the TV and video market. In future, "programmatic advertising" is expected to play a steadily growing role in this context. Programmatic advertising refers to the fully automated and individualised sales process for advertising space in real time. The target is to broadcast individualised advertisements to specific target groups. In view of the unicast relationship with their customers (high transparency with regard to demographic characteristics, TV consumption behaviour, etc.), providers of internet television are ideally positioned in the market for linear television to implement this type of advertising in the future.

Overall statement by the Executive Board on the expected development

Expected business performance of the Group

Foundations of the company guidance

The guidance for the expected business development of the Group is based on the expectations and assumptions described in the market and industry forecast for Germany. In principle, the guidance developments do not give rise to any indications of changes that could have significant impacts on the current business models of freenet's two product-related segments. The impacts that could result from deviating developments on freenet's business activities are continuously monitored. Any foreseeable effects are taken into account in the corporate planning and guidance. Risks may also materialise in the event of a significant change in the general conditions. These risks are taken into account accordingly in freenet AG's risk inventory (see "Report on opportunities and risks").

Financial and non-financial performance indicators are defined, which are guidance at Group and segment level. The statements on expectations for the 2025 financial year are formulated in relation to the prior year. The following gradation of developments applies to the qualitative-comparative guidance.

Table 19: Guidance gradations

Qualitative-comparative guidance gradations
Significant decrease
Noticeable decrease
Moderate decrease
Stable performance
Moderate growth
Noticeable growth
Significant growth

Moderate growth in Group revenues expected

Group revenues for the 2024 financial year were in line with the guidance adjusted in November 2024 (moderate growth; priorly: stable performance) and totalled EUR 2,477.7 million (prior year: EUR 2,385.3 million). A moderate growth trend is again expected for Group sales in 2025. This expectation is based on noticeable growth in revenues in the TV and Media segment driven by the significant customer growth at waipu.tv and moderate growth in revenues in the Mobile Communications segment.

Growth in adjusted EBITDA and free cash flow expected

At EUR 521.5 million, EBITDA at Group level in the past financial year was up on the prior year (EUR 503.9 million) and thus in the middle of the guidance raised in December (EUR 515 to 530 million; priorly: EUR 500 to 515 million). EBITDA in the 2024 financial year included a one-off effect of EUR 18.4 million from the sale of IP addresses in December 2024, which is allocated to the Other/holding segment. Adjusted for this one-off effect, adjusted EBITDA totalled EUR 503.1 million (prior year: EUR 503.9 million). The Executive Board is forecasting adjusted EBITDA of EUR 520 million to EUR 540 million for the 2025 financial year. This guidance does not include the already known one-off effect in the amount of the second, final tranche (around EUR 14 million) from the sale of IP addresses.

Table 20: Guidance for the Group

In EUR million	2024 Reference value	2025 Guidance
Financial performance indicators		
Revenues	2,477.7	Moderate growth
Adjusted EBITDA [1]	503.1	520– 540
Free cash flow	292.3	300– 320

[1] Adjusted for the one-off effect from the sale of IP addresses

At EUR 292.3 million (prior year: EUR 276.6 million), free cash flow in the reporting year was within the guidance range of EUR 285 to 300 million, which was raised twice during the year (priorly: EUR 260 to 280 million and EUR 270 to 285 million). The free cash flow in the 2024 financial year also included the aforementioned one-off effect of EUR 18.4 million from the sale of IP addresses in December 2024. The Executive Board is forecasting a free cash flow of EUR 300 to 320 million for the 2025 financial year. This guidance includes the already known one-off effect in the amount of the second, final tranche (around EUR 14 million) from the sale of IP addresses.

Expected business performance of the Mobile Communications segment

Stable development of EBITDA expected in the Mobile Communications segment

The guidance for the expected development of the Mobile Communications segment is based on the described expectations and assumptions of the guidance for the mobile communications market and the overall economic development in Germany.

In the past financial year, revenues in the Mobile Communications segment showed a stable performance and increased by 0.8% to EUR 2,057.2 million (prior year: EUR 2,040.7 million), mainly due to higher service revenues as a result of a moderate growth in the number of Postpaid customers and Postpaid ARPU at the prior year's level. For 2025, no negative effects are expected from a potentially intensifying competitive environment for postpaid ARPU in relation to the total customer base of postpaid customers. The private customer market is largely saturated, with the shift from prepaid to more powerful postpaid contracts continuing. For the current financial year, the Executive Board expects stable postpaid ARPU, moderate growth in the number of postpaid customers and moderate growth in revenues in the Mobile Communications segment.

Table 21: Guidance for the Mobile Communications segment

In EUR million/as indicated	2024 Reference value	2025 Guidance
Financial performance indicators		
Revenues	2,057.2	Moderate growth
Adjusted EBITDA	427.3	420– 440
Postpaid ARPU (in EUR)	17.9	Stable performance
Non-financial performance indicator		
Postpaid customer base (in '000s)	7,600.2	Moderate growth

The new agreements concluded with network operators in the past financial year will lead to a new, slightly higher gross margin level. This is expected to be offset by an increase in other expenses and income, in particular personnel expenses. As a result, a stable performance of (adjusted) EBITDA is assumed. In the 2025 financial year, adjusted EBITDA in the Mobile Communications segment is expected to be between EUR 420 million and EUR 440 million, compared to EUR 427.3 million in the 2024 financial year.

Expected business performance of the TV and Media segment

Revenue growth at waipu.tv more than compensates for decline at Media Broadcast

The guidance for the expected development of the TV and Media segment is based on the expectations and assumptions described in the guidance for the TV and video market and the overall economic development in Germany.

In the past financial year, revenues in the TV and Media segment showed a significant growth by 15.8% to EUR 399.9 million (prior year: EUR 345.4 million), mainly due to higher service revenues as a result of a significant growth in the number of waipu.tv subscribers. Noticeable growth in revenues is expected for the 2025 financial year. This expectation results from the continuing trend towards Internet-based linear television, which is supported by the increasing number of cable TV customers disposals due to the abolition of the ancillary cost law ("Nebenkostenprivileg"). As a result, further growth in revenues at waipu.tv is expected due to the noticeable growth in the number of waipu.tv subscribers. A contrary development is anticipated at Media Broadcast, which can be derived from a further noticeable decrease in freenet TV subscribers (RGU), among other things.

Table 22: Guidance for the TV and Media segment

In EUR million/as indicated	2024 Reference value	2025 Guidance
Financial performance indicators		
Revenues	399.9	Noticeable growth
Adjusted EBITDA	102.9	115– 135
Non-financial performance indicators		
freenet TV subscribers (RGU) (in '000s)	496.3	Noticeable decrease
waipu.tv subscribers (in '000s)	1,940.6	Noticeable growth

Significant growth in EBITDA in the TV and Media segment due to waipu.tv

In the past financial year, EBITDA in the TV and Media segment fell by 6.6% from EUR 110.2 million to EUR 102.9 million. The decline is mainly due to the intensified marketing activities at waipu.tv in the 2024 financial year compared to the prior year to increase brand awareness following the abolition of the ancillary cost law (“Nebenkostenprivileg”). In the 2025 financial year, marketing activities are expected to be below the level of the prior year. Against the backdrop of a significantly higher revenues-generating average customer base at waipu.tv compared to 2024 and the assumption that the number of subscribers will continue to rise, adjusted EBITDA in the TV and Media segment is assumed to be between EUR 115 million and EUR 135 million.

Categorisation of the 2028 financial ambition

EBITDA of at least EUR 600 million announced for the 2028 financial year

In November 2024, the Executive Board of freenet AG presented its long-term financial ambition up to the 2028 financial year. The company continues to consider the existing operational and strategic focus of its business activities to be fit for purpose. freenet is concentrating on securing its financially resilient mobile business on the basis of a constant market share, high customer satisfaction and stable profitability. In addition, freenet is focussing on the fast-growing IPTV business (waipu.tv) and sees this as a given in particular due to sustained market growth and a strong competitive position. According to the Executive Board, this should lead to an increase in revenues and significant growth in EBITDA. In the mobile communications business, the Executive Board expects gross profit to improve by EUR 40 million. This will be offset by expected increases in expenses for personnel and material costs totalling around EUR –20 million. As a result, EBITDA in the Mobile Communications segment is expected to increase by EUR 20 million compared to the 2023 financial year. In the TV and Media segment, EBITDA is expected to increase by at least EUR 80 million overall . Of this, at least EUR 100 million will result from the growing IPTV business (waipu.tv), whereas around EUR –20 million is expected from the declining business at Media Broadcast. freenet expects EBITDA at Group level in the 2028 financial year to be at least EUR 100 million higher than the comparative figure for the 2023 financial year (EUR 504 million). At the same time, free cash flow is expected to increase to at least EUR 330 million (2023 financial year: EUR 277 million). The main driver here is the expected higher EBITDA. Stable net investments (CapEx) and changes in net working capital (CNWC) are also expected. A gradual increase in taxes paid until 2028 as a result of utilised tax loss carryforwards will limit the growth in free cash flow.

Basis for the statements on the 2028 financial ambition

The 2028 financial ambition does not take into account any acquisitions or inorganic growth. Nor does it assume any expansion of the product portfolio or additional new sources of income. It is assumed that the trend from prepaid to postpaid contracts will continue. The mobile market is assumed to be rational and the outlook for the IPTV market is in line with the assumptions of Other market participants.

The actual developments of freenet AG and the product-related segments may result in both positive and negative deviations from the formulated ambition due to the circumstances mentioned in the report on opportunities and risks or in the event that expectations and assumptions do not materialise (see “Report on opportunities and risks”).

Report on opportunities and risks

Opportunity report and assessment

To manage and monitor ongoing business, the Executive Board has established a comprehensive monthly reporting system that includes both financial and non-financial performance indicators. The Executive Board is informed about the operational developments of all relevant business areas of regular meetings. In addition, current topics, future internal and external developments, actions and potential opportunities are discussed. The identification, analysis and communication of opportunities, as well as their exploitation, represent an entrepreneurial management task that is carried out in constant dialogue between the Executive Board and those responsible for the individual divisions.

Non-financial opportunities have also been part of the Group-wide risk management process since 2024 and undergo a process corresponding to the standard process for risks (see risk management system section).

freenet strives to offer customers in all business areas innovative, high-quality and attractively priced products and services combined with a positive customer experience. This is intended to secure the existing business model and create opportunities for further growth. Materiality growth is expected in the TV and Media segment. In particular, the business area of Internet-based (linear) television offers freenet the opportunity to tap into significant growth potential in terms of subscribers, revenues and EBITDA in the coming years (see also the section on the 2028 financial ambition in the report on expected developments).

External opportunities are seen in the following market developments in particular:

Mobile Communications segment

- Structural change in the wholesale market with a Germany-wide wholesale offer from the fourth network operator

TV and Media segment

- Changes in the consumption behaviour of multimedia content and the progressive establishment of IPTV as a transmission technology for (linear) television content

Overarching external opportunities

- Changes in the regulatory environment in favour of freenet
- Continuous increase in mobile data usage
- Growing demand for convergent bundled products (e.g. Mobile Communications and TV, internet and digital services as well as household and family bundles)
- Acceleration of the digital transformation in numerous areas of life and the ongoing expansion of digital infrastructures in Germany (e.g. 5G, fibre optic connections, public Wi-Fi)

As soon as the fourth network operator is able to submit a nationwide wholesale offer, this could influence the competitive conditions on the wholesale market. For freenet, this would open up the option of a further partnership as a service provider. In the short term, the impacts on the forecast financial performance indicators are estimated to be low, as the network is at an early stage of construction.

The continuous increase in mobile data usage in connection with the ongoing digitalisation of private and public life and the associated use of increasingly powerful mobile devices could lead to accelerated growth in all business areas. In particular, the increasing acceptance of the internet as a transmission technology for (linear) television content and the end of the apportionability of cable connections in the operating cost billing of rental flats (ancillary cost law ("Nebenkostenprivileg")), which has been regulated by law since mid-2024, could lead to significantly stronger customer growth for waipu.tv subscribers in the future than priorly assumed.

The steadily increasing demand for fast internet access and the ongoing expansion of the fibre optic infrastructure in Germany could create opportunities for stronger growth than planned in the marketing of internet tariffs. There is also strong customer demand for convergent products in many European countries. Should this trend also prevail in Germany, freenet would have the opportunity to tap into new market potential (higher revenues per customer or household) and achieve greater customer loyalty and thus lower churn on the basis of its high flexibility in bundling wholesale products. Positive effects would be higher contributions to EBITDA and free cash flow.

Internal opportunities for freenet could arise above all from:

Brand

- freenet's consistent brand management as an umbrella and consumer brand

Sales and products

- The (further) development of our own innovative products and approaches
- The expansion of omnichannel sales through the expansion of existing and development of new directly controllable sales channels and the utilisation of existing and new sales cooperations/partnerships
- The expansion of the sales interface with additional e-commerce stores under individual brand names
- Further increasing sales performance through customer-centric, cross-product offer design and customer approach at all touchpoints, in particular with assisted personalised shopping
- The marketing of additional products (cross-selling), including in the areas of digital lifestyle, TV and media, combined with vertical growth across the total product portfolio

Co-operations and partnerships

- Reviewing and implementing strategic options in the areas of Mobile Communications, Internet, Digital Lifestyle, TV and media
- Intensifying business relationships with suppliers to stabilise existing ones and develop new or better terms and conditions models

Processes and employees

- The consolidation and consistent further development of IT applications and IT systems to further increase customer satisfaction, e.g. through the expansion of digital self-services and the intelligent use of modern communication media
- Continuous process and quality improvement to increase productivity – also through the digitalisation of business processes and the use of artificial intelligence (AI)
- The intensive promotion and development of our employees to strengthen employee loyalty and increase flexibility to make the workplace more attractive

The review and implementation of strategic options in the Mobile Communications, Digital Lifestyle and TV and Media segments, the marketing of additional products and the expansion of the company's own sales strength (including in the discount segment with its own e-commerce stores) could have a positive effect on the development of the underlying financial performance indicators and therefore exceed internal expectations. At the same time, a strengthening of sales activities and higher customer satisfaction could result in the customer base developing more positively than forecast.

The full implementation of Assisted Personalised Shopping could further increase sales performance in the freenet shops and further improve the customer experience in terms of consistent offers, personalisation, product selection, reliability and service. This could lead to stronger customer loyalty and higher earnings contributions and free cash flows than planned.

The company's own innovations, powerful cooperations in all business areas and products that can be booked exclusively via the app will continue to offer opportunities for further market penetration in the future. The consistent brand management of freenet as an umbrella and consumer brand leads to a bundling of activities in the product portfolio as well as greater visibility and familiarity on the market. If the freenet brand becomes significantly more attractive to customers and business partners than expected as a result, this could lead to more customer growth, higher earnings contributions and a higher free cash flow.

The strategic interaction of Mobile Communications services and digital lifestyle applications will be further intensified. This focus will be pursued consistently, as the trend towards digitalisation and networking of products and services will continue. Against this backdrop, growth opportunities, synergy potential and opportunities for new strategic partnerships continue to be seen in this area.

For waipu.tv, new partnerships are an additional step towards steadily increasing market penetration in order to establish waipu.tv as a leading aggregation platform for non-linear content in addition to its perception as a provider of linear television. Continuous expansion of the product portfolio, product access options and the innovative app are constantly increasing waipu.tv's appeal. Accelerating customer growth at waipu.tv indirectly leads to rising subscription revenues. In addition, waipu.tv has already tapped into a source of revenues with "targeted advertising", which should become even more important with an additional expansion of advertising space (channels) as well as increasing customer numbers and thus greater reach. As a result of rising customer numbers, this could lead to a significantly larger contribution to freenet's growth than priorly forecast.

The ongoing digitalisation of business processes and the use of AI could simplify workflows more than expected (e.g. reduction of avoidable contacts in customer service). If the actions and efficiency improvements resulting from continuous process and quality improvements to reduce cost structures turn out to be more positive than expected, this could have a positive impact on the level of overheads and personnel costs and therefore on EBITDA and free cash flow in the coming years.

Both external and internal opportunities were identified. The Executive Board has taken the opportunities presented above into account in the development of business performance and in the "2028 financial ambition" presented in the report on expected developments at its discretion and according to its assessment. Further impacts on the forecast financial and non-financial performance indicators and thus on the development of freenet in the form of opportunities within the meaning of DRS 20 are therefore classified as low overall.

Risk management system

Structural and process organisation

An efficient risk management system is considered to be of decisive importance for ensuring the long-term continued existence of a company. For this reason, the Executive Board of freenet AG has established a comprehensive risk management, monitoring and control system within the Group, in which all Group companies are generally integrated. The IT-supported risk management system pursuant to Section 91 (3) AktG also includes the early risk detection system pursuant to Section 91 (2) AktG.

Both financial and non-financial risks are recognised in the risk management system. Since 2024, non-financial opportunities have also been taken into account and are subject to a process that corresponds to the standard process for risks. Only the standard process for risks is therefore described below.

The risk management system is designed to ensure that risks to the future development of the company are recognised at an early stage and reported to the responsible decision-makers in the Group in a systematic and comprehensible manner. The timely communication of risks to the responsible decision-makers is intended to ensure that appropriate actions are taken to deal with the identified risks in order to avert negative impacts on the company, its employees and customers.

freenet has defined the framework conditions for the Group-wide risk management system in the risk management guideline adopted by the Executive Board. It defines the risk strategy and responsibilities and regulates the identification, assessment, management, communication and monitoring of risks. It also increases risk awareness and creates the framework for a standardised risk culture.

The systems and methods of risk management are an integral part of the general organisational and operational structure. Risks are identified, assessed and reported at the level of the companies or divisions, which are also responsible for managing the identified risks (operational risk management). Standard market risk management software is used for Group-wide risk management. Higher-level units – primarily central risk management and the Chief Financial Officer – are included in the assessment via defined reporting processes. The CFO and the risk manager regularly inform the Executive Board and the Audit Committee of the Supervisory Board of freenet AG about the risk situation.

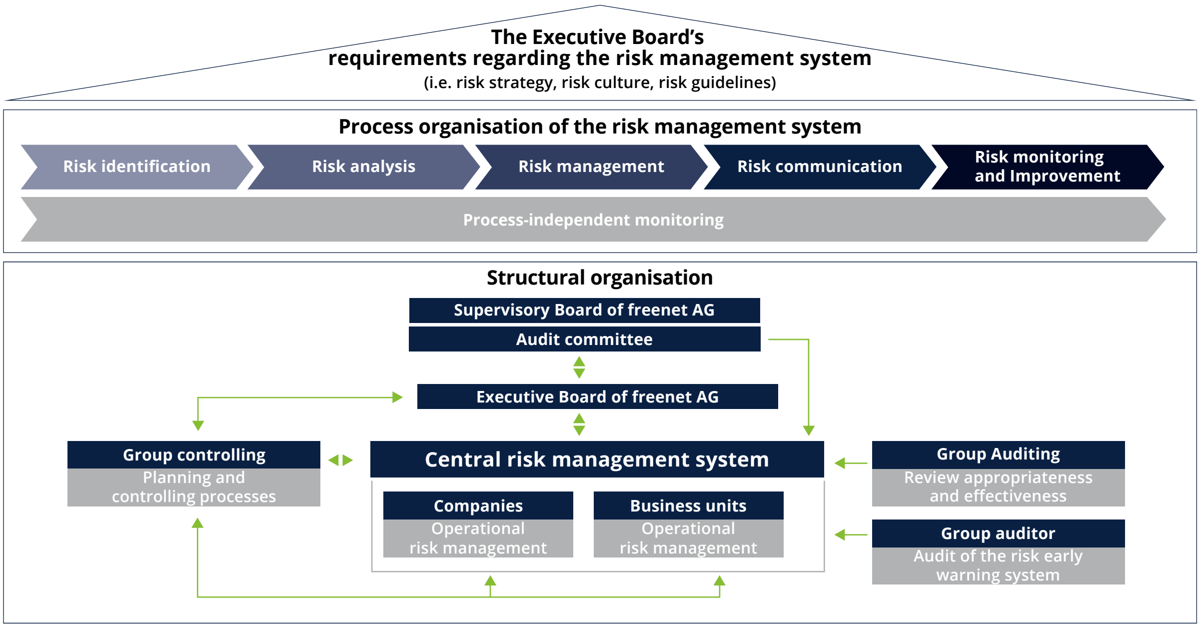
In addition to the risk management system, the Executive Board has established a comprehensive monthly reporting system to manage and monitor ongoing business, which includes both financial and non-financial performance indicators. At regular meetings with all relevant companies, divisions and Group Controlling, the Executive Board is kept up to date on operational developments. In addition, current topics are discussed and future actions are discussed at these meetings.

The risk management methods and systems are reviewed, further developed and adjusted as necessary. Group Internal Audit also regularly reviews the appropriateness and effectiveness of the risk management system. The Internal Control System (ICS) also provides further support, as risks are also countered with institutionalised controls.

The Supervisory Board of freenet AG – in particular the Audit Committee – monitors the effectiveness of the risk management system and the ICS, among other things, in accordance with the provisions of stock corporation law. In addition, the Supervisory Board is involved through regular reporting and – where necessary – through ad hoc risk reporting by the Executive Board.

As part of the statutory audit mandate for the annual financial statements of freenet AG, the auditor examines in accordance with Section 317 (4) HGB whether the early risk detection system is suitable for recognising developments that could jeopardise the continued existence of the company at an early stage.

Figure 8: Structural and process organisation of freenet's risk management system

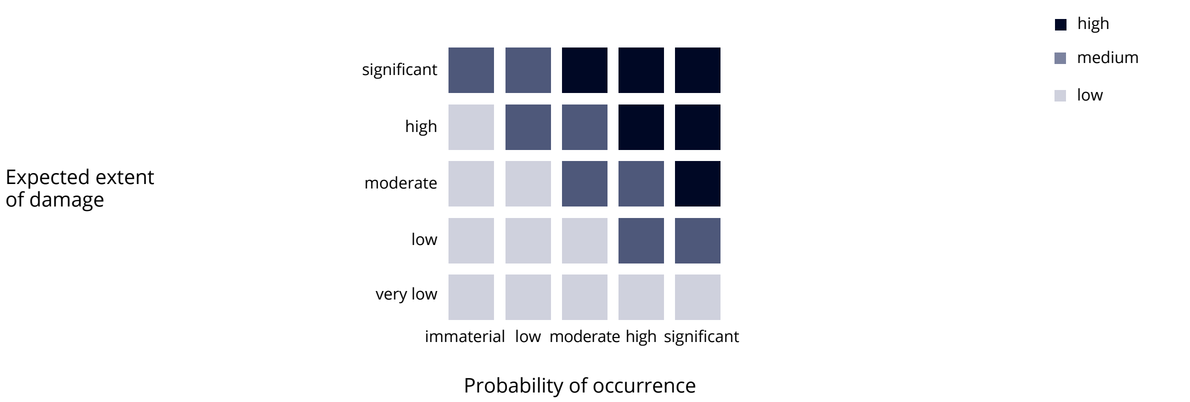


Risk identification and assessment

A risk is defined as the possibility of the occurrence of events or developments that could have an unfavourable impact on freenet's ability to achieve strategic and operational targets, which can be both financial and non-financial in nature. At least every six months, the individual companies and divisions record and update existing and any new risks that exceed a defined materiality threshold in standardised risk reports. These reports describe the specific risks and analyse their probability of occurrence as well as their financial and other impacts on the company using standardised criteria. The risk assessment must be based on an observation horizon of at least twelve months. The potential impact of risks must always be quantified for the relevant financial years.

The assessment of the risk portfolio (including interdependencies and sustainability) is carried out at freenet according to the net principle, in which risks are considered taking into account the effect of established risk management measures. Risks are assessed using the criteria "probability of occurrence" and "expected extent of damage", in particular in relation to the financial performance indicators EBITDA and free cash flow. Risks with a very low (up to 10%), low (more than 10% and up to 30%), moderate (more than 30% and up to 50%), high (more than 50% and up to 70%) and significant probability of occurrence (more than 70%) are systematically differentiated and categorised. With regard to the amount of the expected loss, a distinction is made between very low (up to EUR 1.0 million), low (more than EUR 1.0 million and up to EUR 5.0 million), moderate (more than EUR 5.0 million and up to EUR 12.5 million), high (more than EUR 12.5 million and up to EUR 20.0 million) and significant (more than EUR 20.0 million) expected loss. The combination of the probability of occurrence and the extent of the expected damage on the forecast key performance indicators results in the classification of risks into the categories "low", "medium" and "high", as shown below.

Figure 9: Risk matrix of freenet



Risk management, communication and monitoring

Based on the results of the risk identification and assessment, various alternative courses of action are taken as part of corporate management in order to respond appropriately to the identified risks. Actions to address risks are also described in the risk reports. Risks are also recorded, analysed, assessed and managed immediately after their identification between the standard reporting dates and, depending on their magnitude, reported directly to the Executive Board and the Audit Committee of the Supervisory Board of freenet AG.

Central risk management monitors the risk management process, consolidates the individual risk reports and aggregates the risks using a Monte Carlo simulation. The results of the simulation are used to determine the degree of potential threat to the company's continued existence and are summarised in a Group risk report for the Executive Board. The Board discusses and monitors the risk situation holistically and decides on further actions if necessary. The Audit Committee of the Supervisory Board of freenet AG is also regularly informed about the development of the risk situation.

Risk report and assessment

Risks that could influence freenet's asset, financial or earnings position are presented in this section. Both financial and non-financial risks for freenet were analysed and divided into the following categories for the risk report:

- Environmental and sector risks,
- IT risks,
- tax risks,
- financial risks,
- strategic risks and
- operational risks.

The Mobile Communications segment is freenet's core segment in terms of both revenues and earnings. The key environmental and industry risks result from this segment and are presented below primarily in relation to this segment. Materiality differences in terms of risk assessment between the Mobile Communications segment and the TV and Media segment are mentioned separately.

Framework conditions for risk identification and assessment

The German economy is expected to stagnate in 2025. freenet therefore expects private consumption in Germany to remain impaired. Despite improved real incomes, the propensity to save is expected to remain high and consumer spending weak. This reflects the continuing uncertainty among consumers, which is exacerbated by geopolitical tensions and current conflicts. Furthermore, the unemployment rate is expected to rise in 2025, while the inflation rate is expected to be around 2%. Current forecasts suggest that the European Central Bank will aim to cut the key interest rate further in the course of 2025 in order to support the economy.

As far as calculable, these aspects were taken into account in corporate planning and in the assessment of risks as of 31 December 2024. No new risks have been identified compared to the prior year that are directly attributable to the geopolitical or economic environment. Overall, the general conditions have no significant influence on freenet's risk situation.

Environmental and sector risks

Highly competitive markets

An increase in competition in the telecommunications market could lead to a decline in service revenues and a loss of market share. In addition, this could increase the pressure on margins in the respective business areas and/or make it more difficult to gain market share. One consequence of increased competition could be higher expenses for acquiring new customers or retaining existing customers, accompanied by falling revenues and a greater willingness on the part of customers to switch – primarily due to the reduction in terms and cancellation periods as a result of the 2021 amendment to the Telecommunications Act. This could be exacerbated, for example, by greater price sensitivity and customer reluctance to buy. As a result, the forecast subscriber development as well as revenues-based key figures, earnings figures and free cash flow may not develop as planned. In order to hold its own against the competition, freenet must continue to design attractive products and services, market them successfully and implement customer loyalty measures that are as customised as possible. Furthermore, freenet must react agilely to the business development of its competitors and anticipate new customer needs in order to further strengthen customer loyalty. Highly competitive markets represent an overall medium risk for freenet in the Mobile Communications segment.

Distribution

A basic prerequisite for freenet's success and growth is its broad and stable sales network. As a countermeasure to the possible loss of sales strength, the subsidiaries conclude long-term contracts with their key sales partners and offer them attractive incentive systems (e.g. airtime models). One way of maintaining the current sales strength is to systematically examine new partnerships in retail, distribution and co-operation and to acquire additional franchise partners. freenet considers the risk of losing sales divisions to be low.

For the Media Broadcast Group, there is a risk that customer demand for the freenet TV product, and thus also revenues and free cash flow, could be lower than expected. Media Broadcast has established close monitoring of customer and earnings development in order to be able to take countermeasures (e.g. price adjustments) if necessary. Exaring AG, on the other hand, expects its customer base to grow. The company has also established a monitoring system to monitor customer development and initiate operational control measures in sales in good time. freenet classifies the financial risk of not achieving planned subscriber numbers in the TV and Media segment as low overall.

Network operators

Bonus payments and commissions from network operators are key components of profitability in the Mobile Communications segment. A reduction can reduce the margin and make marketing more difficult. In view of the long-term agreements with the network operators, the associated risks, alone or in combination with competitive and sales risks, could have a more negative impact than expected on the forecast earnings figures and free cash flow. freenet attempts to minimise this by negotiating flexible purchasing conditions and continuously monitoring the achievement of target-dependent payments from network operators and renegotiating them if necessary. From now on, this represents a medium risk for freenet.

Margins in the Mobile Communications segment are largely determined by the network operators and the design of the tariff models. This restricts the design options within the tariff models, for example through tariff switching restrictions. Nevertheless, the purchasing models are reviewed on an ongoing basis in order to be able to react as flexibly as possible to market effects. freenet categorises the risk as low.

Network operators are increasingly endeavouring to sell their products themselves in order to gain market share (shift to direct). In addition, network operators can sometimes offer better conditions than service providers due to their business structure. This in turn could lead to a loss of sales channels and customers. This circumstance represents a low risk for freenet.

Laws and regulation

Due to new and more complex data protection legislation, in particular the General Data Protection Regulation (GDPR), which came into force in 2018, there are new, more extensive requirements for the handling of personal data, among other things. This could result in business processes no longer being able to be carried out as in the past and/or freenet being subject to high fines. freenet categorises the risk as low.

Legal changes, intervention by regulatory authorities or fundamental court decisions (see section “Regulatory developments” in the chapter “Economic environment”), and in particular lawsuits filed by consumer protection organisations, could have impacts on freenet’s business models and the ability to acquire and retain customers and enforce customer claims. This could have a negative impact on the level of forecast revenues and free cash flow. The effects of individual decisions or legal changes may not be significant in themselves, meaning that the overall risk can be classified as low. freenet counters the risk by regularly monitoring developments on the part of the regulatory authorities and by following the outcome of court decisions.

IT risks

Infrastructure and system failures/errors

Smooth business processes are highly dependent on a high-performance IT infrastructure. Serious failures in the infrastructure, billing system or point-of-sale systems, for example, could lead to a loss of customers. In addition to the Mobile Communications segment, this also affects the TV and Media segment, which could experience disruptions in the transmission of TV and radio signals, e.g. as a result of natural disasters. In addition to the decline in revenues in the event of a loss of customers, freenet could temporarily not provide any services and thus not generate any revenues or make a positive contribution to the expected earnings and free cash flow. Technical operational monitoring systems are used and data is backed up on an ongoing basis in order to avoid downtime risks. Redundancies are also in place for particularly critical systems. The latest software updates ensure that security precautions are always up to date. In addition, there is insurance cover for any impairment of operational performance. Overall, the risk is categorised as low.

Cyber attacks and data theft

Successful cyber attacks could compromise IT systems, encrypt them or lead to the theft of customer and/or employee data. A successful attack on IT systems could be the trigger for malicious data manipulation, which in extreme cases could lead to the failure of customer and sales portals, apps or even infrastructure. The threat level in the cyber space remains very high and is expected to gain further momentum. As a result, implemented protective measures are constantly being reviewed and adapted. In addition, Information security and cyber risk insurance policies have been taken out in the event of any damage. freenet categorises the remaining risk as medium.

Tax risks

Loss carryforwards

If, within five years, more than 50% of the shares or voting rights in the company are directly or indirectly combined in the hands of one or more shareholders with similar interests (detrimental acquisition of shareholdings), the negative income (corporate income tax and trade tax loss carryforwards) of the company not offset or deducted until the detrimental acquisition of shareholdings could be lost in accordance with Section 8c of the German Corporate Income Tax Act (KStG).

freenet has no influence on the occurrence of this risk, since the elimination of the negative income (corporate and trade tax loss carryforwards) not offset or deducted up to the harmful acquisition of the holding is brought about by actions and transactions at the shareholder level. Against this background, it cannot be ruled out that the sale or acquisition of additional shares by the shareholders of freenet AG could lead to a consolidation of more than 50% of the shares in one hand. The same average risk exists if, as a result of other actions, more than 50% of the shares or voting rights are combined for the first time in the hands of one shareholder or several shareholders with similar interests. The legal consequences described above apply accordingly.

Other tax risks

For assessment periods that have not yet been finally audited, there may be changes that result in additional tax payments or changes to loss carryforwards if the tax authorities arrive at different interpretations of tax regulations or different assessments of the respective underlying facts as part of external tax audits. This affects both direct and indirect taxes, particularly in the area of value added tax. The same applies to types of tax that have not yet been audited in some cases, in particular because they are not usually subject to an external tax audit.

The risk of deviating interpretations and assessments of the facts applies in particular to reorganisations under company law. Therefore, it cannot be completely ruled out that the corporate and trade tax loss carryforwards declared by the corporations of freenet AG and thus also separately determined by the tax authorities to date could be reduced or cancelled as a result of contributions, other transformation processes, capital injections and changes in shareholders.

Overall, other tax risks are considered a low risk.

Financial risks

Bad debts

Trade accounts receivable from end customers are a particular focus of freenet's bad debt risk analysis. Credit checks are carried out on customers before contracts are concluded for significant contract customer areas. In the ongoing contractual relationship, the implementation of a regular dunning and collection process with several collection companies in benchmarking and long-term collection monitoring as well as high-spender monitoring are key actions to reduce the default risk. Risks are also taken into account by recognising appropriate loss allowances.

In the area of receivables from dealers and franchise partners as well as other business customers, detailed credit assessment processes are also carried out with the definition of credit limits and loss-limiting prepayment modalities for critical suppliers. In the event of late payment, dunning and collection processes are applied. Materiality of default risks from major customers (dealers and distributors) are additionally covered by trade credit insurance. Risks for uninsured dealers and distributors are generally limited by an internal limit system – as a rule, customers with a poor credit rating must pay in advance or the business relationship will not materialise. Trade accounts receivable regularly exist in the Mobile Communications segment from mobile network operators and in the TV and Media segment from public and private providers of TV and radio programmes. freenet's receivables portfolio is regularly assessed and the collection of these receivables is also monitored on an ongoing basis.

Based on past experience, the overall risk of bad debts is low.

Recoverability of assets

In freenet's consolidated balance sheet, goodwill and intangible assets such as customer relationships, trademarks and rights of use are recognised in significant amounts. There is a risk that impairments may occur. freenet's assets are reviewed both regularly and on an ad hoc basis if there are possible indicators (so-called triggering events) of a sustained impairment. Such an indicator may be, for example, an increase in interest rates or changes in the economic and regulatory environment. Impairments would not affect cash and would therefore have no impact on free cash flow. Furthermore, revenues and EBITDA are not affected (no impact on the financial performance indicators). Overall, the risk of impairments represents a low risk for freenet.

Liquidity

Extensive financial planning instruments are used throughout the Group to monitor and manage liquidity. The Group also manages liquidity risks by maintaining appropriate bank balances, credit lines with banks and by continuously monitoring the forecast and actual cash flows. On the basis of several existing Group-internal cash pooling agreements in which the major freenet companies participate, the need for and installation of liquid funds in the Group are managed centrally.

freenet uses various financing instruments to reduce the general liquidity risk. The financial liabilities from promissory note loans reported under financial liabilities result in particular from the promissory note loans concluded in February 2016, December 2018, July 2020, October 2023 and March 2024 (recognised as of 31 December 2024 including accrued interest: EUR 418.4 million). There are also credit lines on current accounts in the amount of EUR 15.0 million (prior year: EUR 15.0 million) and a loan tranche – structured as a revolving credit line – of EUR 250.0 million (prior year: EUR 300.0 million), which were undrawn as of 31 December 2024, as in the prior year.

The credit agreements concluded result in a further liquidity risk, as the restrictions agreed therein (so-called "undertakings" and "covenants") limit freenet's financial and operational room for manoeuvre. The agreements contain, for example, restrictions on changes in business activities, on the implementation of structural measures within the Group under company law, on the provision of collateral and on possible acquisitions and disposals of assets, in particular shareholdings. freenet is only permitted to borrow outside of the loan agreements within narrow limits, for example to finance future strategic investments.

Based on the corporate and liquidity planning and against the background of the credit lines that have been established, the general liquidity risk is classified as low overall.

Capital risk

freenet's capital risk management relates to the equity recognised in the consolidated balance sheet and the key figures derived from it. The primary target of capital risk management is to ensure compliance with the key figures (financial covenants) stipulated in the loan agreements. The main financial covenants are defined in relation to the Group's equity (equity ratio) and debt (leverage). If the overall economic conditions develop significantly worse than planned, this could possibly lead to freenet no longer being able to honour the agreements with the banks financing the loans. There is a medium risk that the financing banks will call in the loans. freenet reduces the risk by continuously monitoring the key financial figures and deriving suitable actions at an early stage.

Interest rate risk

freenet's financial liabilities with variable interest rates are subject to interest rate risks, primarily in relation to the EURIBOR. freenet counters these risks with a mixture of fixed and variable interest rate financial liabilities. Interest rate risks are not explicitly hedged; however, cash on hand, which is mainly invested at variable interest rates, acts as a natural hedge and reduces the interest rate risk from the variable-interest financial liabilities accordingly. On the basis of the daily liquidity planning available to it, the company continuously reviews the various investment options for cash and cash equivalents as well as the various disposition options with regard to financial liabilities. Changes in market interest rates could have an impact on the interest income from primary, variable-interest financial instruments and are included in the calculation of the earnings-related sensitivities. Overall, freenet categorises the risk as low.

Strategic risks

Equity investments

freenet AG holds several investments. It is possible that the business of the investments could develop worse than assumed, which in turn could have a negative impact on the earnings situation (but not on EBITDA). In summary, freenet classifies the investment risk as low.

Business Process Outsourcing Customer Service

Capita Customer Services (Germany) GmbH is freenet's strategic partner in Business Process Outsourcing (BPO) for customer service in the Mobile Communications division. In the event of an unexpected discontinuation of business operations, there is a risk that the contractually agreed reduction of activities or a switch to an alternative provider could lead to additional costs. freenet categorises this risk as low.

Operational risks

General personnel risks

The competition for qualified personnel continues to pose a challenge for many business areas. Successful recruitment, integration, development and retention of competent specialists is essential for the company's success. There are no bottleneck risks with negative impacts on operational processes. However, due to a favourable starting position for employees on the market (employee market), the costs of recruiting and retaining staff could be higher than expected. freenet counters this risk with a performance-related remuneration system, increasingly flexible working time models and the use of external service providers, among other measures. Overall, freenet categorises this risk as low.

Hardware availability

Supply bottlenecks/failures at the manufacturers of devices and accessories can be caused by a variety of factors – production stops due to climatic factors, the loss of production facilities or logistics centres and disruptions to supply chains are all conceivable. If there are not enough devices available for a longer period of time, this could affect the sale of telecommunications services (e.g. lack of hardware for the bundle business), with negative impacts on new customer acquisition, revenues, EBITDA and free cash flow. freenet counters this low risk by possibly expanding its stock ranges, using alternative sources of supply and with a marketing strategy adapted to device shortages.

Overview of the risk situation and overall assessment by the Executive Board

The before listed risks as of 31 December 2024 are summarised below and compared with the prior year's valuation.

Table 23: Risk overview

	Risks per 31.12.2023			Risks per 31.12.2024			
	Probability of occurrence	Expected extend of damage	Risk class	Probability of occurrence	Expected extend of damage	Risk class	Tendency
Environmental and sector risks							
Highly competitive markets	moderate	moderate	**medium**	moderate	moderate	**medium**	→
Distribution							
Loss of distribution partners	low	low	**low**	low	low	**low**	→
Customer demand TV and media	moderate	low	**low**	moderate	low	**low**	→
Network operators							
Bonuses and commission	low	moderate	**low**	low	high	**medium**	↑
Premiums and margins	low	very low	**low**	low	very low	**low**	→
Shift to direct	low	very low	**low**	low	very low	**low**	→
Laws and regulation							
Data protection	low	moderate	**low**	low	moderate	**low**	→
Other legal risks	low	moderate	**low**	low	moderate	**low**	→
IT risks							
System malfunctions/errors	very low	moderate	**low**	very low	moderate	**low**	→
Data theft and hacker attack	low	high	**medium**	low	high	**medium**	→
Tax risks							
Loss carryforwards	very low	significant	**medium**	very low	significant	**medium**	→
Other tax risks	moderate	low	**low**	moderate	low	**low**	→
Financial risks							
Bad debt losses	moderate	very low	**low**	low	very low	**low**	→
Impairment of assets	very low	moderate	**low**	very low	moderate	**low**	→
General liquidity risk	very low	very low	**low**	very low	very low	**low**	→
Capital risk	very low	significant	**medium**	very low	significant	**medium**	→
Interest rate risk	low	low	**low**	low	low	**low**	→
Strategic risks							
Equity investments	low	moderate	**low**	low	moderate	**low**	→
Business process outsourcing of customer support	very low	very low	**low**	low	very low	**low**	→
Operating risks							
General human resources risks	low	very low	**low**	low	very low	**low**	→
Project risk Assisted Personalized Shopping	moderate	low	**low**	—	—	—	—
Hardware availability	very low	very low	**low**	very low	very low	**low**	→

↑ Classification in higher risk class compared to prior report
→ Classification in same risk class compared to prior report
↓ Classification in lower risk class compared to prior report
— Risk or risk category no longer exists

The Executive Board has an overview of the risk situation presented through the implemented risk management process and monthly reporting. As of 31 December 2024, various environmental, industry, IT, tax, financial, strategic and operational risks were identified. Risks categorised as "high" were not identified.

The Executive Board qualifies the potential impacts on the general future development of freenet and the financial and non-financial performance indicators as low overall. The Executive Board expects that the positive development of freenet AG forecast in the outlook (see report on expected developments) will not be significantly impaired by the risks identified. Overall, it can be assumed that the risks will not have any impacts on the continued existence of freenet AG.

Non-financial group statement

General disclosures (ESRS 2)

Basis for preparation

General basis for preparation (BP-1)

Consolidation and framework

The Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) came into force on 5 January 2023 and was to be transposed into the national law of the EU member states by the beginning of July 2024. On 24 July 2024, the Federal Cabinet adopted a draft law to transpose the CSRD into national law, which is based on a draft bill previously published by the Federal Ministry of Justice (BMJ). In terms of content, the regulations contained in the government draft largely provide for an unchanged implementation of the EU Policy. The CSRD has not been transposed into German law by 31 December 2024. The legal requirements for the non-financial group statement (hereinafter also referred to as NFS) therefore remain relevant for freenet AG's financial year ending on 31 December 2024. The non-financial group statement is thus not subject to the statutory audit of the management report but is voluntarily subjected to a limited assurance audit.

Pursuant to Sections 289b and 315b HGB, freenet AG is obliged to prepare a non-financial group statement for the freenet Group in the group management report. The following contents represent the non-financial group statement for the 2024 financial year for the freenet Group and relate to the period from 1 January to 31 December 2024. In accordance with Section 289d HGB in conjunction with Section 315b (3) HGB, the law provides the formal option of drawing on national, European or international frameworks when preparing the NFS. According to prevailing opinion, the European Sustainability Reporting Standards (ESRS) published in December 2023 as a delegated act of the European Commission (Delegated Regulation (EU) 2023/2772) are generally to be understood as a European framework. freenet has accordingly decided to use the framework and to report for the 2024 financial year in accordance with the ESRS. Although this represents a break with the consistency of previous reporting, it is justified in view of the importance attached to the ESRS for sustainability reporting in the EU following their adoption by the European Commission and the expected transposition of the CSRD into national law in 2025.

The material topics identified as part of the materiality analysis in accordance with ESRS (see Table 31) can be allocated to the CSR-RUG aspects. A reconciliation is shown in the following table.

Table 24: Reconciliation from CSR-RUG aspects to ESRS topics

Aspect according to CSR-RUG	Topics according to ESRS
Environmental matters	E1 (Climate change) E5 (Resource use and circular economy)
Employee matters	S1 (Own workforce) S2 (Workers in the value chain)
Social matters	Entity-specific disclosures (IT/cyber security)
Respect for human rights	ESRS 2 (General disclosures), S1 (Own workforce) S2 (Workers in the value chain) Entity-specific disclosures (IT/cyber security)
Anti-corruption and bribery matters	G1 (Business conduct)

The non-financial group statement (hereinafter also referred to as the sustainability report) of freenet was prepared in accordance with the requirements of the ESRS and includes all fully consolidated subsidiaries of the freenet Group in the financial reporting as well as companies over which freenet exercises operational control with respect to the ESRS E1. Detailed information on the basis of consolidation is provided in the Notes to the Consolidated Financial Statements of the Annual Report (see Table 27). The subsidiaries of freenet AG listed in the basis of consolidation are only included in the first-time application of the CSRD for financial years beginning after 31 December 2024, provided that they are transposed into German law. freenet has not made use of the option to omit information relating to intellectual property, know-how or innovations. Furthermore, freenet does not make use of the exemption (pursuant to Article 19a, paragraph 3 and Article 29a, paragraph 3) to omit information on future developments or matters under negotiation.

The contents of this consolidated sustainability reporting in accordance with ESRS are based on the result of the double materiality assessment carried out for the first time for the 2024 financial year in accordance with ESRS 1. The company's own greenhouse gas emissions are accounted for in accordance with ESRS E1 based on the international Greenhouse Gas Protocol standard. It should be noted that there may be arithmetical rounding differences in the subtotals and final totals due to the numerical format, as the figures have been rounded to one decimal place. Furthermore, when converting units of measurement (e.g. in '000s to millions), the result may be 0.0 or –0.0 for reported items.

freenet has not included the following information, which would be reportable according to the result of the double materiality assessment, in the non-financial group reporting for the 2024 financial year, in particular due to the currently low data quality:

Table 25: Omission of reportable disclosures according to ESRS

Topic	Disclosure requirement	Omitted information
Disclosure requirements for companies with activities in high climate impact sectors	E1-5 38, E1-5 40-43	Further breakdown of total energy consumption from fossil sources and energy intensity based on net revenues related to activities in high climate impact sectors and related information
Gross GHG emissions of the categories in Scope 2	E1-6,44 b (Scope 2)	No recognition of operating leases in Scope 2, but in Scope 3.13
Remuneration metrics (pay gap and total remuneration)	S1-16 97 b	Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)

Coverage of the value chain

The freenet value chain was included in the assessment of impacts, risks and opportunities as part of the double materiality assessment in accordance with ESRS 1. In addition to its own operations, this also includes upstream and downstream value chain activities. Further information on freenet AG's value chain is presented in section SBM-1.

Policies, actions and targets related to material topics are essentially limited to freenet's own (internal) business activities due to the greater possibility of exerting influence. At this point, the company makes use of the transitional provision on the value chain in accordance with ESRS 1.133 with regard to ESRS 1, Chapter 5. The background to this is that the direct collection of information from players in upstream and downstream stages of the value chain is associated with high personnel and time expenditure for all parties involved. The preparation of the content of relevant information must be closely coordinated and new reporting processes must be implemented in order to ensure the correct and binding provision of information by third parties. Where relevant information is available internally or publicly accessible, there is a reference to the upstream and downstream value chain in relation to policies, actions and targets, e.g. in the disclosure requirements of the topical standard ESRS S2 in relation to direct suppliers and their workforce.

Key figures relating to the upstream and downstream value chain are mainly reported in connection with the disclosure requirements of the topical standard ESRS E1. These are energy consumption and indirect emissions that arise in upstream and downstream stages of freenet's value chain (Scope 2 and Scope 3 emissions in accordance with the Greenhouse Gas Protocol). In addition, a key figure on mobile devices taken back by customers is disclosed in connection with the disclosure requirements of the topic-specific standard ESRS E5.

Disclosures in relation to specific circumstances (BP-2)

Time horizons

The time horizons defined in ESRS 1 (short-term: one to two years, medium-term: two to five years, long-term: more than five years) were used as the basis for the content of this non-financial group statement. The climate risk and opportunity analysis uses a different methodology with regard to the time horizons (see IRO-1).

Value chain estimations

In the 2024 financial year, there were key figures for upstream or downstream value chain activities that were estimated based on indirect sources. The corresponding assumptions are disclosed at the end of the respective overview of key figures or table in this non-financial group statement. For an overview of the estimates based on indirect sources, which mainly relate to Scope 3 emissions, please refer to the following table.

Sources of estimation and outcome uncertainty

freenet collects quantitative key figures relating to material sustainability matters in connection with freenet AG's own (internal) business activities primarily on the basis of actually available activity data in the reporting period (e.g. key figures relating to freenet's own workforce). If data is not available, freenet uses estimation methods and makes assumptions in order to be able to report meaningful and reliable key figures in this case as well (e.g. with regard to Scope 1 and Scope 2 emissions of the shops).

freenet has made estimates and underlying assumptions mainly in connection with the determination of key figures in the upstream and downstream value chain (e.g. to determine Scope 3 emissions). They are generally based on indirect sources, empirical values (e.g. historical data) or trends (forward-looking statements).

Further information on the most important estimates, judgements and assumptions is presented in the corresponding disclosures on the data collection methodology for the respective key figures within the topic-related ESRS or in the context of the respective overview of key figures.

The following table lists the key figures that are subject to a high degree of measurement uncertainty.

Table 26: Key figures with high measurement uncertainty including reference

Key figures	Section
Scope 3.7: Employee commuting	E1-6
Scope 3.11: Use of sold products	E1-6

Standards and certifications (voluntary disclosures according to ESRS 1.114)

Media Broadcast GmbH, a subsidiary of freenet AG, has ISO 27001 certification and has established a corresponding Information Security Management System (ISMS) in accordance with ISO 27001. DIN ISO/IEC 27001 is an international standard and certification in the field of cyber security. Media Broadcast GmbH is also certified in accordance with DIN ISO 14001, a recognised standard for environmental management systems.

External audits have provided proof that the requirements of ISO/IEC 27001:2022 and ISO 14001:2015 have been met. Both certifications are valid until 24 June 2027 and apply to all activities and service structures of Media Broadcast GmbH in Germany.

Incorporation by reference, combined information and link to the financial statements

No information is incorporated by reference in this report (information in accordance with ESRS 1.119 et seq.).

The following table shows which ESRS disclosure requirements are linked to the consolidated financial statements (information in accordance with ESRS 1.123).

Table 27: Incorporation of information by reference, combined information and link to the financial statement

Information in accordance with ESRS 1.123	Reference
Basis for consolidation	Notes to the consolidated financial statements, Note 1.2, Note 37 of the 2024 annual report
Personnel costs	Consolidated income statement, Notes to the consolidated financial statements Note 8 of the 2024 annual report
Accounting principles for revenue recognition (EU Taxonomy)	Notes to the consolidated financial statements Note 2.1 of the 2024 annual report
Net revenues of the Group (EU Taxonomy)	Consolidated income statement, Notes to the consolidated financial statements, Note 4 of the 2024 annual report
Accounting principles for investments (EU Taxonomy)	Notes to the consolidated financial statements, Notes 2.2 and 2.3 of the 2024 annual report
Total investments, property plant and equipment (IAS 16), Intangible assets (IAS 38), Leases (EU Taxonomy)	Notes to the consolidated financial statements, Note 39, Note 2.5.1 of the 2024 annual report
Other operating expenses (EU Taxonomy)	Notes to the consolidated financial statements Note 10 of the 2024 annual report

Supplementary information, external sources of documentation and expert opinions (unaudited) that are not part of the sustainability report and to which reference is made in the report are listed in the table below.

Table 28: Supplementary information, external documentation sources and expert opinions (unaudited)

Supplementary information, external documentation sources and expert opinions (unaudited)	Reference
Remuneration system for the Executive Board and Supervisory Board	Remuneration report pursuant to Section 162 AktG of freenet AG for the 2024 financial year
Risk management and internal control system	Sections "Report on opportunities and risks", "Corporate governance", "Other disclosures" in the management report of the 2024 annual report
Strategy, business model and value chain	Sections "Corporate Strategy and goals" and "Organisational structure and business model" in the management report of the 2024 annual report
Sustainability-related expertise of the Executive Board and Supervisory Board, skills matrix of the Supervisory Board	Corporate Governance Statement in accordance with sections 289f, 315d HGB of freenet AG for the 2024 financial year
Professional experience and qualifications of Executive Board and Supervisory Board members	CVs of the Executive Board and Supervisory Board
Net Zero Emission scenario of the IEA	World Energy Outlook 2023
High-emission scenario SSP5-8.5	Climate Change 2023 Synthesis Report
Policy Statement on the protection of human rights of freenet AG	Policy Statement on the protection of human rights
Federal Statistical Office, monthly report on electricity supply	Balance sheet – monthly report on the electricity supply
Conversion factors Federal Environment Agency (commuter traffic)	Federal Environment Agency – Emissions data for passenger transport (German version only)
Conversion factors Federal Environment Agency (electricity mix)	Development of the specific Greenhouse Gases emissions of the German electricity mix in the years 1990 – 2023 (German version only)
Sector-averaged environmentally extended input-output emission factors for the determination of Scope 3 emissions	U.S. Environmental Protection Agency – Supply Chain Greenhouse Gas Emission Factors
Greenhouse Gas Reporting: Conversion Factors 2024, Department for Environment, Food & Rural Affairs (DEFRA)	Greenhouse gas reporting: conversion factors 2024
The Greenhouse Gas Protocol 2004	GHG Protocol
Greenhouse Gas Protocol, Technical Guidance for Calculating Scope 3 emissions	Technical Guidance for Calculating Scope 3 Emissions
Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard	Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Governance

Role of the administrative, management and supervisory bodies (GOV-1)

Composition, diversity and business-specific expertise

freenet AG is a stock corporation established under German law in which management and control are exercised by separate bodies (dualistic system). As the management body, the Executive Board is responsible for the management of the company. The Supervisory Board, as the supervisory body, exercises control over the Executive Board.

The Executive Board of freenet AG consists of six members, including five men and one woman. This corresponds to a weighted average ratio of female to male members of the Executive Board of 0.2. The Supervisory Board is responsible for appointing the Executive Board. When determining the composition of the Executive Board, the Supervisory Board also takes into account the criterion of diversity, which it understands to mean not only an appropriate representation of both genders on the Executive Board, but also different, complementary professional profiles, professional and life experiences of potential candidates.

The Supervisory Board of freenet AG consists of a total of twelve members and has equal representation of six shareholder representatives and six employee representatives. In 2024, a total of five women and seven men were represented on the Supervisory Board. This corresponds to a weighted average ratio of female to male members of 0.71. In addition to the statutory minimum gender representation, the composition of the Supervisory Board should also take into account cultural diversity and differences in educational and professional backgrounds, experience and ways of thinking.

In the assessment of the Supervisory Board, all six shareholder representatives (100%) were independent within the meaning of the German Corporate Governance Code in the 2024 financial year. The definition of the German Corporate Governance Code in the version dated 28 April 2022, which does not take employee representatives into account, is used for the assessment of independence.

The Executive Board and the Supervisory Board have knowledge and many years of experience in the strategically relevant business areas of telecommunications and TV and media, as well as with regard to the product and service portfolio offered on the German market.

Relevant areas of expertise in the areas of telecommunications and media, IT, finance and compliance, human resources, partner and customer management are covered by the Executive Board as a whole via the respective departmental responsibilities defined in the Executive Board's schedule of responsibilities. The profile of skills of the respective Supervisory Board members is determined on the basis of a self-assessment of their experience and expertise in the business and sustainability-related areas of expertise relevant to freenet (for more information, see the section "Sustainability-related expertise and access to expert knowledge"). Further information on the individual professional experience and qualifications of the Executive Board and Supervisory Board members can be found in the publicly accessible CVs on the freenet AG website.

Responsibilities within the ESG organisational structure and control mechanisms

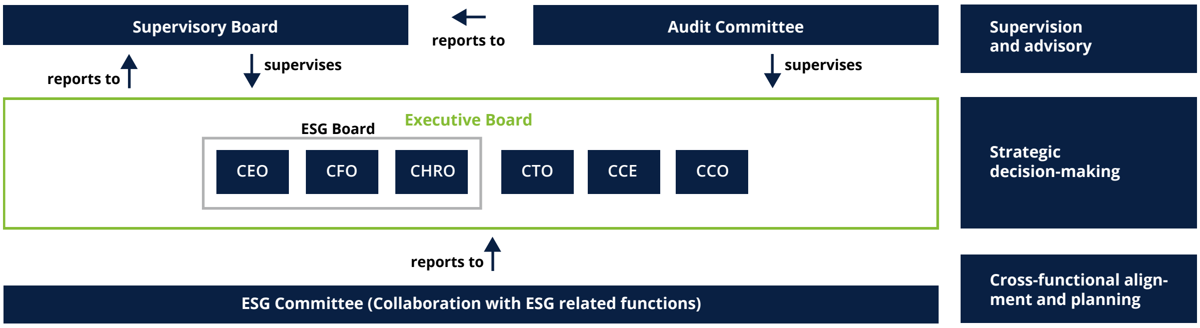
freenet has implemented a Group ESG organisational structure. The associated tasks and responsibilities of the bodies, committees and functions have been formalised and adopted by the Executive Board. They supplement the allocation of tasks and cooperation within the Executive Board and Supervisory Board and between the bodies resulting from the rules of procedure and the schedule of responsibilities for the Executive Board and the rules of procedure for the Supervisory Board.

At an operational level, the Executive Board as a whole and each member of the Executive Board is responsible for monitoring and managing the company's sustainability-related impacts, risks and opportunities with regard to their respective areas of responsibility. The implementation of the overarching ESG strategy and ESG Management are the responsibility of the Chief Human Resources and ESG Officer (CHRO), while the ESG Reporting and ESG Controlling functions report to the Chief Financial Officer (CFO). At the control level, the Supervisory Board as a whole is responsible for monitoring freenet's ESG activities.

The members of the Executive Board responsible for sustainability-related areas (CHRO and CFO) report to the Supervisory Board at its meetings on relevant sustainability issues, targets and progress as required. They also keep the entire Executive Board informed about sustainability issues at Executive Board meetings (e.g. in relation to the transition plan for climate change mitigation or policies).

In addition, freenet has established two organisational units below the level of the Executive Board with specific sustainability-related functions: the ESG Board and the ESG Committee. They deal with the requirements, implementation and monitoring of ESG guidelines and the coordination of sustainability activities on a cross-divisional basis. The ESG Board is made up of the Chief Executive Officer, the Chief Human Resources and ESG Officer and the Chief Financial Officer. The ESG Committee is an interdisciplinary body and pools the expertise of the functions responsible for sustainability at freenet. It discusses current topics on a monthly basis and develops objectives and recommendations, the implementation of which is decided by the ESG Board. The ESG Board also monitors the implementation of targets. Operational management of the material impacts, risks and opportunities or related policies, actions and targets is monitored by the responsible member of the Executive Board as part of the operational management of the responsible units, depending on the focal topic.

Figure 10: ESG organisational structure of freenet AG



Sustainability-related expertise and access to expert knowledge

To ensure effective management and monitoring of sustainability activities, the Executive Board and Supervisory Board should have relevant sustainability-related expertise in connection with the identified material impacts, risks and opportunities and sustainability matters of freenet AG.

The freenet AG Management Board comprises six members, each of whom has specific competences and, in the context of the allocation of responsibilities, responsibilities for sustainability issues. Overall, the Executive Board combines sustainability-related expertise in the areas of Human Resources, IT and data security, environmental matters, Supplier/Partner Management, Compliance and Risk Management, Corporate Governance and Sustainability Reporting, either directly or through access to internal expertise. The Management Board member responsible for Human Resources and ESG is also responsible for the implementation and realisation of freenet's specific ESG strategy. The aforementioned competences and responsibilities are used to address the impacts, risks and opportunities identified as material in the materiality analysis as well as the associated sustainability matters in their entirety.

Whether and to what extent the Supervisory Board has the required sustainability expertise is determined on the basis of an individual self-assessment by its members. They assess their expertise and experience in the areas of expertise that are important for freenet and that are also related to sustainability or closely linked to the identified material impacts, risks and opportunities. The valuation result is summarised in the form of a skills matrix and published on an annual basis as part of the reporting in the Corporate Governance Statement. The skills matrix also serves as a basis for determining the need for further development.

In the skills matrix for the Supervisory Board, sustainability expertise is allocated to various areas of expertise. The area of information technology is directly linked to the entity-specific topic of IT/cyber security, which has been identified as material. In the area of expertise business conduct, corporate governance and compliance as well as law and regulation in particular cover the identified material impacts, risks and opportunities in relation to general legal compliance and the fulfilment of human rights due diligence in the company's own business operations and in the supply chain. The human resources area of expertise describes the existing expertise on material topics related to employees (e.g. skills development and diversity), while the environmental matters area of expertise is closely linked to the material impacts and risks in the areas of climate change mitigation and circular economy. Expertise in the area of finance and reporting also includes to the areas of ESG regulation and reporting.

As part of a structured succession process, the freenet Supervisory Board is guided by its targets for its composition and proposes candidates with knowledge in the relevant areas of expertise, as shown in the skills matrix for the Supervisory Board, to the Annual General Meeting.

The Supervisory Board and its committees are regularly informed about regulatory and other relevant innovations (e.g. CSRD, LkSG, EU Taxonomy) at their meetings by members of the ESG Board and ESG Committee or via the Sustainability Officers appointed by the Supervisory Board. The Sustainability Officers are two members of the Supervisory Board who, due to their activities, have relevant expertise in sustainability reporting/regulation and the areas of the environment (especially climate change mitigation) and human resources (working conditions and equal treatment/equal opportunities). They provide expert knowledge to the Executive Board and Supervisory Board by contributing their experience and expertise to the meetings of the Supervisory Board and its committees (Audit Committee and Personnel Committee).

Executive Board and Supervisory Board members are generally responsible for their own training programmes.

The skills matrix of the Supervisory Board and further information on the composition, working methods and independence of the members of the Supervisory Board can be found in the Corporate Governance Statement.

Information provided to and sustainability matters addressed by the Executive Board and Supervisory Board (GOV-2)

At freenet, the identification and assessment of material impacts, risks and opportunities as well as the associated material sustainability matters is carried out along a process that is described in section IRO-1.

During implementation, the ESG Committee is informed by the ESG Reporting department about the process, the methodology and any changes compared to the prior year with regard to material impacts, risks and opportunities and related sustainability matters. The ESG Management and other departmental representatives also provide information on the status of implemented policies and actions and any associated objectives at the monthly meetings of the ESG Committee.

The ESG Committee reports to the ESG Board at least every two months, mainly represented by the board member for Human Resources and ESG. The ESG Board also discusses, validates and decides on the results of the double materiality assessment. The Chief Financial Officer, who is responsible for conducting the double materiality assessment, reports annually to the Audit Committee on the results and the resulting content requirements for the sustainability report. The Chief Human Resources and ESG Officer reports to the meetings of the Supervisory Board on implemented and planned policies and actions as well as any objectives pursued in relation to material sustainability matters. Outside of the meetings, the Executive Board liaises with the Supervisory Board's Sustainability Officers.

Monitoring the human rights-related elements of risk management is the responsibility of the Chief Compliance Officer, who also acts as freenet AG's Human Rights Officer. In accordance with legal requirements, the Executive Board has established a reporting process through which information is provided regularly, but at least once a year, on the characteristics and effectiveness of human rights-related risk management, including the results of the annual risk analysis. The Chief Compliance Officer reports on the current risk situation, including (remedial) actions taken to reduce risks and their effectiveness, at the monthly meetings of the ESG Committee and at least once a year at an Executive Board meeting. The results and progress are recorded in the annual reports, including in accordance with the Supply Chain Due Diligence Act. These reports are publicly accessible and emphasise the transparency of freenet AG's sustainability efforts. The Human Resources and ESG Board department is responsible for taking a holistic view of sustainability across the entire value chain. In addition, the risk management-related due diligence is part of the Audit Universe of the freenet Group Audit department and is therefore subject to a continuous review process. Further information on due diligence with regard to freenet AG's material sustainability matters can be found in section GOV-4 and in the sections referenced there.

The conditions under which management and supervisory bodies are involved in decision-making processes of strategic importance are regulated in the rules of procedure for the Supervisory Board and the Executive Board and in the company's Articles of Association. In addition to strategic and economic factors, the Executive Board and Supervisory Board of freenet also take into account the Sustainability matters associated with material impacts, risks and opportunities (e.g. impacts on employees and the environment) when monitoring the corporate strategy, making decisions on transactions and in risk management. This is done on an ad hoc basis by involving the Executive Board department for Human Resources and ESG, which contributes its perspective to the discussions in the full Executive Board and Supervisory Board. Sustainability risks and opportunities are systematically identified and assessed to ensure that strategic decisions are compatible with the company's long-term targets from a financial perspective. Where necessary, different points of view are weighed against each other, possible alternatives are identified, and compromises are considered in order to achieve a balance between economic, environmental and social targets.

In the reporting year, the Executive Board, Supervisory Board and Audit Committee focused in particular on the process and results of the double materiality assessment in accordance with ESRS 1 and the material impacts and risks identified (see Table 31). Other focal points included policies, actions and targets in connection with material impacts on the environment and on the company's own workforce. In addition to the inventory of Scope 3 emissions as part of the expansion of GHG accounting, the executive bodies dealt with the climate risk and opportunity analysis carried out in 2024, the transition plan for climate change mitigation developed (excluding Scope 3 emissions) and the resulting derivations for the decarbonisation levers and the target for reducing Scope 1 and Scope 2 emissions in line with the 1.5-degree target. Employee-related topics concerned the adoption of principles for gender-specific equal pay as well as topics relating to organisational development and learning culture.

Integration of sustainability-related performance in incentive schemes (GOV-3)

In addition to non-performance-related remuneration consisting mainly of basic remuneration (fixed salary), the remuneration of the Executive Board also includes performance-related remuneration consisting of a short-term (STI) and long-term incentive component (LTI). The performance-related remuneration of the members of the Executive Board is linked to performance parameters on the one hand and to sustainable business conduct on the other. A detailed description of the features of the remuneration system, including the relative weighting of sustainability-related targets and the amount of remuneration paid to members of the Executive Board in the reporting year, can be found in the remuneration report.

The remuneration system for Supervisory Board members does not include an incentive system that incorporates sustainability elements.

Various sustainability-related targets are defined in the performance-related remuneration for the members of the Executive Board. In the short-term incentive component for the 2024 financial year, the formulation of an e-mobility strategy and land utilisation for photovoltaics was included as a target with a weighting of 10% in the area of climate change mitigation. Target achievement is not linked to a sustainability-related quantitative key figure but contains qualitative targets. However, implementation is an essential part of the transition plan for climate change mitigation with regard to Scope 1 and Scope 2 emissions by 2030. In the long-term incentive component, a reduction target for Scope 1 and Scope 2 emissions was set for the performance period 2022 to 2025 for this period. The GHG emission reduction target, which is reported in section E1-4, is to be seen separately from this because it was not formulated until later. Employee satisfaction was also defined as a long-term incentive component for the 2023 to 2026 performance period. The long-term sustainability-related targets in the LTI are generally weighted at 20%.

The incentive systems are approved by the Annual General Meeting as part of the regular presentation of the remuneration system and updated by the Supervisory Board after preparation by the Personnel Committee and in consultation with the Executive Board.

Further details can be found in the remuneration report and the current remuneration system.

Statement on due diligence (GOV-4)

The most important aspects and steps of the due diligence procedures are related to a number of general and topical disclosure requirements under the ESRS. These are presented in the table below.

Table 29: Due diligence information

Core elements of due diligence	Section in the sustainability report	Reference/Page
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2	65 f.
	ESRS 2 GOV-3	66
	ESRS 2 SBM-3	72 ff.
b) Engaging with affected stakeholders in all key steps of the due diligence process	ESRS 2 GOV-2	65 f.
	ESRS 2 SBM-2	69 ff.
	ESRS 2 IRO-1	77 ff.
	Topical ESRS (Phases and purpose of inclusion)	see table 52
	ESRS 2 MDR-P	see table 52
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1	77 ff.
	ESRS 2 SBM-3	72 ff.
d) Taking actions to address those adverse impacts	ESRS E1-1 Transition plan for climate change mitigation	83
	Topical ESRS (Spectrum of actions)	see table 52
	ESRS 2 MDR-A	see table 52
e) Tracking the effectiveness of these efforts and communicating	Topical ESRS (in relation to key figures and targets)	see table 52
	ESRS 2 MDR-M	see table 52
	ESRS 2 MDR-T	see table 52

Risk management and internal controls over sustainability reporting (GOV-5)

At freenet, sustainability risks and sustainability reporting-related risks are included in the Group-wide risk management system (RMS) and the internal control system (ICS). The RMS and ICS are based on international (such as COSO) and national frameworks (e.g. the IDW auditing standards). The disclosures on sustainability-related risks and opportunities in connection with the double materiality assessment and the integration of the RMS are discussed in section SBM-3. Sustainability-related risks and opportunities are identified, assessed, managed and regularly reported to the ESG Committee and the ESG Board. Material sustainability risks are integrated into the regular risk management reporting to the Executive Board and the Audit Committee. Further information on the Group-wide RMS and ICS can be found in the 2024 annual report in the sections Report on opportunities and risks as well as Corporate governance and other disclosures.

For the purposes of sustainability reporting, non-financial medium and long-term opportunities and risks for the next five years and beyond are also identified, assessed, managed, communicated and monitored. Identified non-financial opportunities and risks are assessed qualitatively both without the effects of measures (gross principle) and taking into account the effects of measures (net principle). Risks and opportunities are categorised based on the combination of the probability of occurrence and the extent of the expected impacts. The assessment ranges correspond to those used in general risk management. For the purposes of sustainability reporting, the prioritisation of non-financial opportunities and risks is based on the classification resulting from the risk assessment. No material risks were identified in relation to sustainability reporting.

The accounting-related ICS is intended to ensure reliable financial reporting and preparation of the financial statements. Similarly, the sustainability reporting-related ICS is intended to ensure reliable sustainability reporting. The sustainability reporting-related ICS is continuously being developed. As part of the design of the central sustainability reporting processes, the relevant processes were reviewed by the responsible decision-makers in the specialist departments for possible (process) risks and monitoring measures were established. The core elements of the monitoring system at freenet are process-integrated and process-independent actions, such as automated IT controls, the dual control principle and functional and access restrictions in the workflows.

Responsibility for the collection of reportable data lies with the respective departments. Materiality of the sustainability reporting data is quality assured and approved by central functions such as ESG Management, ESG Controlling and ESG Reporting as well as by the ESG Committee and ESG Board. This takes into account the inherent risks and the results of internal controls in relation to sustainability reporting. If process weaknesses are identified at departmental level or in the course of (functional) monitoring, these are assessed, addressed and followed up until they are remedied. The Executive Board is actively involved in the regular reporting of the departments and central functions to the Executive Board.

The results of the risk management process and the statements on the appropriateness and effectiveness of the internal control system are reported to the Executive Board and the Audit Committee of the Supervisory Board of freenet AG on a regular basis.

Group Internal Audit reviews the appropriateness and effectiveness of the financial and non-financial internal control and risk management system independently of processes. The audit results are reported to the responsible decision-makers, the Executive Board and the Audit Committee of the Supervisory Board of freenet AG on a regular basis.

Strategy

Strategy, business model and value chain (SBM-1)

freenet AG positions itself as a digital lifestyle provider and primarily offers Mobile Communications and TV services as well as associated mobile devices and accessories. The operating business is mainly focussed on the private customer segment in Germany. The 3,450 employees of freenet AG work almost exclusively in Germany. There is therefore no geographical breakdown, but – where necessary – a differentiation is made between the “Mobile Communications”, “TV and Media” and “Other/holding” segments. Compared to the prior year, there were no changes in the reporting period with regard to new or discontinued products or services or changes with regard to new or outdated markets or customer groups.

The internal value chain activities include the bundling of preliminary products, omnichannel sales and customer management. Products and services are marketed under our own branding via a German sales network that includes specialised and retail stores as well as online channels. Revenues are primarily generated through the marketing of fixed-term contracts (subscriptions).

The “Mobile Communications” segment mainly offers Mobile Communications services, often in conjunction with mobile devices. freenet does not operate its own mobile network but instead uses a wholesale model to purchase tariffs from the relevant German mobile network operators for remarketing on its own account. In the “TV and Media” segment, freenet acts as a platform provider for Internet-based television (IPTV) and terrestrial television (DVB-T) as well as digital terrestrial radio (DAB+) in Germany.

The upstream stages of the value chain relate to the extraction and processing of raw materials and the manufacture of components for and final assembly of mobile devices and active transmitter infrastructure. The direct suppliers of both segments include ICT device manufacturers. Devices distributors and German Mobile network operators are also relevant for the “Mobile Communications” segment. In the “TV and Media” segment, freenet procures wholesale services from TV and radio broadcasters and content providers. Other services include customer service, cloud and software services, marketing and consulting services and energy procurement. The contractual relationships with key suppliers are strategic partnerships and are generally designed for the long term.

Value chain activities include external services such as logistics, franchises and customer service. Customers are important stakeholders in the downstream value chain.

freenet’s value proposition “Always the right choice” applies to all stakeholders. freenet offers customers a broad product and service portfolio and independent advice. Investors can benefit from the core business of Mobile Communications and the growth opportunities in TV and media. freenet endeavours to offer its employees a secure, flexible and non-discriminatory working environment.

In 2023, freenet developed a sustainability strategy that defines environmentally responsible, socially just and economically profitable behaviour as an integral part of the corporate strategy. As a digital lifestyle provider, freenet's business model is primarily based on relationships, which is why people are at the centre of the ESG strategy. The overarching targets of the ESG strategy relate to fields of action across all products, segments and markets that are closely linked to the interests of the key stakeholder groups.

The guiding principle of the ESG strategy is translated into the fields of action of climate, circular economy, employees, customer and governance. The target is to give equal consideration to environmental, social and governance issues when making business decisions, with economic profitability serving as the basis.

Field of action climate

As a company, freenet recognises its environmental responsibility and supports the 1.5-degree target of the 2015 Paris Climate Agreement. This is based on scientific findings that show that higher temperature increases can have more serious impacts on the environment and society. In the field of action "climate", freenet intends to achieve the 1.5-degree pathway in terms of Scope 1 and Scope 2 emissions by 2030. Scope 3 emissions have not yet been taken into account in the transition plan for climate change mitigation (see E1-1).

Compared to Scope 1 and Scope 2 emissions, Scope 3 emissions in the ICT sector are many times higher. At the same time, freenet is only able to control and manage this emissions category to a limited extent. Within the scope of its own possibilities, freenet would therefore like to exert influence in its supply chain in order to make a contribution to mitigating climate change.

Field of action circular economy

According to industry studies (among others Bitkom Research), over 200 million unused mobile phones are stored in drawers in German households, containing valuable raw materials. freenet's aim in the circular economy is to encourage customers to consume sustainably and reduce electronic waste. Customers should be informed about sustainable utilisation options so that resources can be returned to the cycle or disposed of properly.

Field of action employees

Demographic change and a shortage of skilled labour pose challenges for companies. freenet AG sees its employees as a key factor and promotes diversity and equal rights within the company. A dialogue-oriented and high-performance working environment is intended to strengthen employees and increase employer attractiveness.

Field of action customer and governance

freenet offers a wide range of products and services and strives for a high level of customer satisfaction. As part of the contractual relationship, millions of customers entrust freenet with personal data, which is why data protection is a top priority in the area of governance. freenet's IT security strategy is designed to protect the IT infrastructure and thus also customer data from cyber attacks.

Further information on freenet's strategy, business model and value chain can be found in the group management report in the sections "Corporate strategy and goals" and "Overview of organisational structure and business model".

Interests and views of stakeholders (SBM-2)

freenet's relevant stakeholders can be assigned to two categories: users of sustainability reports and affected stakeholders. Users of sustainability reports are the main users of financial reporting and other users of sustainability reporting. Affected stakeholders are individuals or groups whose interests are affected by the activities of the company and its business relationships. The following table groups freenet's most important stakeholders.

Table 30: Stakeholders of freenet

Stakeholder category	Stakeholder group	Key stakeholders	Formats of integration
Users of sustainability reports	Main users of financial reporting	Investors, lenders, financial analysts	Investor meetings, Annual General Meetings, capital market conferences and roadshows, conference calls, surveys as part of the double materiality assessment
	Other users of the sustainability report	ESG analysts, ESG rating agencies, non-governmental organisations (NGOs)	Analyst discussions and dialogue as part of the rating processes, use of published information from NGOs and studies
Affected stakeholders	Own workforce	**Employee:** Permanent and part-time employees (in administration, retail (shops), logistics, IT), persons employed for training (dual students, Vocational trainees, interns), working students, trainees	Employee representatives on the Supervisory Board, works council and works meetings, employee surveys, town halls, whistleblower system, survey as part of the double materiality assessment
		Non-employees: Employees from placement and leasing, leased employees, temporary workers	Whistleblower system
	Value chain workers	**Labour force in upstream Value chain activities:** Workers in raw material extraction and extraction (mining), workers in raw material processing (smelting, refining), workers in component manufacturing for and final assembly of ICT devices	Publicly available information and industry reports
		Labour force in downstream value chain activities: Customer service employees, promoters	Survey as part of the double materiality assessment, whistleblower system
	Suppliers	**Direct suppliers:** Mobile network operators, ICT device and accessory manufacturers, distributors, TV and radio station manufacturers, content providers, service providers for customer service, marketing and consulting services, indirect purchasing services (e.g. catering, travel, energy, cleaning)	Whistleblower system, exchange between the procurement units and respective suppliers, survey as part of the double materiality assessment
	Customers/ End consumers	**Private customers:** Subscribers in the Mobile Communications and TV and Media segments, Users of ICT devices marketed via freenet	Customer surveys, survey on ESG strategy, dialogue with relevant German authorities (as stakeholders)
	Nature	Nature as a silent stakeholder	Publicly available information (e.g. studies on the circular economy in the telecommunications industry)

Due to freenet AG's stock market listing, the main users of the reporting are mainly existing and potential investors, financial and ESG analysts/rating agencies and lenders. freenet attaches great importance to communication with these groups, which takes place through frequent discussions (including conference calls, capital market conferences and other engagements) with investors and analysts in order to incorporate their perspectives into corporate decisions. On the company website, freenet provides information such as corporate news, ad hoc announcements, financial and sustainability reports, which serve as a basis for dialogue with these interest groups. Formats such as Annual General Meetings and personal exchanges at capital market conferences promote dialogue. The dialogue focuses on the net assets, financial position and results of operations, strategic issues and freenet's financial ambitions and dividend policy. The sustainability dialogue mainly focuses on corporate governance matters (including IT/cyber security) and the integration of sustainability matters into the Executive Board's incentive schemes. The topics of human capital management (e.g. skills development and diversity) and climate change mitigation are also addressed. With regard to the latter, freenet voluntarily publishes climate data annually as part of the Carbon Disclosure Project (CDP). There is currently no direct exchange with non-governmental organisations (NGOs), which are to be considered relevant stakeholders in their role as users of the sustainability report. The interests of NGOs are indirectly incorporated via published information and studies. In principle, NGOs also have the opportunity to present their views at specialist conferences or industry meetings or to contact the Investor Relations and ESG Reporting department directly with their concerns in order to enter into an active dialogue with freenet.

Important stakeholder groups affected include own workforce, value chain workers, suppliers, customers and nature as a silent stakeholder. Their perspectives are included using various formats. With regard to nature as a silent stakeholder, the environmental perspective is taken into account via publicly accessible information.

freenet believes that a trusting relationship with employees and suppliers as well as good customer relationships are crucial for business success. Respect for human rights forms the basis for a trusting relationship. It is formalised in the Policy Statement on the protection of human rights (also referred to as Declaration of Principles) and is also promoted in the supply chain through the Supplier Code of Conduct and specific contractual clauses. The freenet-specific values of cooperation and leadership are communicated via the intranet and their familiarisation and anchoring in everyday working life is to be ensured through training.

freenet offers its employees diverse opportunities to contribute their interests and opinions, e.g. through regular works meetings, employee surveys or town halls with the Executive Board, thus promoting an open, dialogue-oriented corporate culture. Employee representatives on the Supervisory Board contribute the views of the workforce to discussions and thus help to ensure that company decisions are made in line with their interests. The Works Councils of freenet AG meet regularly with management and ensure that employee matters are adequately taken into account, e.g. by concluding works agreements. The focus is on issues such as secure employment, fair pay and a better work-life balance. Feedback from the own workforce influences company decisions, e.g. with regard to flexible working time models.

As part of their supplier relationships with freenet, some of the employees of direct suppliers are in direct contact with the procurement units responsible for them within the freenet Group. They are also involved in the risk analysis in accordance with the LkSG by answering questionnaires. The questions asked there relate in particular to compliance with human rights. freenet requires suppliers to comply with minimum standards, especially in the areas of the environment, human rights and data protection, which is to be ensured by the Group-wide Supplier Code of Conduct and the applicable General Terms and Conditions of Purchase. With regard to the main suppliers, the procurement organisation and responsibility is bundled in the Executive Board department of the Chief Commercial Officer (COO). The exchange with mobile network operators, devices and accessories manufacturers and suppliers as well as service providers in customer support takes place via separate procurement functions. Due to the highly specific nature of its business, Media Broadcast also has its own purchasing unit.

There is no direct involvement in the sense of a regular dialogue with employees of companies without a direct contractual relationship with freenet. Interests, views and rights of workers, particularly at more distant stages of the value chain, were considered indirectly via publicly available information and industry reports as part of the double materiality assessment. Here, there is a risk of human rights violations with potential negative impacts on affected workers, particularly in labour-intensive processes (e.g. mining of mineral raw materials, production of components and final assembly of mobile phones). In freenet's view, its ability to influence the impacts on value chain workers is low. Potential negative impacts can be brought to freenet's attention via the publicly accessible whistleblower system, for example. This complaints mechanism is available to all stakeholders and thus also to workers at more distant stages of the value chain. The target is to ensure that justified reports received via freenet AG's whistleblower system are investigated appropriately, swiftly and in accordance with the law. To this end, the company has established a whistleblower committee and a corresponding whistleblower process.

The increased threat posed by cyber attacks represents a significant challenge for the German economy. Data theft, espionage and sabotage, often initiated by organised crime, are of particular importance. In this context, the data security of company and customer data is of the utmost relevance. The information and communications industry in particular is subject to strict legal requirements and has a strong vested interest in protecting its own company data as well as the data provided by customers. For freenet, the responsible handling of data and compliance with high security standards is essential in order to avoid negative impacts on consumers and end-users due to the loss of customer data, to protect their fundamental right to data protection and to protect customer loyalty and the company's reputation. The strategic importance of data security is anchored in the IT strategy and is reflected in the implementation of technical and organisational actions to protect data.

Customers are not directly involved in IT and cyber security issues and processes. However, as part of a representative survey of customers in 2024 on the topic of "sustainability", data security was addressed as an important aspect by customers.

As part of the first-time implementation of the double materiality assessment for the 2024 financial year, freenet analysed the interests and views of its stakeholders (see Table 30) in a first step through extensive literature and desktop research, evaluations of scientifically validated databases and in interviews and discussions with internal stakeholders within an interdisciplinary working group. In addition, a survey of external stakeholders was conducted to validate the results of the materiality analysis. In addition to Supervisory Board members, employees and the Works Council as well as investors and lenders, major suppliers were also asked for their opinion on the relevance of various sustainability matters in connection with freenet's business model and value chain. The results of the survey were presented to the Executive Board and Supervisory Board (Audit Committee) and taken into account when determining the material sustainability issues for freenet. For further information on the materiality analysis process and the inclusion of stakeholder interests in the analysis, please refer to section IRO-1.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

The CSRD prescribes the performance of a double materiality assessment for sustainability reporting in order to improve the comparability of reports. The concept requires companies to assess sustainability-related risks and opportunities as well as the impacts of their business activities and relationships on the environment and society in order to determine their materiality for reporting purposes.

As a result of the double materiality assessment for the 2024 financial year, freenet has identified material impacts on the environment (Climate Change and Circular Economy), social (Own workforce and Workers in the value chain) and governance (Corruption and Bribery). In addition, the topic of "IT/cyber security" was assessed as material, which freenet covers through entity-specific disclosures.

Within the areas of "IT/cyber security" and "Climate Change", in addition to (potentially) negative impacts on the environment and society, material risks were also identified that could have a negative impact on freenet's net assets, financial position and results of operations in the short, medium and long term if they materialise.

The identified material impacts and risks are listed in the table below.

Table 31: List of material impacts and risks

ESRS	Classification	Position in the value chain	Description	Time horizons
E1	negative impact	upstream own operations downstream	Climate-damaging greenhouse gas emissions are emitted along freenet's entire value chain (especially in the production and use of mobile ICT devices), which contribute negatively to global warming/global climate change.	short, medium and long term
E1	risk	upstream own operations downstream	Increasing pricing of greenhouse gas emissions (especially CO_2 emissions) due to stricter regulation (in the ICT sector) can have a negative impact on earnings (higher costs) in the case of materialisation.	medium and long term
E1	negative impact	own operations	High in-house electricity consumption (especially at Media Broadcast GmbH and in the shop chain) leads to increased emissions of Greenhouse Gases and contributes negatively to global warming/global climate change.	short and medium term
E5	negative impact	downstream	Improper recycling by customers or improper recovery of mobile devices that are put into circulation by freenet, among others, has negative impacts on the environment.	short and medium term
S1	negative impact	own operations	Depending on the economic situation of the company, insecure working conditions (e.g. short time working or redundancies) could have a negative impact on the motivation and health of the company's own employees.	medium and long term
S1	negative impact	own operations	The demand for regular overtime, long working times or an inflexible/ burdensome working time policy could negatively affect employees' private lives and lead to dissatisfaction and illness.	long-term
S1	negative impact	own operations	A lack of work-life balance, e.g. in the form of inflexible working conditions, could have negative impacts on employees' motivation and health.	medium and long term
S1	negative impact	own operations	Unequal treatment and pay between employees for equal work has a negative impact on the motivation and health of employees and on equal treatment in society as a whole.	medium and long term
S1	negative impact	own operations	A lack of provision or a lack of equal access to adequate further development opportunities could have a negative impact on employee satisfaction.	medium and long term
S1	negative impact	own operations	Inadequate measures against violence and harassment in the workplace could have a severe negative impact on the feeling of safety at work and the mental and physical health of affected employees.	long-term
S1	negative impact	own operations	A lack of sensitisation, e.g. among managers, to the issue of diversity could have a negative impact on underrepresented groups in the workforce in particular.	medium and long term
S1	negative impact	own operations	Two cases of discrimination against employees were reported in the reporting year, with negative impacts on the personal integrity of those affected.	short term
S2	negative impact	upstream	Poor working conditions (e.g. low wages, lack of social protection) could have negative impacts on the living conditions and health of workers in upstream stages of the value chain.	short and medium term
S2	negative impact	upstream	Human rights violations in the form of child/forced labour could occur in more remote, upstream stages of freenet's value chain (especially the mining and processing of raw materials for the production of ICT components/devices) with negative impacts on the living conditions and health of affected workers.	long-term
G1	negative impact	own operations	Bribery and corruption disrupt the optimising effect of the market and undermine trust in public institutions and companies. This could lead to business and economic damage.	long-term
Entity-specific disclosures	negative impact	own operations	Successful cyber attacks could damage the IT infrastructure with serious consequences for customers employees (e.g. through the loss of sensitive data).	short, medium and long term
Entity-specific disclosures	risk	own operations downstream	If materialised, the risk of cyber attacks can be associated with financial penalties/compensation payments and loss of reputation, which can lead to customer churn.	short and medium term

Material environmental impacts and risks

Climate change

Greenhouse gases, in particular carbon dioxide (CO_2), are considered to be the main cause of climate change due to their negative environmental impact. The information and communication technology (ICT) sector, in which freenet operates, causes considerable greenhouse gas emissions. These are generated both in the upstream value chain and downstream when ICT devices are used by consumers. GHG emissions from freenet's own business operations stem from transport activities, the operation of its own shops in Germany and the use of office space.

A tightening of regulatory actions for climate change mitigation could also lead to an increase in the pricing of CO_2 emissions in the ICT sector with negative consequences for freenet's entire value chain. Higher procurement prices for ICT devices and accessories and higher logistics costs could increase freenet's operating expenses and thus burden financial performance indicators.

Resource use and circular economy

By placing devices on the market in the downstream value chain (distribution and sale to customers), freenet has a share in an actual negative impact on the environment if the customer does not recycle or recover the device properly at the end of its useful life, which can be observed in some cases.

Material impacts on social aspects

Own workforce

Within the workforce, political and economic crises can have an impact on perceived secure employment and lead to psychological and physical stress. Unequal treatment and pay, a lack of development opportunities and a lack of equal access to training can reduce employee satisfaction. Harassment and violence in the workplace can have serious negative consequences for those affected and the general feeling of safety in the workplace. A lack of awareness of diversity among managers can lead to the discrimination of underrepresented groups due to implicit prejudices and have a negative impact on equality within the company. In the reporting year, two cases of discrimination were reported to freenet by employees, with negative impacts on the personal integrity of those affected. The potential and actual impacts on freenet's own worforce described above can in principle affect both employees and non-employees, which is why both groups of employees fall under the disclosures pursuant to ESRS 2. Further information on the definition of the respective group of workers can be found in sections S1-6 and S1-7.

Non-employees at freenet are exclusively workers from placement and leasing. These are mainly non-employees in logistics and on-site IT support. Insofar as potential impacts on own workforce materialise, they tend to occur in isolated cases or in connection with individual incidents.

Severe human rights violations such as human trafficking, forced labour or child labour are prohibited by law in Germany. freenet operates exclusively in Germany and must comply with applicable laws and regulations. In freenet's own workforce, there are neither geographical nor technical areas of operation that are subject to a materiality risk of cases of child labour or forced labour. Accordingly, the exposure of freenet's own workers in this regard is low.

freenet's transition plan for climate change mitigation so far only covers Scope 1 and Scope 2 emissions and focusses on reducing negative impacts on the environment. Due to freenet's business model, the plans and actions outlined therein to reduce CO_2 emissions have neither significant negative nor positive impacts on freenet's workforce. As part of the double materiality assessment, women were identified as a group of people among freenet's own workers who are or could be more affected by certain negative impacts.

Workers in the value chain

The ICT sector, which includes freenet AG and its business activities, requires the use of so-called critical raw materials as well as subcomponents for mobile devices, transmission infrastructures and accessories from international suppliers. The labour-intensive processes upstream of freenet's own value creation, such as the mining of mineral raw materials for component production, the manufacture of preliminary products for and the final assembly of electronic devices, are mostly geographically located in developing and emerging countries. According to publicly available information, there is a widespread high risk of human rights violations in these countries, which can have negative impacts on the workers involved in the activities described above. These can occur due to precarious working conditions and, in the worst case, involve severe human rights violations such as forced and child labour. According to publicly available information, children, who are considered particularly vulnerable in terms of human rights violations, are often used in the extraction of raw materials in particular. Value chain workers in the described activities of freenet's upstream value chain are therefore covered by the ESRS 2 disclosures.

In line with its corporate culture, freenet pays attention to the protection of human rights and natural resources along the supply chains. freenet AG and its affiliated companies must act in accordance with the applicable laws and endeavour to comply with internationally recognised human rights and environmental standards. In view of the importance of the supply chain for the business model, freenet AG also places corresponding requirements on its suppliers, service providers and other business partners, specified in the Policy Statement on the protection of human rights and the Supplier Code of Conduct.

Material impacts and risks in relation to IT/cyber security

The impacts and risks for employees, consumers and end-users identified as part of freenet's materiality analysis result from the increasing number of cyber attacks to which companies in the information and communications industry are also exposed. These risks are therefore closely linked to freenet's business model and are addressed as part of the IT strategy.

Cyber attacks on customer and sales portals, company-specific apps or the corporate infrastructure in general represent significant business model-related risks for companies in the information and communications industry. These risks include the possible failure of IT service portals, sanctions and fines as well as the associated loss of trust and reputation among important stakeholder groups such as customers. When conducting the materiality analysis, no differentiation was made between different customer groups, as freenet believes that no group is exposed to a greater risk of damage due to the homogeneity of the customer base.

In view of the increase in the number of cyber attacks in recent years, it cannot be completely ruled out that security vulnerabilities may be deliberately created or exploited by third parties, resulting in the leakage of relevant company data, including personal customer and employee data.

Material impacts on governance aspects

Corruption and bribery fundamentally disrupt market mechanisms and can undermine trust in public institutions and companies, which can lead to business and economic damage and loss of reputation. Corruption and bribery are prohibited by law in Germany. Compliance with legal requirements is to be ensured by the Internal Audit and Compliance units or via the Compliance Management System and is carried out independently of the operating business.

The material impacts and risks identified as part of the materiality analysis for the 2024 reporting year have not had any influence on freenet's overarching corporate strategy and business model as a digital lifestyle provider to date and are not expected to do so in the future. Nevertheless, freenet intends to strengthen its focus on sustainability within the existing basic strategic orientation and business model. To this end the new Executive Board function "Human Resources and ESG" was established in 2023.

The assessment of the identified risks and opportunities in the context of financial materiality was predominantly qualitative. No current financial impacts on the financial position, results of operations or cash flows were identified. There is no significant risk of a material adjustment to the carrying amounts of assets or liabilities of freenet AG for the 2025 financial year. Risks identified as part of the double materiality assessment were transferred to the risk management system.

Resilience of strategy and business model

freenet conducted a climate risk and opportunity analysis in the reporting year to identify short-, medium- and long-term material climate risks that could negatively impact freenet's economic activities. The results of the qualitative resilience analysis demonstrate the resilience of freenet's corporate strategy and business model to the main physical and transitory climate risks to be overcome (see explanations below). In addition, freenet also assumes a fundamental resilience with regard to the other impacts and risks identified as material in the short, medium and long term, in accordance with the findings of the materiality analysis.

In the second half of 2024, freenet carried out a comprehensive climate risk and opportunity analysis in accordance with the CSRD and ESRS regulations. For each material climate-related risk identified, it was explained whether it is a climate-related physical risk or a climate-related transition risk.

The scope of the resilience analysis, which was carried out as part of the climate risk and opportunity analysis, covered freenet's total business activities as well as the upstream and downstream value chain. Material physical risks and transition risks were not excluded from the analysis.

Critical assumptions were considered, particularly with regard to the pricing of CO_2 emissions and the resulting risks for freenet. Critical assumptions were also made in the areas of law and politics, technology and the market. The critical assumptions described in the Net Zero Scenario of the International Energy Agency (IEA) and taken into account in the 2024 resilience analysis have no relevant effects on the macroeconomic trends and energy consumption relevant to freenet.

The resilience analysis analysed freenet's adaptation and mitigation actions to the gross risks identified in the climate risk and opportunity analysis and thus determined freenet's resilience in relation to these risks. Short-term (until 2030), medium-term (until 2040) and long-term (until 2050) time periods were defined, which were used both for the identification of material risks and transition risks as well as for the definition of emission reduction targets.

Climate change mitigation actions and means (see E1-3) were included in the analysis and taken into account in a separate net assessment of the Risks. To this end, the identified risks were assessed taking into account the expected future climate change mitigation actions and funds.

Overall, the resilience analysis shows that freenet's business model has good resilience to physical and transitory climate risks. A material transitory gross risk was identified on the basis of the scenario analysis. In the medium and long term, there is a risk of higher costs due to the increase in the pricing of CO_2 emissions, which could lead to rising prices for purchased products and energy (including electricity and fuels). This risk can be significantly reduced by the planned mitigation actions, such as the further switch to renewable energy and the electrification of the vehicle fleet.

The resilience analysis takes into account future developments, which are inherently subject to uncertainty (for example, the development of Scope 3 emissions). No high-risk assets and business activities were identified that should have been taken into account when determining the company's strategy, its investment decisions and its ongoing and planned climate change mitigation actions.

The analysis shows that freenet's business model is only slightly affected by the progression of climate change or by the actions taken to mitigate it. Accordingly, access to financing at reasonable capital costs is not expected to be affected by this in the future.

Impacts, risk and opportunity management

Double materiality assessment (IRO-1)

freenet has conducted a double materiality assessment for the 2024 financial year in accordance with the requirements set out in ESRS 1 to determine its material impacts, risks and opportunities in relation to environmental, social and governance aspects. As this is the first year of reporting in accordance with the CSRD, no procedural changes compared to the prior year are presented. freenet will review the results of the initial materiality analysis annually and will update the material topics if necessary.

Principles, methodologies and assumptions

Material impacts, risks and opportunities were identified in accordance with the principle of double materiality set out in ESRS 1, taking into account the materiality of impacts on the environment and society as well as the financial materiality that may result from risks and opportunities. Applying the value chain reporting policy, freenet has included its business activities as well as upstream and downstream value chain activities in the analysis. In addition, publicly available information and studies – for example from NGOs – were used. Due to the great importance of involving stakeholders, freenet asked important stakeholder groups (e.g. Supervisory Board, Works Council, employees, investors and suppliers) about their views on sustainability issues relevant to freenet and used the responses to validate its own results. The results of the external stakeholder survey essentially confirmed these and did not lead to an adjustment of the results of the materiality analysis.

In determining the impacts, risks and opportunities and their subsequent assessment, freenet followed the “top-down” approach. Accordingly, these were defined from a Group perspective. To apply the valuation methodology, freenet also made specific assumptions, in particular with regard to the nature of the impacts, risks and opportunities under consideration and their valuation characteristics. This concerns, for example, the differentiation between potential and actual impacts or the definition of the individual assessment levels for the characteristics of scale, scope and irremediability, each on a range from 1 (lowest assessment) to 5 (highest assessment).

Process of the double materiality assessment

freenet has divided the double materiality assessment procedure into a multi-stage process and closely orientated itself to the process steps outlined in EFRAG’s Implementation Guidance 1 (Materiality Assessment)..

The first step involved analysing the context of freenet’s own business activities in the “Mobile Communications” and “TV and Media” operating segments as well as freenet’s upstream and downstream business relationships and value creation stages with regard to relevant sustainability topics. The target was to create a uniform understanding among the internal experts involved in conducting the materiality analysis.

Taking into account relevant business areas, processes and product groups, freenet-specific value chain activities were defined, analysed, grouped and assigned to the respective value chain activities/stages. Activities, resources and relationships that freenet uses to provide its products or services were taken into account, from conception to delivery, including the utilisation phase by the customer through to the treatment of products at the end of their service life. Reporting on the value chain of the freenet peer group also served as industry-specific orientation. The (potential) geographical location of each cluster in the upstream and downstream value chain was researched. With regard to freenet’s direct contractual relationships (1st stage of the value chain), freenet focussed on the actual geographical location of its business partners. For more distant stages – such the extraction of raw materials – the raw materials contained in mobile devices and transmitters and the regions in which they are typically extracted were taken as a basis. An initial analysis of potentially critical sustainability issues per activity along the value chain based on this was later used as the basis for determining potential and/or actual impacts, risks and opportunities.

Step two comprised the broad analysis of a large number of sustainability topics, the consolidation of the topics with regard to their relevance for freenet (initial topic prioritisation) and the formulation of the impacts, risks and opportunities to be assessed along the freenet value chain. Potential and actual, negative and positive impacts were categorised thematically, in terms of time and by specifying the stakeholder group affected and their location in the freenet value chain along the list of sustainability matters covered in topical ESRS (see ESRS 1, Appendix A) as well as other entity-specific disclosures. The resulting list of potential impacts served as the basis for the assessment of impacts and for the evaluation of potential related dependencies that could give rise to risks and opportunities. Sustainability-related risks and opportunities were thus identified in a step downstream of the impact analysis. Just as the impacts were determined, potential risks and opportunities were also identified along the list of sustainability matters covered in topical ESRS and other entity-specific aspects. In the financial materiality analysis, freenet took into account previously identified general financial risks from its risk inventory, assessed sector-specific ESG risks in accordance with the SASB standard and also discussed possible risks and opportunities that are not directly related to its identified impacts. In addition to specifying the dependencies on resources or relationships, the respective stakeholder group affected, the time frame (short, medium or long term) and the location in freenet's value chain (upstream, own operations, downstream), the aspect of freenet's net assets, financial position and results of operations or cash flow situation on which the identified risks and/or opportunities could have a material impact was evaluated.

The analysis to determine the sustainability topics, impacts, risks and opportunities relevant to freenet included extensive literature and desktop research, which, based on freenet's previous sustainability reporting in accordance with CSR-RUG, included peer group reporting, results of relevant ESG ratings (e.g. customer surveys), ESG reports (e.g. MSCI) and industry reports as well as relevant studies and statistics. To analyse environmental and social impacts, risks and opportunities, freenet also drew on scientifically validated databases (e.g. ENCORE tool or CSR Risk Check) and used relevant EU frameworks (e.g. European Pillar of Social Rights, Circular Economy Action Plan). The members of the Executive Board (in particular the ESG Board) as well as specialist departments (e.g. Human Resources, Group Facilities, Risk Management, Legal) and internal experts with a sustainability focus (e.g. ESG Management, ESG Controlling, ESG Reporting) were involved in the analysis through interviews, discussions and consultations. The identification and assessment of impacts, risks and opportunities was focussed on by a specially formed interdisciplinary working group made up of internal representatives for the respective stakeholders (CHRO, HR, Compliance, Risk Management, ESG Reporting, ESG Controlling and ESG Management) with a high level of expertise in the area of sustainability and the company's activities. The committee was later transferred to the ESG Committee.

In step three, an assessment scheme with objective ranges and suitable materiality thresholds was defined and finally the assessment of impacts, risks and opportunities was carried out by the members of the working group as part of a workshop. The valuation results were then validated. In particular, it was considered whether the assessment had been carried out consistently. Inconsistencies and critical points were discussed again and corresponding adjustments to the assessment were made. In addition to this internal validation of the valuation results, an external validation was also carried out based on a survey of important stakeholder groups on the relevance of sustainability matters for freenet's business model and value chain.

As part of the double materiality assessment in accordance with ESRS 1, negative impacts and risks for the 2024 financial year were assessed as material. The final valuation results of the materiality analysis of impacts, risks and opportunities, including the defined thresholds for determining materiality, were approved by the ESG Committee and subsequently presented to the ESG Board as a recommendation. The ESG Board accepted the ESG Committee's recommendation to use the identified material impacts and risks and the material topics derived from them as the basis for sustainability reporting 2024.

In addition to the ESG Board, the Audit Committee of freenet AG's Supervisory Board and freenet's Works Council were informed about the procedure for conducting the materiality analysis and notified of the results for the 2024 financial year.

Assessment scheme and thresholds

Actual impacts were assessed in terms of their severity based on the scale and scope specified in the ESRS and, in the case of negative impacts, also in terms of their irremediability. Potential impacts were also assessed in terms of their likelihood of occurrence. The above-mentioned characteristics were each assessed on a range from 1 (lowest assessment) to 5 (highest assessment). The threshold for the materiality of actual impacts was set at ≥ 8. Actual impacts were therefore considered material if the additive combination of the scores for each evaluation criterion resulted in a valuation result of eight or higher.

In the case of potential impacts, freenet formed an average value from the three scored characteristics for the severity, which was compared with the probability of occurrence in a matrix. In addition, combinations were defined that determine the materiality of potential impacts. In accordance with the requirements of ESRS 1, in the case of negative impacts, it was taken into account on the one hand that each of the three characteristics (scale, scope and irremediability) can make a negative impact severe. On the other hand, in the case of possible negative impacts on human rights, the severity of the impacts was prioritised over likelihood by assessing scale and irremediability accordingly higher. As freenet classifies all material impacts as equally significant, negative impacts are not prioritised on the basis of their relative severity and probability of occurrence.

Risks and opportunities were assessed by freenet in terms of their probability of occurrence (likelihood) and the magnitude of their potential financial effects (magnitude of financial effects), each on a range from 1 (lowest assessment) to 5 (highest assessment). The combination of the probability of occurrence and the magnitude of potential financial effects resulted in the Total valuation result, which was transferred to the risk matrix of freenet. The threshold for financial materiality was determined based on the risk categories used in freenet's Enterprise Risk Management (ERM) (low, medium, high). In relation to the underlying valuation model, a threshold of ≥ 3 means that risks and opportunities with a valuation result of 3 or higher are financially material and the resulting topics lead to a reporting obligation for freenet. The Materiality Threshold ≥ 3 corresponds to the risk category "high" in the freenet ERM system.

Sustainability risks have not been prioritised in comparison to other types of risks. The prioritisation of sustainability risks follows the methods used within risk management.

Identification and assessment of climate-related impacts, risks and opportunities (E1 IRO-1)

Information on the procedure for the identification and assessment of climate-related impacts can be found in Section E1-6.

freenet used a scenario analysis to identify and assess physical and transitory climate risks. The analysis covered short (up to 2030), medium (up to 2040) and long-term (up to 2050) periods in order to gain a comprehensive understanding of both the immediate and future climate impacts. A screening was also carried out to determine which freenet assets and business activities could potentially be exposed to climate risks and transition events.

In comparison with freenet's strategic planning period, the short-term period up to 2030 was determined. Overall, the time periods were selected in such a way that the lifespan of the assets as well as the capital allocation plans were included in this decision. The medium and long-term time horizons were also selected in line with the relevant political aspirations, such as the European Union's net zero strategy for 2050.

The analysis of physical risks was based on climate projections from the latest Intergovernmental Panel on Climate Change (IPCC) Assessment Report. freenet focused on the high emissions scenario SSP5-8.5, as it contains the most pronounced physical risks and thus the most severe physical climate risks are included in the analysis. This scenario analyses climate hazards such as temperature, wind speed and precipitation that can impact freenet's assets. freenet has defined each climate hazard used and applied scientific thresholds to determine when these hazards are severe enough to cause material damage to the company.

The physical risk analysis included two main components: Exposure assessment and vulnerability assessment. freenet has conducted a site-specific analysis using geo-coordinates to compare climate projections with pre-defined thresholds for each hazard considered. freenet has assessed the vulnerability of its operations at each analysed site to determine whether the occurrence of a hazard could significantly impact operations. A gross physical risk is identified when a site is both exposed to a particular hazard and susceptible to its impacts. This approach has ensured that freenet has effectively identified and can manage potential risks. No material physical climate hazards have been identified.

For transitory risks, freenet has analysed the impacts of transition events on business activities along the supply chain, its own operations and customer interactions. The analysis considers a 1.5-degree scenario and integrates sector-specific data and macroeconomic variables to assess the business implications. This assessment supports freenet in understanding the potential financial and operational impacts of the transition to a low-carbon economy. freenet has used the IEA's Net Zero Emissions Scenario as described in the World Energy Outlook (WEO) 2023. This scenario supports the target of the Paris Agreement to limit the global temperature increase to 1.5 degrees. freenet has integrated key factors such as CO_2 emissions and fossil fuel prices from the IEA as well as sector-specific analyses from the WEO. No assets and business activities were identified in the course of the scenario analysis that are not compatible with the transition to a climate-neutral economy. Uncertainties regarding transition events may arise from the assumptions made, which go beyond the currently foreseeable political agenda and can currently only be modelled based on assumptions.

The 2024 annual financial statements of freenet do not contain any critical climate-related assumptions.

Identification and assessment of impacts, risks and opportunities related to pollution (E2 IRO-1)

As part of the overarching materiality analysis process (see IRO-1), freenet AG has reviewed its own business activities in order to identify actual and potential impacts, risks and opportunities in its own business area as well as in the upstream and downstream value chain. Both freenet's sites and business activities were analysed for potential sources of environmental pollution. No indications of materiality environmental pollution can be derived from freenet's business model and business activities, therefore a specific site analysis was not necessary. Affected communities were not consulted.

Identification and assessment of impacts, risks and opportunities related to water and marine resources (E3 IRO-1)

As part of the overarching materiality analysis process (see IRO-1), freenet AG has reviewed its own business activities in order to identify actual and potential impacts, risks and opportunities in its own business operations and in the upstream and downstream value chain. To this end, the business activities were analysed with regard to relevant water consumption. According to this analysis, freenet's business model does not provide any indications of material impacts on water and marine resources in its own business area or in the value chain, so no specific analysis of assets or individual activities was carried out. Affected communities were not consulted.

Identification and assessment of impacts, dependencies risks, and opportunities related to biodiversity and ecosystems (E4 IRO-1)

In order to identify material impacts, risks and opportunities in connection with biodiversity and ecosystems, freenet has carried out a simplified procedure based on the LEAP approach of the Taskforce on Nature-related Financial Disclosures (TNFD) for its own business area as part of the overarching double materiality assessment process (see IRO-1). In the first step, the actual and potential impacts on and dependencies on biodiversity and ecosystems were identified for the following clusters, taking into account the local conditions of the sites and business activities:

Sales locations (incl. franchises and external sales areas)

freenet has around 500 shops across Germany, consisting of its own branches and franchise partners. The retail space is leased. In addition to its own shops, freenet is represented throughout Germany with smaller sales areas in Media-Markt-Saturn stores.

Administrative locations, warehouses and data and computer centres

freenet rents office space at various sites. freenet has its own office buildings at two sites and its own storage space and data centre at one site each.

Transmission infrastructure

In order to provide its TV and radio services, Media Broadcast GmbH rents technical and antenna space at over 750 sites from a specialised infrastructure service provider/developer in order to install active and passive transmission systems (or transmission infrastructure) for the broadcasting of TV/radio signals. Most of the sites are existing locations such as radio towers or radio masts, although rooftop sites are also rented in some cases. In addition to the rented technical and antenna sites, Media Broadcast GmbH has ten owned or leased properties with passive and partly active broadcasting infrastructure, seven of which have already been decommissioned.

In the second step, potential impact drivers on biodiversity loss and ecosystem services were evaluated. Based on the impacts evaluated, physical, transitional and systemic risks and opportunities were also identified and analysed as part of the overarching process in the final step (see also IRO-1 “Principles, methods and assumptions”). The analysis carried out did not identify any material impacts, risks, dependencies and opportunities in connection with biodiversity and ecosystems. No separate consultations were held with affected communities as part of the process.

For the transmission infrastructure cluster, sites located in or near biodiversity-sensitive areas were identified based on information on all sites (not limited to infrastructure leased from freenet) provided by the specialised infrastructure service provider/developer. The sites provided by the infrastructure service provider are located in various spatial areas, including urban centres and agricultural areas. According to the service provider, a small proportion of 12.4% (2023) are located in areas that are worthy of protection for biodiversity, including 2.5% of sites in Natura 2000 areas.

Of the ten properties owned by the broadcasting infrastructure, a total of three (two of which are still in operation) are located in areas worthy of protection. freenet has rented or a few of its own sites in the area of the transmission infrastructure that are located in or near biodiversity-sensitive areas. The analysis carried out did not identify any freenet-specific impacts or the need to take remediation measures – in accordance with the applicable policies, standards and frameworks or equivalent national provisions.

Identification and assessment of impacts, risks and opportunities related to resource use and circular economy (E5 IRO-1)

As part of the overarching materiality analysis process (see IRO-1), freenet AG screened its own business activities in order to identify actual and potential impacts, risks and opportunities in its own business area as well as in the upstream and downstream value chain. As part of this screening for the upstream value chain, particular reference was also made to publicly available information on the global smartphone market, including life cycle analyses and industry studies. Estimates were made to assess the impacts resulting from the placing on the market of devices (mainly smartphones) and possible improper recycling or recovery at the end of their useful life. These are based on freenet AG's relative share of the global smartphone market and on available information on reuse, recycling and recovery rates. For the assessment of impacts with regard to the topic "Resource inflows including resource utilisation", the identified impacts were assessed with regard to the use of resources by the smartphone industry in the overall context of the information and communications industry. No materiality was identified in this regard.

With regard to its own business activities, freenet has not consulted with affected communities. With regard to the upstream value chain, publicly available information was used to include the perspective of affected communities, which is incorporated into the implementation of the circular economy actions.

Identification and assessment of impacts, risks and opportunities related to business conduct (G1 IRO-1)

When determining material impacts, risks and opportunities in connection with business conduct, freenet AG drew on the results of the ongoing analysis of business relationships and transactions, which are an integral part of the company-wide risk management and risk-oriented compliance management system, as part of the overarching process of materiality analysis. Furthermore, possible sector-specific risks and opportunities such as regulatory developments were included in the assessment with a view to freenet AG's core business areas in the telecommunications and media sector.

ESRS disclosure requirements covered by the sustainability report (IRO-2)

freenet used the EFRAG Guidance to derive the ESRS disclosure requirements to be covered by the sustainability report in connection with the impacts, risks and opportunities assessed as material. The impacts and risks identified as material in the double materiality assessment (freenet has not identified any material opportunities) were assigned to the individual ESRS data points of the EFRAG data point list (EFRAG Implementation Guidance 3). For questions of interpretation regarding the mapping of the topics to the ESRS data points, freenet consulted the explanatory Note published by EFRAG in this regard, among others, as a working aid.

For the entity-specific topic of "IT/cyber security", freenet has based its qualitative disclosures on the structure of the topic-specific standard ESRS S4. Key figures for "IT/cyber security" were defined based on the quantitative disclosures required in the topic-specific standard G1.

With a few exceptions, freenet has omitted voluntary disclosures. These are labelled in the appropriate places as disclosures pursuant to ESRS 1.114. Disclosure requirements linked to conditions have always been reported by freenet if they apply or were applicable to freenet. Entity-specific disclosures on important sustainability matters are presented in the topic-related disclosures of this sustainability report.

Explanations of defined thresholds in the assessment of Sustainability matters can be found in section IRO-1 in this chapter.

An overview of all disclosure requirements covered by sustainability reporting and a list of data points in general and topical standards resulting from other EU legislation are shown in the notes to the non-financial group statement, which forms part of the non-financial group statement.

Environmental disclosures

Climate change (ESRS E1)

Transition plan for climate change mitigation (E1-1)

In reporting year 2024, freenet formulated a transition plan for climate change mitigation for the first time to demonstrate the extent to which freenet AG's business model is compatible with the transition to a sustainable economy. The transition plan is not comprehensive, as the emissions along the upstream and downstream value chain (Scope 3) have not yet been considered, due to the first-time measurement in reporting year 2024. The transition plan aims to reduce Scope 1 and Scope 2 emissions by more than 60% by 2030 compared to 2022 (see E1-4) and is in line with the 1.5-degree target of the Paris Agreement for these emission categories.

With regard to the GHG reduction targets for Scope 1 and Scope 2 emissions (see E1-4), the transition plan contains two main decarbonisation levers (see E1-4): (1) Electrification of the vehicle fleet and (2) Conversion of further locations to renewable energies. The levers are implemented through three actions (see E1-3) for climate change mitigation. The implementation of the transition plan does not require any significant investments on the part of freenet (see E1-3). They can also be realised entirely using freenet's own financial means. With regard to the actions, freenet does not currently have any Taxonomy-aligned CapEx or CapEx plans.

When determining the decarbonisation levers of the transition plan for Scope 1 and Scope 2 emissions, locked-in GHG emissions were identified in particular with regard to the heat supply for the various office locations and shops, as the replacement of existing heating supply systems (including heating systems and district heating) would only be possible at great expense. It is assumed that the GHG emissions of these assets will not decrease by 2030. Nevertheless, it is possible to achieve a reduction in GHG emissions for Scope 1 and Scope 2 that corresponds to the 1.5-degree target through the two decarbonisation levers contained in the transition plan (see E1-4). No transition risks could be identified in connection with the locked-in GHG emissions.

freenet has various economic activities that fall under the Delegated Regulations on climate change adaptation or mitigation under the Taxonomy Regulation (see EU Taxonomy). The activities are predominantly cross-sectional activities. freenet's core business has not yet been covered by the Taxonomy Regulation. There are currently no intentions or plans to achieve Taxonomy-alignment for the identified activities.

As a company, freenet does not fall under the criteria for exclusion from the EU Paris-aligned Benchmarks.

The alignment of the business model with the 1.5-degree target and the associated transition plan for climate change mitigation are part of freenet's ESG strategy. The decarbonisation levers identified for Scope 1 and Scope 2 emissions do not require any fundamental adjustment to the general business strategy. Accordingly, there is compatibility between the formulated transition plan and the business strategy, without taking Scope 3 emissions into account. The costs of implementation are taken into account in the ongoing financial planning.

The transition plan was discussed by the ESG Committee in the reporting year, approved by the Executive Board and presented to and discussed by the Supervisory Board.

The progress made in implementing the transition plan can be found in the explanations on the actions.

Policies (E1-2)

In 2024, a guideline was implemented in the form of the E-Car-Policy, which essentially regulates the procurement, the conditions for the purchase and the use of company cars and company vehicles. The aim of the policy is to electrify the vehicle fleet in order to reduce the harmful effects on the climate resulting from the operation of a combustion-orientated vehicle fleet. The directive thus pursues climate change mitigation. The areas of adaptation to climate change, energy efficiency and the use of renewable energies are not covered by the policy. It applies to all permanent employees of the Group who are entitled to a company car and also includes the procurement of pool cars and commercial vehicles. The Chief Human Resources and ESG Officer (CHRO) is centrally responsible for implementing the policy, which is approved by the full Management Board. The policy was published on the intranet and thus made generally accessible to employees. The employees responsible for ordering vehicles were involved in the development of the guideline and were informed of the final guideline by email by the CHRO after the final decision was made and instructed to implement it.

As part of compliance audits, company guidelines are the subject of audits by Internal Audit.

Actions and resources (E1-3)

The main climate change mitigation actions to achieve the climate-related targets of the policies are the electrification of the vehicle fleet (Scope 1) and the further switch to renewable energies (Scope 1 and 2). The associated measures also represent the two decarbonisation levers in the transition plan for climate mitigation (see E1-1). In addition, a photovoltaic plant was installed at one of the company's own logistics sites.

Electrification of the vehicle fleet (lever 1)

The action "Electrification of the vehicle fleet" aims to convert the vehicle fleet, which has so far been predominantly powered by combustion technology, to electric vehicles in order to almost completely reduce climate-damaging GHG emissions from the combustion of fuels (Scope 1). The changeover affects the Group's company and pool vehicles as well as its service vehicle fleet. This action will be implemented gradually and should be almost completely finalised by the end of 2030 (time horizon of the transition plan). Only a small part of Media Broadcast's service vehicle fleet will not be able to be converted by then, as no adequate electrically powered vehicle alternatives are yet available. Based on the base year of the transition plan for climate mitigation (2022), this action is expected to reduce GHG emissions from the combustion of vehicle-related fuels (Scope 1) by around 97% (2,076.3 t CO_2eq) by 2030. Based on this initial value, a reduction of 144 t CO_2eq was achieved by the end of 2024.

Conversion to renewable energies for electricity procurement (lever 2a)

Before the reporting year, freenet already purchased electricity from renewable sources at the majority of the company locations (base year: 97.5%). To further reduce GHG emissions from electricity procurement (Scope 2), the remaining locations (including transmission sites and administrative locations) are also to be converted to renewable energies. Based on current knowledge, it will not be possible to make the switch at individual locations, as freenet obtains the electricity there via the landlord and has no direct control over the type of electricity contract. Accordingly, the transition plan for climate mitigation does not assume a complete conversion of all locations. Starting from the base year (2022), GHG emissions from electricity procurement (Scope 2) are expected to be reduced by around 60% (707 t CO_2eq) by 2030 at the latest. Based on this baseline value, a reduction of 693 t CO_2eq was achieved by the end of 2024.

Replacement of an oil heating system to renewable energies (lever 2b)

In the reporting year, it was decided to replace the existing oil-fired central heating system at the Nauen site with a heating system that runs on renewable energies. The action is to be implemented by the end of 2028 at the latest and aims to reduce climate-damaging GHG emissions from the combustion of heating oil (Scope 1). This was assumed accordingly in the transition plan for climate mitigation. Starting from the base year (2022), this action is expected to result in a corresponding reduction (113 t CO_2eq) in GHG emissions from the combustion of heating oil (Scope 1) by 2030.

Installation of a photovoltaic system

In addition, a photovoltaic plant with a nominal power of 99 kWp was installed on the roof of the logistics building in Büdelsdorf in the reporting year. This climate mitigation action will enable the use of self-generated electricity from renewable sources directly on site in future. However, as the site was already using electricity from renewable energy sources before the plant was built, the installation has no decarbonising effect on the GHG inventory and also does not represent a lever for the transition plan (see E1-1).

No significant CapEx and/or OpEx are required for the current and planned implementation of the actions. They can or will also be implemented entirely using internally available financial resources.

Targets (E1-4)

In 2024, freenet formulated a target for reducing its Scope 1 and Scope 2 GHG emissions for the first time, taking into account the established and planned actions (“Electrification of the vehicle fleet”, “Conversion to renewable energies for electricity procurement” and “Replacement of an oil heating system to renewable energies”) and policies (“E-Car Policy”). There is currently no target for Scope 3 emissions, as these were inventoried for the first time in the 2024 financial year. The formulated target therefore only covers the activities of freenet AG, but not the upstream and downstream value chain. The target envisages a reduction of Scope 1 and Scope 2 emissions by around 63% by 2030 in order to ensure that the corporate activities that can be directly influenced by freenet are compatible with the 1.5-degree target of the Paris Climate Agreement and to reduce the climate-related impacts on global warming. The reference year and reference value for measuring progress are the Scope 1 and Scope 2 emissions from the year 2022, which was also defined as the base year for the transition plan. The base year takes into account all future activities of freenet AG and is largely free of distorting influences resulting from the coronavirus pandemic on the greenhouse gas balance (e.g. shop closures, office vacancies due to predominantly mobile working). For the transition plan, the base year (see E1-6) is shown adjusted for the business activities of the subsidiary Gravis (cumulative Scope 1/Scope 2 effect 2022: 433.5 t CO_2eq), as the company’s operations were discontinued as of 30 June 2024. In addition, no emissions from refrigerants from the company’s own data centre are taken into account (Scope 1 effect 2022: 130.6 t CO_2eq), as it was sold in the past financial year and will be transferred to the new owner in 2025.

To derive and compare the target, freenet has calculated reference target values for Scope 1 and Scope 2 emissions based on the cross-sector reduction path for the 1.5-degree target of the Science Based Targets Initiative (SBTi) (42% reduction by 2030). SBTi is an organisation that supports companies in setting science-based climate targets. The SBTi’s targets are widely accepted and considered “science-based”. The SBTi methodology is subject to inherent uncertainties regarding the underlying scientific evidence and forward-looking assumptions on the reduction of greenhouse gas emissions required to achieve the 1.5-degree target. The SBTi methodology published in 2021 is currently being revised. More recent scientific findings on the course of climate change could lead to a change in the SBTi methodology and the assessment of whether the ambition level of the targets is sufficient to limit global warming to 1.5-degree target.

The comparison of the SBTi reference target value and the freenet-specific reduction pathway based on the actions clearly shows that their implementation will achieve the 1.5-degree target for the business activities that can be directly influenced by freenet. The following table shows the reduction targets for Scope 1 and Scope 2 emissions and the respective reference target values.

Table 32: Scope 1/Scope 2 emissions reduction target

in t CO_2eq or as indicated	Scope 1/Scope 2 emissions	Reduction vs. base year	Scope 1 emissions	Reduction vs. base year	Scope 2 emissions	Reduction vs. base year
2022 (base year/value)	4,576.4		3,178.4		1,398.0	
2030 (target year/value)	1,679.5	– 63%	988.5	– 69%	691.0	– 51%
2030 (SBTi reference value = base value minus 42%)	2,654.3	– 42%	1,843.5	– 42%	810.8	– 42%

The targets are gross targets, i.e. no removals of greenhouse gases are assumed. The stated targets relate entirely to Scope 1 and Scope 2 emissions, which are mapped in the greenhouse gas balance in accordance with the GHG Protocol and taking into account operational control (see E1-6). The greenhouse gas target for Scope 2 emissions is based on the market-based method. With regard to the future development of greenhouse gas emissions (Scope 1 and Scope 2), it is assumed that there will be no significant expansion in the target period. Although business development over the next few years assumes relevant customer growth, this is not accompanied by an expansion of administrative and sales structures (e.g. increase in the number of shops) or entry into new business areas. Targets were set internally and external stakeholders were not involved. The targets were not validated externally.

To achieve the GHG emission reduction targets, freenet has identified two decarbonisation levers: (1) Electrification of the vehicle fleet and (2) Conversion of further locations to renewable energies. Electrification of the vehicle fleet relates to the Scope 1 emissions reduction target and is expected to lead to an estimated reduction of 2,076.3 t CO_2eq (lever 1). The emissions reduction target is linked to the E-Car Policy (see E1-2). The further conversion to renewable energy relates to both the Scope 1 and Scope 2 emissions reduction target and is expected to lead to an estimated reduction of 821.0 tonnes of CO_2eq (lever 2a + 2b). The introduction of new technologies was not taken into account. Different climate scenarios were not assumed when determining the decarbonisation levers. Only the impacts of switching to sustainable or emission-free alternatives in the areas of vehicle fleet and electricity and heat supply were used as the basis for setting the targets.

Table 33: Decarbonisation levers

	t CO_2eq
Base value 2022: Scope 1+Scope 2 (excluding Gravis business activities/own data centre refrigerant emissions)	**4,576.4**
Scope 1 and Scope 2 expansion through corporate activities 2022-2030	0.0
Lever 1: Electrification of the vehicle fleet (Scope 1)	– 2,076.3
Lever 2a: Conversion to renewable energies for electricity procurement (Scope 2)	– 707.0
Lever 2b: Replacement of an oil heating system to renewable energies in Nauen (Scope 1)	– 113.6
Target value 2030	**1,679.5**
Target value 2030 in line with 1.5 degree target	2,654.3

Compliance with the planned target is monitored and reviewed by the Head of Human Resources and ESG. In this regard, the annual reduction in Scope 1 and Scope 2 emissions assumed in the transition plan is compared with the actual emissions from the greenhouse gas balance for the year in question (annual progress measurement). Actions are discussed with the responsible departments in the event of materiality deviations from the expected value. In 2024, the relevant emissions (adjusted for Gravis' business activities and emissions from refrigerants from the own data centre) were reduced by 26% (1,191 t CO_2eq) compared to the base year, which is in line with the planned progress.

Energy consumption and mix (E1-5)

The total consumption of energy at freenet AG is made up of the consumption of fuel for the vehicle fleet as well as electricity and heating energy.

Table 34: Energy consumption and mix

in MWh	2024	2022 (base year)
Total energy consumption	**83,665.8**	**87,714.2**
Total fossil energy	**16,548.8**	**19,205.3**
Share of fossil sources in total energy consumption	19.8%	21.9%
Total energy consumption from nuclear sources	**0.0**	**367.9**
Share of consumption from nuclear sources in total energy consumption	0.0%	0.4%
Total renewable energy consumption	**67,117.1**	**68,141.1**
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	67,117.1	68,141.1
Consumption of self-generated non-fuel renewable energy	0	0
Share of renewable sources in total energy consumption	80.2%	77.7%

Heating fuel consumption (Scope 1)

A consumption-orientated approach is used to determine the fuel consumption of freenet's own vehicle fleet. The litres of fuel consumed (diesel and petrol) are recorded directly using fuel cards. Conversion factors are used to translate the consumption data from litres to kilowatt hours. The approach for determining fuel consumption has no significant limits or estimation uncertainties, as fuel consumption is based on actual consumption and completeness is ensured by automatic recording using fuel cards. The input variables are based exclusively (100%) on primary data. The annually updated data from the Department for Environment, Food & Rural Affairs (DEFRA) is used as conversion factors (diesel average biofuel blend, petrol average biofuel blend). The key figures have not been validated by an external body.

Heating (Scope 1) and electricity consumption (Scope 2)

freenet AG uses a hybrid approach to determine electricity and heat consumption and the resulting emissions. In some cases, the actual consumption of sites is recorded, while in other cases a projection of consumption data is used. In some cases, heat consumption is billed using energy units (e.g. for properties with several parties), which must be converted into consumption units (primarily kilowatt hours). In the retail environment, the calculation is based on historical average consumption per sales area unit (square metre) and a corresponding projection of the rented space per heating source. Estimation uncertainties always arise if the energy source is not known. In these cases, appropriate assumptions must be made. Primary data share is 100% for determining the energy consumption of the office and broadcasting sites. The energy consumption of a shop, which is multiplied by the respective rented space, is based on historical average data. With regard to the rented space, freenet AG relies entirely (100%) on primary data. Regarding the average consumption per unit of space in the retail chain, the proportion of primary data is 31.5%. The key figures were not validated by an external body.

Due to limited data availability, fuel consumption from biomass is not reported.

Gross Scope 1, 2 and 3 and total GHG emissions (E1-6)

To become aware of the effects on its climate and ensure transparency, freenet calculates its GHG emissions (carbon footprint). In addition to Scope 1 and Scope 2 emissions, this also includes the relevant Scope 3 emissions in the value chain. The principles, requirements and guidelines of the Greenhouse Gas (GHG) Protocol (as amended in 2004) are taken into account within the scope of the GHG accounting. In order to compare the impact of the various greenhouse gases with each other and summarise them in a metric, they are converted into CO_2 equivalents (CO_2eq) using the global warming potential (GWP), which standardises the climate impact of all greenhouse gases to the impact in terms of CO_2.

Scope 3 emissions in category 10 were excluded from the analysis of emissions from freenet AG's value creation activities and therefore not taken into account. This category considers emissions from the processing of products sold. In accordance with the GHG Protocol, category 10 refers to indirect GHG emissions that arise when products sold are further processed or converted by third parties before they reach the end consumer (customer). There are no such activities in the downstream value chain of freenet AG.

For the disclosures in accordance with ESRS E1-6.AR 48 (milestones and targets), please refer to the comments on the transition plan (see E1-4).

Table 35: Gross scope 1, 2 and 3 and total GHG emissions

in t CO_2eq	2024	2022_ (base year)
Scope 1 GHG emissions		
Gross GHG emissions Scope 1	3,215.0	3,516.4
Scope 2 GHG emissions		
Gross GHG emissions Scope 2 (location-based)	25,960.4	29,739.4
Gross GHG emissions Scope 2 (market-based)	512.1	1,624.1
Scope 3 GHG emissions		
Total gross indirect (Scope 3) GHG emissions	76,935.5	93,028.9
Scope 3.1: Purchased goods and services	37,397.8	50,376.8
Scope 3.2: Capital goods	6,305.3	8,554.9
Scope 3.3: Fuel and energy-related activities	2,036.8	2,293.8
Scope 3.4: Upstream transportation and distribution	2,368.3	3,978.9
Scope 3.5: Waste generated in operations	0.9	1.1
Scope 3.6: Business travelling	767.9	602.7
Scope 3.7: Employee commuting	5,018.1	5,527.8
Scope 3.8: Upstream leased assets	47.8	62.5
Scope 3.9: Downstream transportation	121.2	112.6
Scope 3.11: Use of sold products	15,947.3	13,276.8
Scope 3.12: End-of-life treatment of sold products	468.8	644.1
Scope 3.13: Downstream leased assets	1,745.5	1,551.4
Scope 3.14: Franchises	1,270.8	1,399.4
Scope 3.15: Investments	3,438.9	4,646.3
Gross GHG emissions (total)		
location-based	106,110.9	126,284.6
market-based	80,662.6	98,169.3
GHG intensity		
location-based	42.8	49.4
market-based	32.6	38.4

The share of electricity and heat from renewable sources acquired in the reporting year via contractual instruments that are bundled with energy generation attributes is 100%. Only long-term electricity contracts were used for this purpose. Beyond that, freenet AG did not acquire any electricity with contractual instruments with unbundled attributes for energy generation.

There were no significant events or changes with regard to greenhouse gas emissions at companies in the Value chain whose data is included with a financial year that differs from freenet's (Ceconomy AG).

Due to the fact that the emissions of freenet AG (Scope 1 and Scope 2) and those of the upstream and downstream value chain (Scope 3) were collected and reported in this form for the first time in the reporting year, there are no material changes in definitions or methods that could limit comparability.

Scope 1: Fuel consumption

A consumption-oriented approach is used to determine the emissions from fuel consumption of freenet AG's own vehicle fleet. The litres of fuel consumed (diesel and petrol) are recorded directly using fuel cards. Conversion factors are used to translate the consumption data into GHG emissions. The annually updated DEFRA data are used as conversion factors. The approach for emissions from fuel consumption has no materiality limits or estimation uncertainties, as fuel consumption is based on actual consumption and completeness is ensured by automatic recording using fuel cards. Furthermore, the calculation is based entirely (100%) on primary data. The key figures have not been validated by an external body.

Scope 1 and 2: Heat consumption (Scope 1) and electricity consumption (non-renewable electricity, Scope 2)

freenet AG uses a hybrid approach to determine electricity and heat consumption and the resulting emissions. In some cases, the actual consumption of sites is recorded and in other cases, a projection of consumption data is made. In some cases, heat consumption is billed using energy units (e.g. for properties with several parties), which must be converted into consumption units (primarily kilowatt hours). In the retail environment, the calculation is based on historical average consumption per sales area unit (square metre) and a corresponding projection of the rented space per heating source. Estimation uncertainties always arise if the energy source is not known. In these cases, appropriate assumptions must be made. The primary data share is 100% for the determination of emissions from office and transmission sites. Energy consumption and emissions of a shop, which are multiplied by the respective rented space, are based on historical average data. With regard to the rented space, freenet AG relies entirely (100%) on primary data. With regard to the average emissions per unit area of the retail chain, the proportion of primary data is 31.5%. Conversion factors are used to translate the consumption data into greenhouse gas emissions. The annually updated data from the Federal Environment Agency ("Development of the specific greenhouse gases emissions of the German electricity mix"; CO_2 emission factor electricity mix) are used as conversion factors. Conversion factors for heat consumption per energy source (gas, oil and district heating) are based on the annually updated data from DEFRA. The key figures have not been validated by an external body.

Scope 3.1: Purchased goods

Methodologically, the data collection is based on product-specific Life cycle analysis (LCA) data from hardware manufacturers (Product-Level Method, corresponds to the Supplier-Level Method of the GHG Protocol). The LCA of a device divides the GHG footprint into the phases of (1) raw material extraction and production, (2) transport, (3) use by the customer and (4) end-of-life treatment. The footprint share of the life cycle attributable to raw material extraction and hardware production is multiplied by the quantity purchased. The method for recording emissions from purchased goods (LCA approach) also has limitations and estimation uncertainties. If manufacturers do not publish explicit data for their products, average LCA analyses of comparable product groups are taken into account. With regard to purchased goods, freenet AG relies exclusively (100%) on primary data. With regard to the emission values from the LCA analyses, the proportion of primary data is 66.5%. The key figures were not validated by an external body.

Scope 3.1: Purchased services

In terms of methodology, the data collection is essentially based on company-specific methods. For services relevant to the value chain, emissions from purchased services are largely determined on the basis of a service provider-specific greenhouse gases intensity (e.g. CO_2eq per revenues). This is multiplied by the corresponding expenses for freenet AG. The method has limits and estimation uncertainties. In some cases, the calculation is based on the previous year's data from the service providers. The freenet-specific expenses are based exclusively (100%) on primary data. With regard to the service provider-specific greenhouse gases intensities, the proportion of primary data is 99.9%. The key figures were not validated by an external body.

Scope 3.2: Capital goods

GHG emissions are calculated on the basis of the average data method (expenditure-based industry average). Capital goods are additions to the fixed assets of freenet AG. Reinvestments in leased assets (as defined by IFRS 16) are not taken into account, as the emissions generated by these assets are essentially already recognised in the Scope 1 and Scope 2 categories (e.g. the passive broadcasting infrastructure of Media Broadcast or the emissions from leased office buildings and shops). Emissions from capital goods are determined on the basis of industry-average Environmentally Extended Input-Output (EEIO) emission factors, which are multiplied by the respective investments of the main segments Mobile Communications and other as well as TV and media. The "Supply Chain Greenhouse Gas Emission Factors" of the U.S. Environmental Protection Agency are used for this purpose. As the emission factors are available in USD and are from the year 2021, the data must be converted into euros and presented adjusted for inflation. Methodological limitations and estimation uncertainties result from the fact that average output-oriented industry emission factors are used, which cannot directly reflect the emissions of freenet AG, but only correspond to an approximate value (industry average). The input variables are based exclusively (100%) on primary data. The key figures have not been validated by an external body.

Scope 3.3: Fuel and energy related activities

Emissions of fuels and energy purchased by freenet AG that are not already included in Scope 1 and Scope 2 emissions. Network losses (transmission and distribution losses) resulting from the purchase of electricity and district heating are taken into account, as are emissions from the upstream transport of fuels from the source to the tank (well to tank). Greenhouse gas emissions from fuel and energy activities result from all upstream chain emissions of the energy sources from Scope 1 and 2 (electricity, district heating, fuel). The method for recording emissions from fuel and energy activity also has limitations, as the calculations are based on average values. The determination of emissions from fuel and energy activity is based exclusively (100%) on primary data. The annually updated DEFRA data is used as a conversion factor for grid losses from district heating and fuel activity. For electricity grid losses, the share of grid losses in total electricity consumption in Germany is used, which averages 6% ("Grid losses", Federal Statistical Office, Bilanz – Monatsbericht über die Elektrizitätsversorgung, June 2024). The key figures have not been validated by an external body.

Scope 3.4: Upstream transportation and distribution

The method used to determine the emissions for purchased goods (transport from the manufacturer/distributor to freenet AG) is based on the product-specific Life cycle analysis (LCA) data from hardware manufacturers (Product-level Method, corresponds to the Supplier-level Method of the GHG Protocol). The GHG footprint share of the life cycle attributable to the transport and packaging of the hardware is multiplied by the quantity purchased. In addition, the Scope 3.4 category takes into account all emissions from transport from freenet AG to the customer for cases in which the customer does not have to pay a flat-rate shipping fee (e.g. delivery in a bundle or to the freenet shop). The method for recording emissions from upstream transport (LCA approach) also has limitations and estimation uncertainties. If manufacturers do not publish explicit data for their products, average LCA analyses of product groups are taken into account. With regard to purchased goods, freenet AG relies exclusively (100%) on primary data. With regard to the emission values from the LCA analyses, the proportion of primary data is 51.7%. The proportion of shipments from freenet AG to the customer for which no flat-rate shipping fee is charged is based on an internal estimate and amounts to 78%. The key figures have not been validated by an external body.

Scope 3.5: Waste generated in operations

Methodologically, the survey is based on the waste type-specific method (waste type-specific method as defined by the GHG Protocol). It essentially takes into account the waste generated in freenet logistics (paper, plastic and commercial waste) as well as hazardous waste (electronic waste, e.g. from returned devices). Depending on the type of waste, disposal is carried out by different service providers from whom freenet AG receives weight information on the different types of waste. Depending on the type of waste, the conversion is carried out using a conversion factor specific to the type of waste. The annually updated data from DEFRA is used as the conversion factors for the emissions from waste generation. Limits or estimation uncertainties result from the fact that freenet AG has no further information on disposal by the service provider. The determination of emissions from waste generation is based exclusively (100%) on primary data. The key figures have not been validated by an external body.

Scope 3.6: Business travel

In terms of methodology, the survey of travel activities (flight, train and hotel overnight stays) is based on a hybrid calculation method. The GHG footprint from the travel activities flight, train and car hire is essentially derived from service provider-specific reports based on distance-based methods, from which the greenhouse gas effect attributable to freenet AG is directly derived. The hotel overnight stays are calculated using an emission factor per hotel overnight stay. The emission factor varies depending on the country. The DEFRA emission factors ("hotel stay") are used for the conversion of hotel overnight stays into GHG emissions. The method for recording emissions from travel activities also has limitations and estimation uncertainties, as for some countries no corresponding emission factor per hotel stay is given. In these cases, an average value is used. The number of overnight hotel stays in the various countries is based exclusively (100%) on primary data, while a primary conversion factor is used for 99.7% of overnight stays. The key figures were not validated by an external body.

Scope 3.7: Employee commuting

Methodologically, the survey is based on the distance-based calculation method. The GHG footprint from commuter traffic is calculated from the weighted footprint of an average freenet employee, which was derived on the basis of an internal mobility study (participation rate 11.2%). The key figures also take into account an employee's mobile working and working days. The DEFRA emission factor was used for mobile working. In addition, 220 working days of an employee are assumed in analogy to the calculation of holiday provisions under commercial law (HGB). The method for recording emissions from commuting also has limitations. The mobility survey must be repeated at least every three years, as a change in commuting behaviour would otherwise not be taken into account in the future (survey from October 2023). Estimation uncertainties also arise from the fact that not all eligible employees took part in the survey. Conversion factors for the various means of transport used by employees are based on the information on "Emissions in passenger transport" from the Federal Environment Agency. The input variables are based exclusively (100%) on primary data. The key figures have not been validated by an external body.

Scope 3.8: Upstream leased assets

As part of the activities in the value chain, freenet AG partially rents data centres (collocation sites). Emissions from upstream leased assets are determined on the basis of industry-average Environmentally Extended Input-Output (EEIO) emissions factors, which are multiplied by the respective reinvestments in the leased assets. The "Supply Chain Greenhouse Gas Emission Factors" of the U.S. Environmental Protection Agency are used for this purpose. As the emission factors are available in USD and are from the year 2021, the data must be converted into euros and presented adjusted for inflation. Methodological limitations and estimation uncertainties result from the fact that average output-oriented industry emission factors are used, which cannot directly reflect the emissions of freenet AG, but only correspond to an approximate value (industry average). The input variables are based exclusively (100%) on primary data. The key figures have not been validated by an external body.

Scope 3.9: Downstream transportation and distribution

Methodologically, the survey is based on the distance-based calculation method. The GHG footprint of downstream transportation and distribution results from the emissions of the shipping documents and the number of goods shipped from freenet AG to the customer or to its own retail chain (shops). In addition, the cardboard packaging required for shipping (packaging for the delivery of the goods) is taken into account. Only transports for which the customer bears the shipping costs are taken into account. The method for recording the emissions from downstream transportation and distribution also has limitations. The proportion of transports from freenet AG to the customer for which a flat-rate shipping fee is charged is based on an internal estimate and amounts to 22%. The calculation of emissions from downstream transportation and distribution is based exclusively (100%) on primary data. Service provider-specific data and the data from the Initiative Pro Recyclingpapier sustainability calculator are used as emission factors. The key figures have not been validated by an external body.

Scope 3.11: Use of sold products

Methodologically, the data collection is based on hybrid calculation models. With regard to the use of hardware, the product-specific life cycle analysis (Life Cycle Assessment – LCA) data from hardware manufacturers (Product-Level Method, corresponds to the Supplier-Level Method of the GHG Protocol) is used. The GHG footprint share of the life cycle attributable to the use of the hardware is multiplied by the quantity sold. The emissions from the use of the IPTV platform “waipu.tv” are also taken into account. This is approximated using studies on media usage in Germany, a corresponding emission factor for streaming linear TV content and the company-specific number of customers. The annual greenhouse gas effect is thus calculated by multiplying the average daily TV viewing time, the number of customers and the emission factor. The methods for recording emissions from the utilisation phase of the hardware (LCA approach) and the use of “waipu.tv” also have limitations and estimation uncertainties. If manufacturers do not publish explicit technical analysis data for their products in relation to the use of the hardware, average LCA analyses of product groups are taken into account. In addition, the hardware manufacturers’ life cycle analyses assume an average useful life of the devices and an assumed energy mix. These parameters do not necessarily correspond to the usage behaviour of freenet AG customers, which leads to high estimation uncertainties. With regard to the goods sold, freenet AG relies exclusively (100%) on primary data. With regard to the emission values from the LCA analyses, the proportion of primary data is 39.8%. The approach for determining the usage behaviour of the IPTV product “waipu.tv” is based on two studies that do not reflect the usage behaviour of freenet customers 1:1, but only provide an approximate value. In addition, the transmission technology of the signal to the customer is assumed to be exclusively fibre optic, which results in further estimation uncertainties regarding carbon emissions. The key figures have not been validated by an external body.

Scope 3.12: End-of-life treatment of sold products

Methodologically, the data is collected on the basis of product-specific life cycle analysis (Life Cycle Assessment – LCA) data from hardware manufacturers (Product-Level Method, corresponds to the Supplier-Level Method of the GHG Protocol). The GHG footprint share of the life cycle attributable to the end-of-life treatment of the hardware is multiplied by the quantity sold. The method for recording emissions from use (LCA approach) also has limitations and estimation uncertainties. If manufacturers do not publish explicit data for their products, average LCA analyses of product groups are taken into account. With regard to the goods sold, freenet AG relies exclusively (100%) on primary data. With regard to the emission values from the LCA analyses, the proportion of primary data is 85%. The key figures were not validated by an external body.

Scope 3.13: Downstream leased assets

In terms of methodology, emissions are calculated on the basis of the average data method. Emissions from downstream leased assets result from the operation of network equipment (routers, switches and access points) leased by the subsidiary The Cloud Networks Germany GmbH. The leases are exclusively operating leases, which must be recognised in Scope 1 and 2. Due to the fact that Scope 1 and 2 emissions are regularly recognised with high data quality and freenet AG does not have any data on the actual use, the actual electricity consumption and the electricity mix used with regard to the leased network devices, this would significantly limit the quality of the Scope 2 information, so that the emissions are recorded in Scope 3 due to the data quality. Further methodological limitations and estimation uncertainties arise from the fact that average life cycle analysis (LCA) data for comparable product groups is used, as the manufacturers do not publish any explicit data. With regard to the leased products (routers, switches and access points), freenet AG relies exclusively (100%) on primary data. With regard to the emission values from the LCA analyses, freenet AG only uses secondary data, as explained above. The key figures were not validated by an external body.

Scope 3.14: Franchises

Emissions from franchises are calculated using the average data method. The GHG footprint from franchises is calculated from the GHG emissions of the franchise shops and the emissions resulting from the proportionate use of sales space in indirect sales (at MediaMarkt and Saturn). The emissions of the franchises are calculated by multiplying the average energy consumption and the corresponding emissions of freenet's own shops (per unit area) by the sales areas of the franchises. The same methodological approach is also used for the utilisation of sales areas in indirect sales. Here, recourse is made to the average emissions per square metre of MediaMarkt and Saturn. Limitations and estimation uncertainties arise if the energy source of a franchises shop is not known. In these cases, appropriate assumptions must be made. In addition, the energy consumption of a shop is based on historical average data. To determine the key figures, freenet AG uses 31.5% primary data. The key figures were not validated by an external body.

Scope 3.15: Investments

freenet AG includes two relevant investments in category 15: Ceconomy AG, in which freenet AG directly holds 6.76% of the shares, and Antenne Deutschland GmbH & Co. KG (50%). The GHG Protocol defines the minimum boundaries for Scope 3 emissions in the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". For category 3.15, for investments where the reporting company has neither financial control nor significant influence over the issuing company, the company must include the Scope 1 and Scope 2 emissions of its investments in its own Scope 3 emissions on a pro rata basis in order to fulfil the minimum boundaries. The GHG Protocol also states as an explicit option that the inclusion of proportionate Scope 3 emissions should be considered if they are significant or otherwise relevant compared to other emission sources. freenet AG does not make use of this option and therefore includes the proportionate Scope 1 and Scope 2 emissions of its investments, as the Scope 3 emissions are unrelated and unrelated to those of freenet AG. The methodology has no limits or estimation uncertainties. Furthermore, the calculation of emissions from investments is based exclusively (100%) on primary data. The key figures have not been validated by an external body.

GHG intensity

GHG intensity is the ratio of GHG emissions (in tonnes CO_2eq) to net sales (in EUR) of freenet AG. For freenet AG's net revenues, see Note 4 in the Notes to the consolidated financial statements. GHG intensity is calculated separately using the market-based method and the location-based method, i.e. the application of both methods relates to Scope 2 emissions. The data for Scope 1 and Scope 3 emissions remain unchanged in each case. The methodology has no limits or estimation uncertainties. In addition, the determination of GHG intensity is based exclusively (100%) on primary data. The key figures were not validated by an external body.

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

freenet AG does not carry out any removal of greenhouse gases or projects to reduce greenhouse gases, financed via CO_2 certificates.

Internal carbon pricing (E1-8)

freenet AG does not use an internal CO_2 pricing system.

Resource use and circular economy (ESRS E5)

Policies (E5-1)

freenet AG's business model focuses on the sale of mobile devices, especially smartphones, in addition to the brokerage of various tariffs. As a rule, the tariffs are offered together with a corresponding end device. After a change of device, the original smartphone often remains unused in the customer's possession or is not disposed of properly. In view of the increasing scarcity of resources, approaches to extending the life of a device (e.g. refurbished devices) and the proper disposal and return of raw materials to the value chain are becoming increasingly important. freenet, as a retailer with active customer contact, also offers the option of returning devices to the cycle both online and in the shop through offers such as purchase services (see E5-2). This is possible through cooperation with specialised service providers (see E5-2), where the actual recycling/processing processes take place. In addition, the return of end devices is a voluntary behaviour of individuals that freenet can encourage but cannot prescribe or formalise. In view of freenet's purely intermediary function in this area, the introduction of a circular economy policy is not considered useful at the present time, as this would only be an internal instrument and could not influence the behaviour of external third parties, in particular customers.

Actions and resources (E5-2)

freenet customers and other website and shop visitors have the opportunity to trade in or return an old device as part of a "trade-in service" both in stores and in the online shop.

The aim of this purchase service is to encourage customers to return the devices they no longer use to the cycle, either by reconditioning and reusing the devices or by utilising the raw materials in a sensible way or recycling them properly. As a sales company with direct customer contact, freenet uses the opportunity to inform its customers about the existing take-back options and thus make a contribution to the recycling of resources. In cooperation with the manufacturers of the end devices, the purchase service is supported in part by "bonus campaigns"; with these, the customer receives an additional bonus on the purchase price when buying a new end device that falls under the "bonus campaign", provided that they return an old device at the same time.

Various information campaigns, such as special content in the training portal for sales employees, regularly draw their attention to the existing purchase services. In the reporting year, freenet implemented the purchasing service in cooperation with the specialised service providers Dis-Connect and Foxway. In the reporting year, freenet focussed on one service provider, meaning that the cooperation with Foxway was terminated in November 2024. The cooperation with Dis-Connect was extended for an indefinite period and covers both the purchase service for end devices in the shops and via the online route. The purpose of the cooperation is to refer customers to Dis-Connect. The measures were implemented throughout the reporting year and it is planned to continue them in subsequent years.

In addition, freenet, in cooperation with the service provider Dis-Connect, also offers the option of taking back end devices for pure disposal (without consideration for the customer) on the basis of an open-ended contract. On the website www.freenet-mobilfunk.de every visitor has the opportunity to have a shipping label created so that they can send in their appliances and have them disposed of properly. This measure was also implemented throughout the reporting year and is planned to be continued in the coming year.

Targets (E5-3)

A target for the field of action "Circular Economy" was not defined in 2024.

However, a key figure was defined for the company, which was already collected in previous years and whose progress has also been measured since 2024. An ambition level has not yet been set. The current key figures are based on the number of appliances accepted as part of the purchase and recycling programmes described above (online and stationary retail). This is set in relation to the average sales volume over the last three years. The key figure is described in detail in the following chapter.

Entity-specific key figure “return rate of devices” (E5-5)

In the field of action “Circular Economy”, the entity-specific key figure “return rate of devices” is used to measure performance in accordance with the identified impacts (e-waste in the downstream value chain) and the actions implemented.

Table 36: Ratio of returned devices to mobile devices sold (return rate)

in %	2024
Return rate	3.9

The key figure describes the ratio of devices collected by freenet to the average sales figures for mobile devices over the last three years. The following calculation method is used to calculate the key figure, which is a percentage figure: Number of mobile devices collected in the reporting year/three-year average of mobile devices sold. The choice of the average value for the last three years as the denominator makes it possible to calculate the value of the return rate, which is not influenced by possible annual changes in the number of devices sold. The most important limitation with regard to the informative value of the indicator is that it does not provide any information on the use of the returned devices after they have been handed over to the service provider. The key figure was not validated by an external body.

EU Taxonomy

Subject and objective of the EU Taxonomy

The main objectives of the European Commission’s action plan for financing sustainable growth are to channel capital flows into sustainable investments and to ensure a harmonised level of market transparency. The overarching goal is to transform the European economy into a CO_2-neutral economy by 2050. With the EU Taxonomy, the European Commission has created a central steering instrument to achieve this goal and promote the transition to a sustainable economy.

The legal basis for companies is Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (hereinafter: Taxonomy Regulation or EU Taxonomy) on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. In accordance with Art. 8 of the Taxonomy Regulation in conjunction with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (hereinafter: Delegated Act on Art. 8 of the EU Taxonomy) non-financial companies must disclose the proportion of their revenues, the proportion of their capital expenditure (CapEx) and the proportion of operating expenditure (OpEx) associated with economic activities that are classified as environmentally sustainable within the meaning of the Taxonomy Regulation.

In this regard, the information must be provided for activities defined by the EU for the six environmental objectives listed in Art. 9 of the Taxonomy Regulation.

Economic activity of freenet AG

Principles and definitions

In the EU Taxonomy, a distinction is made between Taxonomy-eligible and Taxonomy-aligned activities. An economic activity is Taxonomy-eligible if it is mentioned in one of the delegated acts that supplement the Taxonomy Regulation and specify the environmental objectives. It is not necessary for the activity to fulfil one or all of the technical assessment criteria specified in the delegated acts. Conversely, all economic activities that are not mentioned in the supplementary delegated acts are considered non-Taxonomy-eligible.

An economic activity is Taxonomy-aligned, i.e. environmentally sustainable within the meaning of the Taxonomy Regulation, if it fulfils the following requirements cumulatively:

1. a substantial contribution to one or more environmental objectives, demonstrated by compliance with the substantial contribution criteria defined by the EU,
2. it does not significantly impair the achievement of the other environmental objectives ("DNSH: Do No Significant Harm")
3. is carried out in accordance with minimum social protection criteria ("minimum safeguards").

The Taxonomy Regulation and the related Delegated Acts contain formulations and terms that are still subject to considerable interpretation uncertainty and for which clarifications have not yet been published in every case. The interpretation of the description of activities in the EU Taxonomy is the responsibility of the reporting companies, as commentary literature from the regulator, academia or relevant practitioners on terms that require interpretation is still largely lacking. For the purpose of the proper interpretation of the description of activities and the preparation of correct disclosures, freenet has appropriately recognised interpretative notes on the Taxonomy Regulation, the delegated acts and the published FAQs of the European Commission. The following reporting obligations reflect the current status of the assessment.

Procedure followed for the identification of Taxonomy-eligible and Taxonomy-aligned economic activities

The implementation of the EU Taxonomy at freenet AG is being handled by an interdisciplinary team composed by members of the ESG Reporting, ESG Controlling, Accounting and Legal departments. In order to identify Taxonomy-eligible economic activities, internal experts are consulted to analyse in detail how individual business activities are affected by the EU Taxonomy and to structure the identified topics. The starting point for analysing the fundamental impact of the EU taxonomy was the "Mobile Communications" and "TV and Media" segments defined in accordance with IFRS 8 and their primary sales activities.

In its Mobile Communications segment, freenet AG mainly provides services as a Mobile Communications service provider. The primary sales activity is the purchase and marketing of wireless services, primarily to private customers. The company does not operate its own Mobile Communications network, but utilises the network infrastructure provided by network operators based in Germany. In the "TV and Media" segment, the main sales activity is the transmission of third-party television and radio programmes using the company's own or rented infrastructure. In this respect, freenet AG also markets technological additions to linear television via antenna (DVB-T2) or internet television (IPTV) to private customers (see business model and organisational structure). The primary sales activities of freenet AG can be allocated to the (NACE) sector "Information and Communication", which is covered by the EU Taxonomy, which means that the company is fundamentally affected by the EU Taxonomy.

The results of the eligibility analysis at activity level were summarised in an eligibility matrix containing the total activities of the EU Taxonomy and explanations of their relevance for freenet. For the activities in connection with the six environmental goals, the analysis from 2023 was updated for the 2024 financial year, taking into account the business transactions and activities that actually occurred in the past financial year. For the first time, freenet also included materiality considerations in the impact analysis, which served to identify so-called "small activities" that are not further examined for Taxonomy-eligibility due to their insignificance and cost-benefit aspects. In this context, it was Noted that individual immaterial activities must not have a material impact on the metrics when aggregated.

Taxonomy-alignment must be assessed for the economic activities already defined by the EU Commission in 2021 and, for the first time, for the economic activities newly included by the extension of the Taxonomy Regulation in 2023 (Art. 12-15), taking into account all additions made in the meantime. freenet has analysed its Taxonomy-eligible economic activities on the basis of the compliance requirements and evaluated their degree of compliance. The above-mentioned cost-benefit aspects in conjunction with the availability of necessary information from suppliers were taken into account in order to assess alignment. This was particularly decisive for Taxonomy-eligibility activities accounting for low amounts.

Taxonomy-eligible economic activities

For the aforementioned core business areas “Mobile Communications” and “TV and media”, the following activities relevant to the Information and Communication sector were recognised and classified as non-Taxonomy-eligible in line with the previous year’s reporting::

- Activity 8.2: Data-based solutions to reduce greenhouse gas emissions (environmental goal: climate change mitigation)
- Activity 8.3: Broadcasting activities (environmental goal: climate change adaptation)

Accordingly, the primary sales activities are not currently covered by the EU Taxonomy.

With regard to activity 8.2, it was also clarified in a notice (FAQ) published by the European Commission on 20 October 2023 that although general electronic communication networks are an important and necessary prerequisite for implementing the ICT solutions mentioned in the activity, they are not operated primarily to reduce emissions (FAQ No. 159). General telecommunication infrastructures, such as Mobile networks, are therefore not covered by the activity. Accordingly, freenet AG’s business activity of providing customers with access to Mobile Communications is also not covered by activity 8.2.

According to the current understanding of the EU Taxonomy, it is not only important whether an economic activity directly serves to generate turnover and thus the actual economic activity of the company. Rather, any activity that is carried out within the company can be Taxonomy-eligible.

As part of the provision of its own services, freenet also utilises products and services from suppliers that are related to investments and operating expenses. In the context of the EU Taxonomy, this involves the acquisition of output of Taxonomy-eligible activities or the implementation of individual actions to improve energy efficiency. In the case of freenet, these are primarily cross-sectional and infrastructure activities such as a PV roof system (Section 4 – “Energy” sector), the leasing of vehicles (Section 6 – “Transport” sector) or the use of buildings (Section 7 – “Construction and real estate” sector).

In addition, freenet also carries out activities relating to data centres (Section 8 – “Information and Communication” sector) and circular economy-oriented product solutions (Section 5 – “Services” sector).

With regard to the activities of the “Energy”, “Transport”, “Construction and real estate” and “Information and Communication” sectors, the focus is on the target “Climate change mitigation”, as the activities are not aimed at making the company more resilient to possible climate risks in the future. The activities of the “Services” sector are assigned to the environmental target “Transition to a circular economy”.

All activities relevant to the 2024 financial year are described in the following table.

Table 37: Taxonomy-eligible economic activities

No. Environmental target [1]	Economic activity	Description related to freenet AG
"Energy" sector		
4.1 CCM	Electricity generation using solar photovoltaic technology	Construction and operation of a PV system at the logistics site in Büdelsdorf
"Transport" sector		
6.5 CCM	Transport by motorbikes, passenger cars and light commercial vehicles	Vehicle fleet consisting of company and service cars
"Construction and real estate" sector		
7.2 CCM, 3.2 CE	Renovation of existing buildings	Roof renovation at the logistics site in Büdelsdorf
7.7 CCM	Acquisition and ownership of buildings	Operating expenses (maintenance, servicing and other) for the Büdelsdorf and Oberkrämer sites
"Information and Communication" sector		
8.1 CCM	Data processing, hosting and related activities	Operation of own data centre and rental of co-location areas including power supply and air conditioning (rights of use recognised in accordance with IFRS 16), equipped with own IT
"Services" sector		
5.1 CE	Repair, refurbishment and remanufacturing	Refurbishment of WiFi access points (Mobile Communications segment)
5.4 CE	Sale of second-hand goods	Sale of used mobile devices and accessories (Mobile Communications segment)
5.5 CE	Product-as-a-service and other circular use- and result-oriented service models	Rental for access points for the operation of WiFi networks (Mobile Communications segment)

[1] This column indicates the number and environmental goal of the economic activities. If several possible environmental targets are assigned, the goal that was assigned to the activity is highlighted. The abbreviations are specified by the Taxonomy Regulation: Climate change mitigation = CCM, Climate change adaptation, Water and marine resources = WTR, Circular economy = CE, Pollution prevention and control = PPC, Biodiversity and ecosystems = BIO

freenet has also identified activities for the 2024 reporting year that may be Taxonomy-eligible. However, due to the insignificance of the monetary amounts generated by these activities, it was decided not to include them in the 2024 impact analysis on the basis of materiality considerations. Activities in the area of air conditioning, heating and lighting technology (activity 7.3), which took place in the office buildings and shops, were classified as "small activities" and not analysed further. The refurbishment and sale of used CI cards (activities 5.1 and 5.4) in the "TV and Media" segment are also reported as non-Taxonomy-eligible. Furthermore, activities in connection with the installation and maintenance of EV charging stations (activity 7.4) at various company locations were not analysed with regard to their Taxonomy-eligibility.

The revenue-generating activity "Repair of mobile devices" (activity 5.1) reported in the prior year is also no longer reported due to the discontinuation of Gravis' business operations during the 2024 reporting year.

Taxonomy-alignment of the identified Taxonomy-eligible economic activities

As part of the alignment assessment, it was determined that the majority of freenet's Taxonomy-eligible activities require the provision of evidence or information by third parties. This is due to the fact that most of the activities under the Delegated Act on Art. 8 of the Taxonomy Regulation are related to the acquisition of output of Taxonomy-eligible economic activities and individual measures ("category (c)" under point 1.1.2.2. or point 1.1.3.2. under the Delegated Act on Art. 8 of the Taxonomy Regulation). Due to the cost-benefit considerations described above in combination with the lack of external information from the supply chain to perform compliance with the technical assessment criteria, in the applicable cases the activities were reported as non-Taxonomy-aligned (see FAQ C/2023/305 of 20 October 2023 – question 13).

The three largest economic activities carried out in terms of amount were analysed in more detail. With regard to the data centres (activity 8.1), the criteria defined by the EU for a substantial contribution to the environmental goal "climate change mitigation" are not met. In particular, the global warming potential (GWP) of the refrigerants used in the cooling system of the data centres is above the defined maximum value of 675 for the data centre itself and for most co-locations. For some co-locations, it was not possible to obtain information on the refrigerants used. Furthermore, due to insufficient information, it was not possible to determine the extent to which the relevant procedures from the EU Code of Conduct for the Energy Efficiency of Data Centres are implemented and validated by an independent third party. The expenses associated with this activity are therefore reported as non-Taxonomy-aligned.

As part of the review of the alignment with the technical screening criteria for the company's own buildings (activity 7.7), it was found that neither an Energy Performance Certificate with class indication was available for Büdelsdorf nor for Oberkrämer. No specific information (reference portfolio) could be determined for an alternative assessment, e.g. through the primary energy demand compared to the top 15% of the national or regional building stock. The expenses associated with this activity are therefore also reported as non-Taxonomy-aligned.

Taxonomy-alignment was also assessed for the company's own vehicle fleet (activity 6.5). Only a small proportion of the vehicles (less than 10%) fulfil the technical screening criterion with regard to CO_2 emissions (< 50 g CO_2/km). However, partial compliance could not be established as the requirements for rolling noise and rolling resistance coefficient of the tyres (DNSH criterion related to the environmental goal "Environmental Pollution") are not met, as this information is not available in the internal systems and the vehicle users are free to choose the tyres. Accordingly, this activity is also reported as non-Taxonomy-aligned.

Due to the non-compliance with the technical screening criteria, which were tested first, and the sequential nature of the three-step test in accordance with Art. 3 of the Taxonomy Regulation, the other criteria and requirements were not assessed for the three activities. For the 2024 reporting year, all Taxonomy-eligible activities are therefore reported as non-Taxonomy-aligned.

Taxonomy indicators and reporting principles

In accordance with Art. 8 of the EU Taxonomy, the reportable performance indicators (Taxonomy KPIs) include revenues, CapEx and OpEx. In addition to the Taxonomy-eligible portion, non-financial companies must also disclose the Taxonomy-aligned portion of their revenues, CapEx and OpEx.

The Delegated Act on Art. 8 of the Taxonomy Regulation (Annex 1) and its supplement of 27 June 2023 define the content, calculation methods and presentation for the KPIs of non-financial companies to be disclosed. freenet AG has determined the data required for the reporting year in accordance with the aforementioned definitions and requirements. The data for calculating the key figures originate from the Group's accounting system and are based on the consolidated financial statements of freenet AG. The direct allocation of relevant transactions to the respective Taxonomy-eligibility activity eliminates double counting.

Table 38: Abridged presentation of the Taxonomy KPIs 2024

Taxonomie-KPI in EUR million/as indicated	Total (KPI denominator)	Non-Taxonomy-eligible portion		Taxonomy-eligible portion		Taxonomy-aligned portion	
	absolute	absolute	in %	absolute	in %	absolute	in %
Revenues	2,477.7	2,467.0	99.6	10.7	0.4	0	0
CapEx	70.0	66.2	94.6	3.8	5.4	0	0
OpEx	31.0	25.0	80.4	6.1	19.6	0	0

Revenues KPI

The share of Taxonomy-eligible economic activities in consolidated revenues was calculated on the basis of the share of net revenues generated from goods and services related to Taxonomy-eligible economic activities (numerator), divided by freenet's consolidated revenues (denominator), in each case for the financial year period 1 January to 31 December.

The Group revenues used in the denominator corresponds to the Group's net revenues, which are reported in accordance with IAS 1.82. Further details on the accounting policies relating to revenues recognition can be found in Note 2.1 to the consolidated financial statements. The consolidated revenues correspond to the Group's net revenues in accordance with the consolidated income statement and Note 4.

The Taxonomy-eligible portion of revenues amounts to 0.4% (prior year: 0.6%) of total revenues totalling EUR 2,477.7 million (prior year: EUR 2,627.3 million). The numerator of the revenues KPI corresponds to net sales from goods and services to external third parties (customers). Compared to the prior year, Taxonomy-eligible sales fell by EUR 5.1 million to EUR 10.7 million (prior year: EUR 15.8 million), mainly due to the discontinuing business operations of (IFRS 5) and, in this context, lower revenues for the repair of devices.

The Taxonomy-aligned portion amounts to 0.0% (prior year: 0.0%).

CapEx KPI

The CapEx KPI is defined as the Taxonomy-eligible CapEx (numerator) divided by the total CapEx (denominator).

The denominator comprises additions to property, plant and equipment and intangible assets during the financial year before depreciation, amortisation and any revaluations, including those resulting from write-ups, amortisation and impairment, and excluding changes in fair value. Of the CapEx categories listed in the Delegated Act to Art. 8 of the Taxonomy Regulation, the basic category of investments used here includes gross additions to property, plant and equipment (IAS 16), intangible assets (IAS 38) and additions to right-of-use assets (IFRS 16). Additions from business combinations (IFRS 3) – if any – are also included in the denominator. Additions to goodwill are not included. Further details on the accounting policies relating to Investments can be found in Note 2.2 and Note 2.3. Total investments correspond to the total of additions to property, plant and equipment (IAS 16) and intangible assets (IAS 38) under Note 39 and additions to lease assets (IFRS 16) under Note 2.5.1.

The Taxonomy-eligible portion of CapEx amounts to 5.4% (prior year: 4.1%) of Total CapEx totalling EUR 70.0 million (previous year: EUR 88.8 million). The CapEx KPI is broken down as follows:

- 77.1% (previous year: 65.9%) to gross additions to property, plant and equipment (IAS 16) and
- 22.9% (previous year: 34.1%) to additions to non-current right-of-use assets (IFRS 16).

The share of gross additions to property, plant and equipment (IAS 16) increased mainly due to the higher amounts in connection with the access points leased to customers (activity 5.5) as well as the roof renovation and PV installation in Büdelsdorf (activities 7.2 and 4.1). In 2024, the majority of the Taxonomy-eligible CapEx is attributable to activity 5.5. The investments could be clearly allocated to the corresponding activities based on the asset classes and measures.

The Taxonomy-aligned portion amounts to 0.0% (prior year: 0.0%).

OpEx KPI

The OpEx KPI is defined as Taxonomy-eligible OpEx (numerator) divided by total OpEx (denominator) as defined by the EU Taxonomy. The denominator includes direct, non-capitalised expenses relating to research and development, building renovation measures, short-term leases, maintenance and repair and all other direct expenses relating to the day-to-day maintenance of property, plant and equipment to ensure the continued and effective functioning of these assets. The following matters are included:

- Research and development expenses did not affect the consolidated income statement in either the financial year or the prior year.
- Short-term leases refer to the expenses determined in accordance with IFRS 16 under Note 2.5.1.
- Maintenance and repair expenses as well as all other direct expenses in connection with the daily maintenance of property, plant and equipment were determined on the basis of an individual account analysis and can be allocated to various items (including maintenance of administrative buildings, systems technology or IT systems) under other operating expenses (see Note 10). Building renovation measures are also included.
- Personnel expenses associated with the areas listed above are also included. The EU Taxonomy does not explicitly state that these may not be included. In particular, the personnel costs attributable to maintenance and repair of the technical infrastructure were taken into account in accordance with the cost centre allocation of the employees.

The corresponding Group accounts were used for the total operating costs.

Compared to CapEx, the specific OpEx understanding of the EU Taxonomy is decisive for the fact that total OpEx is significantly lower than the Group's total operating expenses. Including the aforementioned personnel expenses, this results in a Taxonomy-eligible portion of OpEx of 19.6% (prior year: 19.8%) of the total OpEx (as defined by the EU Taxonomy) totalling EUR 31.0 million (prior year: EUR 30.7 million) and is therefore roughly comparable to the previous year. Of which:

- 79.3% on maintenance and repair expenses (prior year: 76.7%) and
- 20.7% to other costs (prior year: 23.3%).

The majority of the Taxonomy-eligible OpEx (77.0%) is attributable to activity 8.1 in 2024. To allocate the OpEx to the activities, the acquisition processes and measures were identified and the corresponding cost centres evaluated in order to make a clear allocation. The Taxonomy-aligned portion amounts to 0.0% (prior year: 0.0%).

The key figures for the EU Taxonomy (reporting tables) are shown in the Notes, which is part of the non-financial group statement.

Social disclosures

Own workforce (ESRS S1)

As part of the double materiality assessment for the 2024 financial year, freenet engaged extensively with the own workforce stakeholder group and reflected on their interests. Material – in particular potential – impacts were identified in the areas of secure employment, working time, work-life balance, diversity, gender equality and equal pay for work of equal value, training and skills development and measures against violence and harassment in the workplace (see ESRS 2 sections IRO and SBM for a detailed overview of the material impacts on freenet AG's workforce). The impacts of the aforementioned topics on freenet's workforce can affect both employees (hereinafter referred to as Employees) and non-employees.

Policies (S1-1)

freenet AG's employees are important to the company's success. freenet has therefore developed policies to effectively manage the material impacts associated with its employees. Policies relating to employees include the Policy Statement on the protection of human rights (also referred to as Declaration of Principles), the learning culture and principles for continuous skills development, the acknowledgement of changed realities, the competence model and annual development review, the principles of equal pay and the anti-discrimination policy.

freenet respects the protection of human rights in connection with its business activities. In its strategy to respect human rights, freenet follows the following international standards, as set out in the Policy Statement on the protection of human rights: the United Nations Universal Declaration of Human Rights, the values of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights (UNLP), the Declaration on Fundamental Principles and Rights at Work and its Follow-up of the International Labour Organization (ILO) and the requirements to combat human and environmental risks in accordance with the Supply Chain Due Diligence Act. Due to the commitment to the UNLP, freenet's declaration of principles is also orientated towards the OECD Guidelines for Multinational Enterprises. The principles apply to freenet AG's employees and non-employees as well as along the entire supply chain. The Chief Human Resources and ESG Officer (CHRO) is responsible for the holistic view of sustainability in freenet AG's entire value chain. With regard to the implementation of human rights-related due diligence in connection with the workforce, the Human Resources department is responsible for implementing the legal requirements. freenet expressly condemns any kind of human rights violation and any form of discrimination, in particular child and forced labour, which are explicitly addressed in the Declaration of Principles. With the exception of work-life balance, the Declaration of Principles covers all material sustainability matters relating to the labour force. The Policy Statement on the protection of human rights is publicly available on freenet´s website.

freenet promotes dialogue with its employees to ensure that their concerns are taken into account and their rights are protected. Employees are encouraged to voice their concerns and suggestions through employee surveys, which take place at least twice a year, and other communication channels. In addition, freenet offers a whistleblower system that enables employees to raise human rights concerns confidentially (see S1-2 and S1-3 for more details).

freenet's risk management system is designed to identify and minimise human rights-related incidents as far as possible. Information reported via the whistleblower system is investigated immediately. If specific risks or violations are identified, these must be reported to the Human Rights Officer, who implements preventive and remediation measures in consultation with the department concerned.

Learning culture and principles for continuous skills development

freenet AG has anchored the element "Modelling a learning culture" as one of the four central elements of its HR strategy. The target is to promote the continuous development of employees' skills and competences in order to fully utilise their potential and do justice to individual career paths. This is intended to create a learning culture within the company that promotes needs-orientated development and independent learning. All employees should have the same opportunities for access to learning and further training measures, regardless of their personal characteristics. freenet is continuously working on reducing existing differences between the Group´s companies and gradually standardising access. In this way, the policy aims to reduce the potential impact in the area of training and upgrading skills.

Depending on the company, various learning platforms are available to the Group's employees. These platforms, which can be accessed via the intranet or similar digital additions, are a central element of upgrading skills. They offer a cross-thematic selection of learning content tailored to different learning needs and styles. All employees, with the exception of the subsidiaries Exaring and The Cloud, have access to the Group-wide learning platform "Campusportal". Shop employees have their own learning platform – the so-called TrainingClub.

The CHRO bears central responsibility for anchoring and updating the principles and policies on learning culture and upgrading skills. Operational responsibility for the professional and interdisciplinary upgrading skills of employees is assumed by the respective line managers. Employees take personal responsibility by actively taking advantage of available learning opportunities and participating in programmes, training and courses. The Human Resources and Organisational Development department is responsible for managing the process, while the Working Excellence & Training department is responsible for the specific further development of sales skills for employees with customer contact.

Acknowledgement of changed realities

freenet AG is committed to meeting the changing lifestyles and individual needs of its employees by creating flexible work structures that take into account personal, regional and age-specific requirements. The target is to provide employees with a high degree of flexibility with regard to their working conditions, such as mobile working or remote working, and working times, such as part-time or shift working models. This should contribute to a better work-life balance, increase employee satisfaction and enhance freenet's employer attractiveness. The policy applies throughout the Group and can be viewed by all employees with access to the intranet. The Executive Board, the management of the subsidiaries and the HR department are responsible for implementing the policy within the Group. The respective managers are responsible for operational implementation in the individual departments and functions. The policy thus targets a reduction in potential negative impacts in the areas of working time and work-life balance.

Competence model and annual development review

freenet AG has established a company-wide competence model that focuses on the four areas of expertise "Cooperating and Collaborating", "Developing Personal Impact", "Driving Change" and "Entrepreneurial Thinking and Action". The policy addresses the potential impact in the areas of training and Upgrading skills. Based on this model, managers conduct mandatory annual performance reviews once a year. The target of these meetings is to identify employees' personal strengths and areas for development in order to promote these in a targeted manner in everyday working life. Managers and employees use a structured questionnaire to discuss cooperation, work behaviour and mutual expectations. Competences are assessed, personal targets and development areas are identified and opportunities for upgrading skills are pointed out.

In accordance with the policy, all employees are entitled to the dialogue format, with the exception of the three subsidiaries Media Broadcast, Exaring and The Cloud, which have implemented their own exchange models. All employees and managers who are entitled to an annual development review have access to the dialogue form as well as a guide and video with information on preparing for the content of the dialogue via the company intranet. Central responsibility for the competence model and the annual development review lies with the CHRO together with the HR and Organisational Development department. The managers are responsible for conducting the interview. The implementation rate is monitored by the HR departments.

Principles of equal pay

freenet AG has implemented principles to promote equal opportunities and fair pay for all employees. The policy addresses the actual negative impacts in the area of gender equality and equal pay for work of equal value. These principles aim to eliminate unjustified salary differences and ensure that employees with comparable jobs receive the same remuneration based on objective criteria such as experience and performance. The policy applies to all employees throughout the Group. The Executive Board or the management of the subsidiaries and the HR department are responsible for adopting, anchoring and updating these principles. Operational implementation is the responsibility of the respective managers and the principles are accessible to all employees via the company intranet. freenet employees with personnel responsibility are made aware of non-discriminatory remuneration practices in order to prevent discrimination when setting salaries and to avoid unconscious bias. An essential element of the monitoring process for the effectiveness of the policy is the regular – at least annual – review of salary structures in order to identify potential inequalities and, if discrepancies are identified, to take immediate countermeasures to prevent discrimination and ensure fair remuneration. In the event of suspected discrimination, employees can assert their right to remuneration information against freenet and lodge a complaint with their line manager or the HR department.

Anti-discrimination

freenet is committed to equal opportunities and fairness in the workplace. A corporate culture that values and promotes diversity forms the basis for a non-discriminatory working environment. Protection against discrimination is enshrined in the Works Constitution Act and the General Equal Treatment Act (AGG). freenet does not have specific policies aimed at eliminating discrimination or promoting equal opportunities. Instead, the company does not tolerate any form of discrimination based on race, ethnic origin, gender, religion or belief, disability, age, sexual identity or other factors that may not be listed, in accordance with applicable legal obligations such as the AGG. Employees can also use the whistleblower system to report information anonymously, which is immediately investigated and, if necessary, addressed through specific actions.

Secure employment

With regard to reducing the potential negative impacts in the area of secure employment, freenet does not refer to a company-own policy, but to German social legislation, which characterises the labour market in Germany through various actions to secure employment, collective agreement regulations and welfare state safeguards (e.g. protection against dismissal and continued payment of wages). All employees at freenet are covered by these state social security mechanisms. freenet endeavours to ensure that all legal requirements with regard to secure employment conditions are fully complied with. This is achieved through internal control mechanisms, information and training programmes for managers and cooperation with the relevant works council committees.

Engagement with own workforce and employee representatives (S1-2)

Understanding the needs and interests of employees is essential for freenet's success. The company therefore promotes dialogue with its employees and their representatives in various formats. These formats for involving the interests of freenet employees include

- Mood barometer: the employee survey, which is conducted twice a year, contains questions on satisfaction with the workplace, working time organisation, cooperation and satisfaction with further development opportunities and the balance between work and private life. The survey results are used to determine the current situation, identify the need for change and derive measures.
- Exchange formats with the Executive Board and the works council committees: quarterly and ad hoc meetings with the economic committees provide a platform for employees' concerns to be heard and discussed by their representatives.
- Townhalls: these events, which take place at least once a year, combine information and feedback opportunities and promote direct dialogue between management and employees.
- Employee appraisals: annual development meetings and individually agreed meetings with managers create space for personal concerns and feedback.

freenet integrates the findings from the exchange formats into its decision-making processes and derives actions to address actual and potential impacts on employees.

Operational responsibility for taking employee interests into account lies with the Executive Board or the management of the subsidiaries, while the HR department monitors and controls their implementation and reports to the management tier.

The effectiveness of the formats is reviewed by analysing employee surveys and feedback formats. Results such as satisfaction scores and topic-specific feedback flow directly into the development of new actions and the optimisation of existing processes. freenet employees are involved in decision-making via various formats. At collective events, such as townhall meetings, feedback is communicated via a chat function, for example. Feedback is given on an individual basis to employees' comments during appraisal interviews with managers. In addition, employees are informed about the results of the employee survey on the intranet after each survey. The findings are taken into account when developing new formats/actions or adapting existing formats/actions. For example, the workshop format "#ideal manager" was developed for freenet AG managers based on the 2023 mood barometer and continued in 2024.

freenet provides both human and financial resources for the effective integration of employee interests. The Human Resources and Organisational Development department is responsible for the organisation and implementation of surveys and actions to promote cooperation and increase employer attractiveness, with HR management generally meeting with the works councils at the sites at least once a month. In addition, financial resources are provided for workers' representatives to travel to the sites, to organise events and to provide technical tools for data collection and analysis.

freenet identifies women as a vulnerable group that can be affected by specific challenges such as unconscious bias or career barriers. To support women in particular, freenet has implemented the following initiatives:

- Further development programmes: offers provided specifically for women (e.g. "onesome", a digital programme for personal development, and the digital training course "Female Leadership – Leading successfully despite gender barriers") support professional development and address gender-specific challenges.
- Exchange formats and network for women: these formats create space for discussions on topics such as career advancement, work-life balance and diversity.

Remediation of negative impacts and channels for own workforce to raise concerns (S1-3)

freenet has implemented various grievance processes (e.g. whistleblower system) to effectively address potential material impacts on employees' labour-related rights. The whistleblower system offers employees a protected reporting channel through which they can safely report concerns and potential violations. Reports received are reviewed so that, if necessary, individual and targeted remediation measures can be taken – such as adjustments to working conditions, training programmes to raise awareness or structural changes to the organisation. The Compliance function and the Human Rights Officer are responsible for regularly evaluating the effectiveness of the remediation measures taken in cooperation with the Human Resources department.

In addition to direct contact with line managers, affected employees can also contact the HR department, internal counsellors or the works council. These complaints are processed on a case-by-case basis, whereby relevant functions such as anti-discrimination officers or the Compliance Manager can be consulted.

Via the whistleblower system set up by freenet, which is managed by the Chief Compliance Officer and Human Rights Officer of freenet AG, the company offers its employees a protected reporting channel through which they can report potential violations confidentially – even anonymously. If the identity of the whistleblower is disclosed, an exchange is to be ensured while respecting privacy and data protection. The whistleblower system is available to employees in German and English.

Additions to the whistleblower system are handled in accordance with a structured process that is set out in the publicly accessible rules of procedure for the whistleblower system. Information must be reported to the Whistleblower Committee, consisting of the Chief Compliance Officer and the Head of Group Audit, Risk and Control and, if necessary, other designated representatives, which coordinates the clarification of the facts and, if necessary, implements follow-up and remediation measures. Findings must be taken into account in risk management and reported annually to the Audit Committee of freenet AG.

freenet provides information about the channels to raise concerns and processes that have been set up on the company intranet and on the company website at fn.de/whistleblower. Complaints can be submitted using the whistleblowing tool, by telephone, by e-mail or by post.

freenet's communication about the process to raise concerns is designed to ensure that all employees are aware of the channels to raise concerns and processes in place and are confident that they can raise and have their concerns addressed through them. The information available also includes easily accessible public online resources that explain the purpose, function and confidentiality of the channels to raise concerns and processes. The Compliance function or the Human Rights Officer and representatives of other relevant functions also assess the effectiveness of the channels to raise concerns (see section G1-3 for more information on protecting whistleblowers or affected persons against retaliation).

Actions, effectiveness and management of material impacts (S1-4)

In the 2024 financial year, freenet identified material impacts on the company's workforce as part of a double materiality assessment and then further specified existing actions and summarised them in action plans. These plans include actions to promote work-life balance in order to enable a better work-life balance for all employees and non-employees. Diversity and appreciation initiatives are also being implemented with the aim of creating an inclusive working environment in which all employees are valued regardless of their origin, gender or other characteristics. Another focus is on upgrading skills to support the continuous development of skills and knowledge, thereby enabling the long-term employability of the workforce. Finally, freenet is committed to gender equality and equal pay for work of equal value in order to eliminate discrimination and promote equal opportunities. These actions are outlined below, in accordance with the requirements of ESRS 2, to ensure the sustainable development of the company with regard to its labour force. For an overview of the material impacts on freenet AG's labour force, see ESRS 2 sections IRO and SBM. The impacts of the aforementioned topics on freenet's employees can affect both employees and non-employees.

Work-life balance and working time

freenet AG has implemented actions to promote work-life balance and reduce stress among employees. These include flexible working time models such as part-time work, flexible shift models in logistics, home office and mobile working. A hybrid working model with 2-3 office days per week is also offered. In addition, there are company health management actions such as annual health days and occupational health examinations and training programmes to reduce stress. Statutory and collectively agreed working time regulations must be observed. freenet also offers special leave days for special occasions (e.g. wedding, death or birth). The implementation of the actions described above in the areas of working time and work-life balance is intended to help relieve physical and mental stress and improve the quality of life of our own employees. Actions apply to all employees, although some models require working hours to be recorded. The only places where working hours are not recorded are at the Exaring, The Cloud Networks Germany GmbH and SuperNova GmbH & Co KG sites and at the freenet companies in Hamburg. Trust-based working hours apply there. Actions are being implemented on an ongoing basis. Actions were carried out in the total reporting year and it is planned to continue them in subsequent years. In order to avoid the negative consequences of overtime, freenet AG reviews employees' overtime accounts twice a year and controls working time in the shops using a staff scheduling tool. The HR department supports this process by providing advice, cooperating with the works council and monitoring the models. Quantifiable results are not currently being sought. Location-specific budgets are available for health and preventative measures to avoid stress and promote health and work-life balance. The funds made available are not to be considered significant in relation to the overall budget. freenet AG also plans to provide budgets for preventive and health measures in the future.

Anti-discrimination and promotion of diversity and appreciation

freenet AG has committed itself to promoting diversity and appreciation by signing the "Diversity Charter" (Charta der Vielfalt) of the association of the same name in 2024. Actions aimed at combating discrimination and promoting diversity are intended to help maintain and develop a positive corporate culture. In order to promote non-discriminatory behaviour, various awareness-raising training courses on diversity, equality and inclusion are offered to employees and managers. Training for HR officers on the topic of diversity in recruitment is planned for the first quarter of 2025. Managers will also be prepared for their role through targeted onboarding. A targeted campaign to promote women will be intensified by specifically addressing diverse applicant groups, in particular women. Women have been identified as a vulnerable target group, which is why the company offers various formats and coaching sessions to promote women within the company. Targets for the proportion of women at the first and second management tier have been implemented (see S1-5). Actions implemented are evaluated appropriately on a case-by-case basis (e.g. feedback from coaching participants, response to job advertisements). Actions include all employees and are implemented on an ongoing basis. Actions were carried out throughout the total reporting year and it is planned to continue them in subsequent years. The proportion of women in the Group is analysed at least four times a year by Group HR Controlling. Diversity monitoring is also carried out on a quarterly basis: the collection and analysis of diversity indicators (e.g. gender distribution, origin, age structure) to identify potential for improvement. Any anomalies in the figures are reported to the HR department in charge, and the HR officers advise on the selection of prospective managers. The HR budget includes funds for training courses on specific topics or special coaching for women (e.g. "onesome", a digital programme for personal development), and this is also planned for the future. The current and future funds made available should not be considered significant in relation to the overall budget.

There were two cases of discrimination in the reporting year, against which specific remediation measures were taken (see S1-17). Actions or initiatives to achieve positive impacts on freenet's workforce were not implemented.

Skills development

In its HR strategy, freenet AG has identified the field of action "Modelling a learning culture" as one of the four central topics. In addition to the traditional qualification portfolio, freenet provides its employees with a learning management system (LMS). It offers access to a catalogue of further development opportunities that serves different learning types and cases. The LMS enables employees to learn at their own pace and at any time. New managers receive special onboarding, which covers the use and expectations of their role in relation to personnel development measures. The annual development meetings with line managers include employee development and specific projects as an integral part of the programme. Actions apply to all employees with the exception of Exaring AG, The Cloud Networks Germany GmbH, SuperNova GmbH & Co KG and the sales staff of freenet Shop GmbH. There is a target group-specific LMS (TrainingClub) for employees of freenet Shop GmbH and freenet DLS GmbH in the area of sales. Media Broadcast also has its own LMS (LMS decidalo). Actions are being implemented on an ongoing basis. Actions were carried out throughout the total reporting year and it is planned to continue them in subsequent years. In order to provide the right formats and strategic topics, HR Development holds annual discussions with the division heads. Continuous validation of the training measures (e.g. through participant feedback) takes place and the learning hours are measured using a separate key figure (see S1-13). Personnel development has its own budget for centralised actions and an additional budget for individual actions in the departments. The current and future funds made available are not considered significant in relation to the overall budget. In the reporting year, no specific actions were taken to remedy an actual material impact, nor were any relevant additional actions or initiatives implemented to achieve a positive impact on freenet's workforce.

Gender equality and equal pay for work of equal value

In accordance with the provisions of the EU Pay Transparency Directive, freenet has taken actions to enable fair and transparent remuneration policies. To this end, freenet has carried out a pay analysis to identify gender-specific pay differences (also known as the gender pay gap) in the various companies of the Group. A roadmap was then drawn up to close existing unjustified pay gaps. It aims to close the gender pay gap by the end of 2026 at the latest. Progress will be reviewed annually. Actions to close the gender pay gap include the HR department at the sites advising the departments on pay trends in order to reduce or avoid unjustified pay inequalities and close existing gaps. Furthermore, annual reports are submitted to the CHRO on the progress made in closing the gender pay gap. The aim of closing the gender pay gap includes all employees with the exception of Media Broadcast due to the collective bargaining agreements in place there. Closing the gap is intended to avoid or minimise negative impacts on individuals and the workforce. A budget for closing the gender pay gap was taken into account in personnel cost planning. The current and future funds made available are not considered significant in relation to the overall budget. Quantifiable results will be sought in the course of the systematic process to close the gender pay gap. No additional actions or initiatives have been implemented beyond this.

Necessary and appropriate actions are to be considered as tools that have been defined taking into account material topics, including actual or potential negative impacts on the company's workforce. Specific actions are identified and defined in response to specific actual or potential negative impacts on freenet employees by conducting the mood barometer, health and safety committee meetings and discussions with operational partners, as well as in the HR strategy meeting.

freenet AG intends to ensure that its business practices do not have a material impact on the company's employees. The implementation of the aforementioned actions, including the grievance mechanism, as well as other initiatives, including a monitoring and reporting system, should help to ensure that no negative impact arises.

freenet AG utilises various resources for the implementation of the actions. These include Human Resources such as employees in HR and Organisational Development as well as local HR officers and technological aids (such as tools for the mood barometer and the established learning platforms). Financial resources are also made available for preventive strategies, the management of work-life balance and the implementation of further training measures. The material impacts of the company are managed as effectively as possible.

Targets (S1-5)

In line with its HR strategy, freenet has identified the target "Women in management positions", which was set by the Executive Board at the beginning of 2022 based on the status as of 31 December 2021:

Target for 31 December 2026:

- Management tier 1 (division heads): 25% or at least 2 persons (31 December 2021: 14.3%)
- Management tier 2 (department heads): 30% or at least 6 people (31 December 2021: 35%)

While an increase is intended for "management tier 1" by 2026, a decrease is expected for "management tier 2" in relation to the base year 2021, as the known fluctuation at this management tier was taken into account in the target at the time of formulation. The figure as of 31 December 2024 for management tier 1 (division heads) is 17% and for management tier 2 (department heads) is 29%. Group Human Resources Controlling surveys the ratio at the aforementioned management tiers on a quarterly basis. The HR department uses the findings to advise higher-level managers on the quota for women and possible female candidates within the company when appointing managers.

Within the framework of the legal requirements for protection against discrimination, which are laid down in the Works Constitution Act and the General Equal Treatment Act (AGG), freenet is actively committed to the promotion of women in management positions.

The freenet AG target was defined without direct stakeholder engagement. Similarly, the tracking of target achievement is carried out without direct stakeholder engagement. No changes were made to the target in the current reporting year.

Characteristics of the undertaking's employees (S1-6)

Table 39: Total number of employees

Number	Female 2024	Male 2024	Other [1] 2024	Not specified 2024	Total 2024
Total employees	1,019	2,431	0	0	3,450
thereof vocational trainees	37	152	0	0	189
thereof dual students	9	15	0	0	24
thereof interns	1	3	0	0	4

[1] Gender pursuant to the employee's own information

freenet reports the total number of employees as an average of the headcount (number) for the reporting year. The average number is calculated by adding the number of employees at the end of each month and dividing by the number of months in the financial year. Employees include all temporary and permanent employees as well as temporary staff, interns and trainees. Interns and trainees are voluntarily included in the population because, according to local labour law, they are neither classified as ESRS employees nor as non-employees, but are generally integrated into the company and its processes due to the contractual relationship. Non-employees are not included in the key figures. The survey is based on data from the fully consolidated companies and is mainly taken from the company's HR system. Data from individual companies that are not recorded in the HR system are requested by Group Human Resources Controlling and consolidated manually. The data also includes the gender information provided by the employees. Estimation uncertainties do not exist.

There is no breakdown of the number of employees by country or region, as freenet does not employ 50 or more employees or at least 10% of the total number of its employees in countries other than Germany.

Wages and salaries as well as social security contributions and pension expenses for employees are recognised in personnel expenses, which are reported in the consolidated income statement and explained in Note 8 to the consolidated financial statements.

The number of vocational trainees totalled 189 in 2024, with 24 people on dual study programmes. They are supported by targeted onboarding, trainee camps and internal training courses.

The key figures have not been validated by an external body.

Table 40: Employees by type of contract and gender

Number	Female 2024	Male 2024	Other [1] 2024	Not specified 2024	Total 2024
Total employees	**1,019**	**2,431**	**0**	**0**	**3,450**
thereof with permanent employment contracts	903	2,099	0	0	3,002
thereof with fixed-term employment contracts	115	330	0	0	445
thereof on-call staff	1	3	0	0	4
thereof full-time employees	736	2,234	0	0	2,970
thereof part-time employees	283	197	0	0	480

[1] Gender pursuant to the employee's own information

Based on the total number of employees, there is a breakdown by type of contract. In contrast to an open-ended contract, a fixed-term employment relationship exists if the agreed end date of the contractual relationship is fixed with a specific calendar date. Newly hired employees who have completed a probationary period in the reporting period are recognised as employees with an open-ended employment contract. On-call employees are employees with a non-guaranteed number of hours. With the exception of Media Broadcast (32 hours per week), full-time employees are employees with a regular working week of 40 hours. A further breakdown is by gender, but not by country or region, as freenet does not employ 50 or more employees or at least 10% of its total number of employees in countries other than Germany.

Around 13% of employees have a fixed-term employment contract, usually for an objective reason (e.g. training, studies or substitution for other employees). Around 14% of employees work part-time, more than half of whom are women.

The key figures have not been validated by an external body.

Table 41: Employee turnover

As indicated	2024
Total Group (Number)	809
Total Group (%)	25.4
Shops (Number)	456
Shops (%)	51.2
Group without shops (Number)	353
Group without shops (%)	15.4

Employee turnover is defined as the total number of employees (number of employees excluding temporary staff, interns and trainees) who left the company during the reporting period. The number includes voluntary departures of employees from the company as well as departures due to termination, retirement or death. The employee turnover rate describes the number of departures in relation to the average number of employees in the reporting period. Non-employees are not included in the key figures. The survey of departures is based on the data of the fully consolidated subsidiaries and is mainly taken from the company's HR system. Data from individual companies that are not recorded in the HR system are requested by Group Human Resources Controlling and consolidated manually. Estimation uncertainties do not exist.

Due to the differences in fluctuation due to the nature of the activity, fluctuation in the shop and Group areas is reported separately, excluding the shops. In the 2024 financial year, the Group-wide staff turnover rate was 25.4%. The fluctuation rate in freenet's own shops (51.2%) is regularly higher than the fluctuation rate in the Group excluding the shops. The particularly high figure for the reporting year is due to the discontinued business operations of Gravis.

The key figures have not been validated by an external body.

Characteristics of non-employee workers in the undertaking's own workforce (S1-7)

Table 42: Non-employees

Number	2024
Non-employees	28

Non-employees are generally persons who have concluded a contract with the company for the provision of their labour (self-employed persons) as well as persons who are provided by companies that specialise in the placement and leasing labour. The average number is calculated by adding the number of non-employees at the end of each month and dividing by the number of months in the financial year. The calculation of the number of non-employees is based on the data of the fully consolidated companies and is mainly taken from the company's HR system. Data from individual companies that is not recorded in the HR system is requested by Group Human Resources Controlling and consolidated manually. In addition, data is requested from external companies regarding the placement and leasing labour. Estimation uncertainties do not exist.

freenet employed 28 non-employees in the past financial year. Non-employees are fully attributable to labour from placement and leasing. These are mainly non-employees in logistics and on-site IT support. The key figures have not been validated by an external body.

Diversity key figures (S1-9)

Table 43: Gender distribution at the top two management tiers

As indicated	Unit	2024
Total top management tier	**Number**	**131**
thereof female	Number	36
	%	27
thereof male	Number	95
	%	73
thereof other	Number	0
	%	0
thereof not specified	Number	0
	%	0

As part of the diversity indicators, freenet determines the gender distribution at the top management tier for the reporting year. The average number is calculated by adding the total number of employees in the 1st and 2nd management tier by gender category at the end of each month divided by the number of months in the financial year. The top management tier is defined as the 1st and 2nd management tier below Executive Board level. These are managing directors, division heads or comparable positions (1st management tier) and department heads or comparable positions (2nd management tier). The various gender ratios describe the number of employees in each gender category in relation to the average number of employees in the 1st and 2nd management tier in the reporting year. The survey is based on data from the fully consolidated subsidiaries and is mainly taken from the company's HR system. Data from individual companies that are not recorded in the HR system are requested by Group Human Resources Controlling and consolidated manually. Estimation uncertainties do not exist.

Table 44: Age distribution of employees

As indicated	Unit	2024
Total employees	**Number**	**3,450**
thereof under 30 years old	Number	798
	%	23.1
thereof between 30 and 50 years old	Number	1,655
	%	48.0
thereof over 50 years old	Number	998
	%	28.9

The age distribution of employees for the reporting year is recorded as part of the diversity indicators. The average number is calculated by adding the number of employees at the end of each month and dividing by the number of months in the financial year. The different age group percentages describe the number of people in each age group in relation to the average number of employees in the reporting year. The age structure is derived from the recorded personnel master data. The survey of the number of employees in the various age groups is based on the data of the fully consolidated subsidiaries and is essentially taken from the company's HR system. Data from individual companies that are not recorded in the HR system are requested by Group Human Resources Controlling and consolidated manually. Estimation uncertainties do not exist. The key figures have not been validated by an external body.

Social protection (S1-11)

All freenet AG employees are covered by the social security systems of the Federal Republic of Germany, which are based on the principle of solidarity, against loss of earnings due to significant life events. The regulatory framework of German social legislation covers the areas of illness (health and long-term care insurance), unemployment from the point at which the company's labour force starts working for it (unemployment insurance), occupational accidents and disability (accident insurance), parental leave (Federal Parental Allowance and Parental Leave Act) and retirement (pension insurance).

In the areas of retirement provision and disability, freenet grants its employees subsidies for company pension schemes over and above those required by law and has offered disability insurance with a simplified health check since 2016.

Training and skills development key figures (S1-13)

Table 45: Training and skills development

As indicated	Unit	Female 2024	Male 2024	Other [1] 2024	Not specified 2024	Total 2024
Participation in regular performance and career assessments	% of employees	93.8	93.2	0	0	93.4
Participation in training courses	Ø in hours per employee	14.9	15.0	0	0	15.0

[1] Gender pursuant to the employee's own information

freenet records the percentage of employees who have participated in regular performance and career assessments as key figures. The performance and career assessments carried out by freenet correspond to the definition of the ESRS (see S1-1 "Competence model and annual development review"). The percentage is calculated from the ratio of annual development reviews conducted with employees who have a binding entitlement to an annual development review once a year in accordance with a works agreement or other regulations to the average number of eligible employees in the Group (71.5%). The key figures are based on data from the fully consolidated companies and are mainly taken from the company's HR system. Data from individual companies that are not recorded in the HR system are requested by Group HR Controlling and consolidated manually. Estimation uncertainties do not exist.

For training and skills development, freenet determines the average number of formal learning hours per employee, in total and broken down by gender. For freenet, formal learning refers to the organised communication of defined learning content and targets within a structured and institutional framework. The learning process and the learning format are geared towards specific learning outcomes. The average number is calculated by adding all formal learning hours documented by employees divided by the average number of employees (total and by gender category) during the reporting year. The survey of learning hours per employee is essentially based on data from the company's learning management systems and manual reports from HR managers, e.g. on the number of training certificates issued. It does not include formal learning hours at vocational colleges and universities for employees who are undergoing vocational training (e.g. training or studies), compulsory training or paid training holidays. In addition, only formats in which participation can be proven and an objectively verifiable measurement of duration can be used as a basis are recorded as learning hours. For learning formats or platforms that allow employees permanent access and do not have an exact time recording, the formal learning hours are taken into account via the information provided by the external partners on the average useful life of the platform. The key figures have not been validated by an external body.

Work-life balance key figures (S1-15)

Under German national law, all employees in the Group are legally entitled to time off work for family reasons. This leave includes maternity leave, paternity leave, parental leave and leave for carers.

Table 46: Use of leave for family reasons by gender

In %	2024
Female	5.0
Male	0.2
Other [1]	0.0
Not specified	0.0
Total	**1.6**

[1] Gender pursuant to the employee's own information

As part of the key figures for work-life balance, the use of leave for family reasons by employees (total and by gender) is recorded for the reporting year. The percentage of employees who have taken family-related time off or leave is calculated by dividing the number of these by the total number of employees (total and by gender category). The use of time off work is based on a standardised process. The data collection is based on the data of the fully consolidated companies and is mainly taken from the company's HR system. Data from individual companies that are not recorded in the HR system are requested by Group Human Resources Controlling and consolidated manually. Estimation uncertainties do not exist.

In the 2024 financial year, a total of 1.6% of employees (5.0% of female employees and 0.2% of male employees) took leave for family reasons. The main reasons were maternity leave and parental leave. The key figures were not validated by an external body.

Remuneration key figures (S1-16)

Table 47: Differences in earnings and total remuneration

In %	2024
Pay gap between men and women	14.3

The pay gap between men and women is reported as part of the remuneration indicators for the reporting year. The key figures are calculated by subtracting the average standardised annual target salary of female employees from the average standardised annual target salary of male employees divided by the average standardised annual target salary of male employees and are expressed as a percentage. The standardised annual target salary comprises the contractually agreed fixed and variable remuneration components based on 100% target achievement for the year extrapolated to a full-time equivalent. The respective average is calculated from the total of the standardised annual target salaries per gender category divided by the average number of male and female employees in the reporting period. Due to the use of the standardised annual target salary, the key figures are congruent with the result that would be obtained by using gross hourly earnings. The data collection is based on the data of the fully consolidated subsidiaries and is mainly taken from the Group's HR system. Data from individual companies that are not recorded in the HR system are requested by Group Human Resources Controlling and consolidated manually. Estimation uncertainties do not exist.

The gender pay gap at freenet was around 14% in the 2024 financial year. The pay gap is primarily due to the fact that more men than women hold managerial or specialised and therefore higher-paid positions at freenet. The key figures have not been validated by an external body.

Incidents, complaints and severe human rights impacts (S1-17)

Table 48: Incidents of discrimination and complaints

As indicated	Unit	2024
Reported incidents of discrimination (incl. harassment)	Number	2
Complaints about channels through which own workforce can raise concerns	Number	0
Fines, penalties and compensation payments in connection with incidents	EUR	0

Table 49: Severe human right impacts

As indicated	Unit	2024
Severe human rights impacts	Number	0
Fines, penalties and compensation payments in connection with incidents	EUR	0

The following key figures are reported in the area of incidents, complaints and severe human rights impacts: total number of reported incidents of discrimination (incl. harassment), complaints about channels through which own workforce can raise concerns, total number of severe human rights impacts and related fines. The incidents of discrimination recorded by freenet are based on the grounds specified in the AGG (see S1-1) and are in line with the definition of the ESRS. Complaints are considered to be matters that are in the context of ESRS S1 (e.g. working time). Everyday complaints are not recorded. The key figures are collected manually by Group Human Resources Controlling. For the survey, a Group-wide enquiry is made of the respective responsible persons and the specific reporting channels (see S1-3) through which employees can submit complaints are evaluated. The information on fines, penalties and compensation payments is determined based on the reports submitted to the legal and HR departments.

There were two incidents of discrimination in the reporting year. The first case concerned a female employee who was harassed by another employee. The case was reported to the HR department via the line manager. The works council was involved, and the employment relationship was terminated immediately as a form of remediation. In the second case, a female employee was harassed by a customer in the shop. After the employee approached her line manager, the case was reported to the anti-discrimination officer, the relevant HR department and the works council. As a result, a support concept for traumatic incidents was introduced at freenet Shop GmbH to ensure that shop employees receive professional support in such cases in the form of initial psychological assistance from in-house psychological counsellors. In the reporting year, there were no confirmed severe human rights impacts within freenet's own workforce.

Furthermore, no fines or compensation were paid in connection with severe human rights violations or due to violations of social and human rights factors. The key figures have not been validated by an external body.

Workers in the value chain (ESRS S2)

Policies (S2-1)

freenet is aware of its labour and human rights responsibilities as a company and attaches great importance to upholding and complying with these aspects within its business and procurement processes. Potential negative impacts that own business activities may have on human rights within the supply chain must be minimised on an ongoing basis. This is because poor working conditions and disregard for human rights can have a negative impact on the quality and continuity of the supply chain and lead to reputational damage.

In 2023, freenet AG and its affiliated companies therefore expressly committed to the protection of internationally recognised human rights as part of a joint Policy Statement published on the freenet AG website and strive to continuously improve working conditions along their own supply chain.

It is therefore freenet's target, in addition to all other suppliers, to hold the manufacturers and suppliers of mobile devices and network operators accountable for using their influence and position in the value chain, in particular to ensure compliance with human rights due diligence and the exclusion of conflict minerals in the production of telecommunications hardware and accessories. However, freenet's ability to exert influence on its main suppliers with regard to human rights-related aspects is limited in view of its share of the total business volume of these suppliers and its position in the value chain.

freenet has defined Group-wide policies to prevent any human rights violations for workers in the supply chain, without geographical restrictions, and to counteract inadequate working conditions.

In 2018, a Group-wide Supplier Code of Conduct was formulated, which is revised on an ad hoc basis in line with market requirements. It defines minimum standards for direct suppliers worldwide in the areas of human rights (including zero tolerance of human trafficking, forced labour or child labour), social standards (including payment of wages in accordance with legal requirements), environmental protection, safety, health and compliance and is generally included in all new procurement contracts/processes. Alternatively, a declaration is required from strategic suppliers that their standards at least correspond to those of freenet. In addition, suppliers are obliged to comply with the Supplier Code of Conduct and the basic principles expressed in the Global Compact, the Guiding Principles of the United Nations (UN) and the Declaration on Fundamental Rights at Work of the International Labour Organisation (ILO) as standard via the General Terms and Conditions of Purchase.

In the event of violations of the Code of Conduct for Suppliers, freenet reserves the right to appropriate reactions and sanctions depending on the severity of the violation. These include in particular, but are not limited to, the request to remedy the violation immediately, the assertion of claims for damages or – as a final consequence – the cancellation of the contract. If suppliers or their employees suspect a violation of applicable law or freenet AG standards, the Code of Conduct includes direct contact with the Compliance department of freenet AG, which will initiate investigations if necessary. Contact can also be made anonymously via the publicly accessible whistleblower system on the freenet AG website.

Sustainability matters were included as decision parameters in the freenet purchasing guidelines back in 2017 to underpin the responsibility we have set ourselves. This is intended to sensitise the responsible employees to explicitly take these aspects into account when making purchasing decisions. Accordingly, since 2020, information on sustainability issues, in particular ethical, social and environmental aspects, has been obtained in advance of tenders in addition to aspects relating to the financial situation, if this appears sensible or necessary due to the specific circumstances of the individual case. In this context, prior consent to the freenet Supplier Code of Conduct is always obtained from all suppliers and service providers.

In order to fulfil these requirements, freenet has appointed the Chief Compliance Officer as Human Rights Officer, which gives additional expression to the protection of human rights and the pursuit of fair working conditions along the supply chain. This enables us to effectively monitor the implementation of our own due diligence obligations and those of our suppliers. For this purpose, internal and external persons also have the opportunity to report potential violations of human rights or working conditions via the whistleblower system implemented by freenet – in accordance with the German Whistleblower Protection Act and Section 8 of the German Supply Chain Due Diligence Act (LkSG) – and to support the identification of violations. Since August 2023, freenet has also been in dialogue with all relevant suppliers and sends them a questionnaire for self-evaluation in order to identify any violations in the supply chain and to be able to forecast them on the basis of a subsequent risk analysis.

In this context, the Chief Compliance Officer and Human Rights Officer reports directly to the Chief Financial Officer and also advises the Executive Board of freenet AG as the body responsible for compliance with the law and for monitoring compliance risks, as well as the management of the freenet companies.

freenet has a Code of Conduct for business partners (also: Supplier Code of Conduct), which is mandatory for the Group's business partners as part of the General Terms and Conditions of Purchase. In particular, this explicitly addresses the issues of human trafficking, forced labour and child labour. The company also addresses these issues in its Declaration of principles issued in 2023.

freenet follows the following national and international standards in its strategy to respect human rights and protect natural resources, as set out in the 2023 Policy Statement. These principles apply both to own workforce and along the supply chain:

- United Nations Universal Declaration of Human Rights
- The values of the United Nations Global Compact
- United Nations Guiding Principles on Business and Human Rights
- Declaration on Fundamental Principles and Rights at Work and its Follow-up of the International Labour Organization (ILO)
- Combating human and environmental Risks in accordance with the Supply Chain Due Diligence Act of the Federal Republic of Germany

freenet is not aware of any cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises involving value chain workers for the 2024 financial year.

Engagement with value chain workers (S2-2)

freenet endeavours to take greater account of the views of Value chain workers in its own business decisions. However, freenet's ability to influence the main suppliers in this regard is limited due to their share of the total business volume of these suppliers and their position in the value chain. Nevertheless, the interests of the value chain workers for direct suppliers (so-called Tier 1 suppliers) are taken into account indirectly by interviewing the respective purchasing manager in freenet's purchasing organisation and by directly interviewing these suppliers in the form of a questionnaire as part of the annual LkSG supplier risk analysis. After freenet last surveyed all direct suppliers in the 2023 financial year, the company will refrain from conducting an annual survey to reduce the bureaucratic burden on business partners. Instead, direct suppliers who have already been surveyed are currently only surveyed if there is a specific reason to do so or if a contractual relationship with a new supplier is being sought.

With regard to the direct supplier structure, freenet believes that it has a low risk exposure in this context. In relation to the indirect purchasing volume of the new suppliers commissioned in 2024, almost all of them are based in Germany, another EU member state or in the European Economic Area. These suppliers are therefore subject to comparable legal (transparency) regulations with regard to human rights aspects as freenet AG itself. Other than a few exceptions, the remaining suppliers operate from OECD countries or in industries with a low risk profile with regard to the violation of internationally recognised human rights or working conditions.

For all violations along its own supply chain, freenet nevertheless provides several complaint and whistleblower channels that can be used by all employees along the entire supply chain to enter into dialogue with the company, provide information and/or report violations. freenet provides information on this in particular on the company website at fn.de/whistleblower, in its Supplier Code of Conduct and in the Policy Statement on the protection of human rights from 2023.

The Chief Human Resources Officer, who is a member of the Executive Board of freenet AG, has operational responsibility for ensuring that the value chain workers are included in the process and that the results are incorporated into the corporate strategy.

Remediation of negative impacts and channels for value chain workers to raise concerns (S2-3)

freenet is not aware of any violations of human rights or breaches of statutory labour conditions in its own supply chain.

To identify and respond appropriately to any violations, freenet has implemented a risk management system in accordance with the requirements of the German Supply Chain Due Diligence Act (LkSG). In 2023, freenet set out its own commitment to combating human rights violations in its own supply chain in a declaration of principles that is publicly available on the Internet.

The Group has also set up a complaints system that is managed by the Chief Compliance Officer and Human Rights Officer of freenet AG, which is available to all stakeholders in German and English and to which explicit reference is made in freenet's Supplier Code of Conduct.

In addition, the company informs potential whistleblowers via the publicly accessible website fn.de/whistleblower about the possibility of reporting information or complaints to freenet anonymously or by disclosing their identity. The associated process is documented in the rules of procedure published at the same location. The whistleblower system gives people the opportunity to contact the freenet Group's Whistleblower Committee by e-mail or telephone. Information reported via the system is sent directly to the Whistleblower Committee. This committee consists of the Chief Compliance Officer and the Head of Group Audit, Risk and Control as well as any nominated representatives. The committee analyses the information and coordinates the necessary further steps and communication with the whistleblower. One of the central principles of the whistleblower system is to protect the whistleblower from retaliation. The company therefore enters into regular dialogue with the whistleblower – where possible and in compliance with the right to privacy and data protection – in order to identify and prevent any negative impacts against the whistleblower. The information and the resulting findings are subsequently taken into account as part of risk management and are reported annually to freenet AG's Audit Committee. By analysing the type and scope of use by whistleblowers, the company can determine the extent to which value chain workers are aware of and trust the relevant structures and procedures. In addition, the Human Rights Officer monitors the implementation of the Declaration of Principles at an operational level to ensure that the targets are achieved.

If material future negative impacts on value chain workers are identified in a business unit, this is reported to the Human Rights Officer, who must then implement the necessary and appropriate prevention and remediation measures in consultation with the business unit.

Actions, effectiveness and management of material impacts (S2-4)

As part of the materiality analysis in accordance with ESRS 1, freenet identified the topics of human rights violations and working conditions as material.

In order to prevent and mitigate potential negative impacts on value chain workers in this context, the company has taken several actions – as described in more detail below – which are regularly monitored and evaluated by the Compliance, Internal Audit and Human Resources departments. The actions taken to date are based on the assumption that the overwhelming majority of business partners' turnover is based in EU member states or the European Economic Area or in OECD countries and are therefore bound by comparable legal regulations regarding respect for internationally recognised human rights and working conditions. This assumption was also confirmed by the initial risk analysis for freenet's own business division and its suppliers, which had to be carried out in accordance with the requirements of the LkSG and did not reveal any specific material risks to human rights within the meaning of the LkSG for the employees in freenet AG's own business division and at its suppliers.

The contents of the Supplier Code of Conduct are regularly adapted to social and legal expectations, taking into account market requirements. The Code of Conduct defines minimum standards to be observed in the areas of human rights, social standards, environmental protection, safety, health and compliance. In particular, the Code of Conduct stipulates that there is no tolerance for forced labour, the forced engagement of workers or human trafficking. With regard to social standards, there is an obligation to pay wages in accordance with statutory regulations. Equal opportunities and fair treatment of labour must also be ensured.

The Supplier Code of Conduct is generally included in all new procurement contracts and processes. Alternatively, a declaration is required from strategic suppliers that their standards at least meet or exceed those of freenet. In the event of violations of the Code of Conduct for Suppliers, freenet reserves the right to appropriate reactions and sanctions depending on the severity of the violation. These include in particular, but are not limited to, the request to remedy the violation immediately, the assertion of claims for damages or – as a final consequence – the cancellation of the contract.

All of the company's direct suppliers that fall within the scope of the Purchasing Guideline were surveyed in 2023 as part of an initial LkSG-specific risk analysis using special questionnaires based on the requirements of the German Supply Chain Due Diligence Act (LkSG). All new direct suppliers who have entered into a business relationship with freenet since then receive the questionnaire from the Purchasing department as part of the supplier system and are required to complete it. The LkSG questionnaire questions on working conditions, working time, minimum wage, child labour and forced labour. The content of the questionnaires submitted to the company is checked and analysed by the Compliance department. Based on the findings, freenet takes the necessary remediation measures (Section 7 LkSG) up to and including the termination of business relationships.

A further action freenet has taken is to create whistleblowing channels throughout the Group through which both internal and external persons can report grievances or violations of legal rights. A whistleblower system is available around the clock for this purpose. Contact options for reporting suspected compliance violations as well as further information on the reporting procedure are available on the freenet AG intranet and on the company website at fn.de/whistleblower. Reports can be made either anonymously or by disclosing one's identity. Of course, all whistleblowers are protected from negative consequences as a result of reporting in accordance with the EU whistleblower policy. The Whistleblower Committee reviews incoming reports and initiates further investigations if necessary.

Furthermore, the company is in an evaluation process and is therefore not currently planning any additional actions or initiatives specifically aimed at promoting positive impacts on value chain workers. Therefore, in the absence of any evidence of violations of human rights and/or labour conditions, the company believes that its actions with respect to the value chain workforce are effective.

freenet determines the necessity and appropriateness of actions in this context on the basis of a risk analysis for its own business area and the supply chain in accordance with the LkSG. In its risk analysis, freenet incorporates the knowledge gained from the whistleblower channels to identify and assess negative impacts on human rights within its own supply chain. Based on this, preventive and remediation measures are taken where necessary. These include in particular, but are not limited to, the creation of new policies, the request to remedy the violation immediately or – as a final consequence – the termination of the business relationship.

freenet makes the taking of actions and the measurement of the effectiveness of these actions primarily dependent on the knowledge gained from the risk analysis carried out. All of freenet's procurement units, which are familiar with the organisation and challenges of their suppliers due to their regular contact with them, are included in the supplier risk analysis. The assessments of the procurement units are therefore of considerable importance for taking further potential actions, especially against the backdrop of market challenges.

Risk management, which was aligned with the requirements of the LkSG, is part of the audit universe of the freenet Group Internal Audit department and is subject to a continuous review process. Findings from prior years with regard to the risk areas of the LkSG are included in the audit of the respective area.

If violations by suppliers are identified, the risk management for comparable suppliers is reviewed and, if necessary, actions are implemented to improve the detection of similar violations. If LkSG-relevant risks are identified at a supplier, a targeted review of risk management is carried out and, if necessary, the implementation of actions to improve the detection of similar risks at other suppliers. Information from the process to raise concerns is included in the review of the risk analysis process.

Any breaches or risks identified at suppliers lead to a review of the Policy Statement with regard to the adequate consideration of these risks or necessary adjustments. Information from the responsible supervisory authority is included in the review of risk management in order to identify and address potential weaknesses.

freenet AG, as the ultimate Group holding company of the largest network-independent telecommunications provider in Germany, pursues the target of holding smartphone manufacturers and network operators, in addition to all suppliers, accountable for using their influence and position in the value chain to achieve, in particular, compliance with human rights due diligence and the exclusion of conflict minerals in the production of telecommunications hardware and accessories. Although freenet's opportunities to influence these business partners in this sense are limited, the company has taken the actions described to contribute to the achievement of these goals and to fulfil its own requirements, including within its own business activities.

In order to prevent its own practices from having a potentially material impact on the labour force in its own value chain, freenet engages with all direct business partners as part of risk management in accordance with the LkSG. This LkSG risk management is monitored by the Compliance department, which ensures that the company's own requirements are realised both inside and outside the company.

In the 2024 financial year, freenet was not notified of any serious problems or incidents relating to human rights within the upstream or downstream value chain.

The ESG Management and Compliance departments play a key role in managing the material impacts and work together to analyse and assess the company's progress in this regard.

Targets (S2-5)

freenet has not defined any measurable results-oriented targets for the management of impacts relating to value chain workers and does not currently plan to do so. freenet's business model is fundamentally limited to the territory of the Federal Republic of Germany, and its business activities and the immediate upstream and downstream value chain are also concentrated in Germany. freenet assumes that its influence on the sustainability impacts for value chain workers is low. This assessment was confirmed as part of the risk analysis carried out in accordance with the LkSG, in particular with regard to human rights impacts.

freenet nevertheless monitors the effectiveness of its policies and actions with regard to sustainability material impacts as part of LkSG risk management. Beyond this, the company has not defined any sufficiently specific targets or agreed any qualitative or quantitative indicators.

IT/cyber security (entity-specific disclosures)

The threat posed by cyber attacks represents a significant challenge for the German economy. The impacts and r isks identified in this regard as part of freenet's materiality analysis, particularly for employees and customers, result from the increasing number of cyber attacks to which companies in the information and communications industry are also exposed. The strategic importance of data security for freenet is reflected in the implementation of actions to protect data. This includes both technical and organisational actions aimed at ensuring the integrity, confidentiality and availability of data (see ESRS 2 SBM-2 and ESRS 2 SBM-3).

Policies

IT security guideline, standards and IT security organisation

freenet AG's Information Security Guideline sets out the basic principles for dealing with information security in the company. In addition, an IT security organisation and IT security standards have been established to ensure compliance with the policy. The targets of this guideline are to protect the availability, integrity and confidentiality of data, IT applications and IT systems in order to prevent damage to customers, employees and the company and to ensure compliance with the legal provisions on information security.

freenet AG's IT security organisation comprises defined roles and responsibilities as well as a binding process for security incident management. The IT Security Board, the IT Security Coordinators and the decentralised IT security contact persons have central functions. The IT Security Board is made up of the IT Executive Board (CTO), the Head of IT Infrastructure and the IT Security Coordinators and is supported by the Head of Group Audit, Risk and Control in an advisory capacity. The committee defines the security concept and security guidelines and decides on the actions required to comply with these requirements.

In the event of an IT security incident, the IT Security Board serves as an escalation level. In the central teams of the IT security organisation, eight employees are exclusively responsible for IT security issues. The Client Security and Internet Security teams support the decentralised security contacts by analysing and protecting the Group network and network traffic with AI-based security technology. The threat situation is continuously analysed and recommendations for action are developed. The IT Executive Board (CTO) is centrally responsible for the IT security organisation and the policy is approved by the full Executive Board.

The Information Security Guideline and IT Security Organisation applies to freenet AG and all current and future companies affiliated with freenet AG and their employees, including the members of the Executive Board and managing directors of the companies. Media Broadcast GmbH and its subsidiaries and affiliates (Media Broadcast Group) are excluded from this. Media Broadcast has its own information security management system (ISMS) with its own established IT security organisation and has ISO 27001 certification in the area of cyber security. Media Broadcast pursues a preventive approach to ensuring information security. Media Broadcast's ISMS is designed to ensure that the regulatory and contractual requirements of customers are met. It has comparable elements with regard to the IT security organisation and the processing of IT security incidents as freenet Group IT. The core element of the ISMS is risk management with the approach of recognising potential threats to Information security and taking appropriate actions to mitigate or eliminate these risks. The target is to reduce the likelihood of security incidents and minimise the impacts of security breaches.

Management of security incidents

freenet AG has established a series of processes that take effect if security incidents become known. These processes are targeted at minimising the damage caused by security incidents such as cyber attacks or system failures and restoring business continuity.

The security incident management process includes IT security monitoring and the handling of IT security incidents with the help of the internal Service Operation Centre and an external incident response partner. An annually tested crisis and emergency plan as well as a restart plan for the IT infrastructure and software applications are in place to minimise potential outages or restrictions.

To ensure information security, largely automated security patch management is also part of regular operations. In addition, the online portals are protected by intelligent threat detection and automatic defence.

Optimisation opportunities in the IT security processes are evaluated in the course of lessons learned sessions and, if necessary, the corresponding technical or procedural adjustments are made.

The scope of application is limited to freenet Group IT (freenet AG without Media Broadcast, The Cloud and Exaring). Media Broadcast has established comparable processes as part of the information security management system. The IT Executive Board (CTO) is centrally responsible for the management of security incidents.

Engagement with affected stakeholders

Customers are not directly or actively involved in IT and cyber security issues and processes. Nevertheless, in a representative survey of customers in 2024 on the topic of “sustainability”, data security was emphasised as an important aspect by customers.

Within freenet's IT security organisation, the security-relevant teams receive regular further training. They take part in various events to exchange ideas with other IT security experts and to delve deeper into current IT security topics. The events attended include workshops at the German Federal Office for Information Security (BSI), industry-standard trade fairs and conferences as well as trade fairs and conferences on the tools used. In addition, semi-annual and/or ad hoc exchanges are held with representatives of relevant German authorities such as the Federal Commissioner for Data Protection and Freedom of Information (BfDI), the BSI and the Federal Network Agency (BNetzA). Stakeholder engagement by freenet AG is therefore rather indirect.

Remediation of negative impacts and channels for affected stakeholders to raise concerns

freenet AG has set up various channels to give affected stakeholders (especially customers and employees) the opportunity to raise concerns and report Incidents. These channels include the whistleblower system (see S2-2 and G1-3 for further information on the system and the protection of whistleblowers and affected parties against retaliation), the Group Data Protection Officer of freenet AG and the company Data Protection Officers of the freenet companies, as well as the complaints offices of the data protection and IT security supervisory authorities. The reported cases are followed up in accordance with freenet AG's procedural regulations.

In addition, an internal portal for reporting security incidents and an emergency hotline have been set up for employees, both of which are supported 24/7. Both reports via the portal and the emergency hotline are processed as IT security incidents in the security incident management process. In order to remedy any negative impacts, freenet AG has implemented steps (see section "Management of security incidents") to adapt the internal processes and security concepts.

Actions, effectiveness and management of material impacts

Internal and external auditing of IT security

freenet AG carries out an annual cyber risk assessment as part of the insurance of cyber risks in order to evaluate the cyber risk position and the level of maturity with regard to IT/cyber security. The assessments are carried out using the ISO2700x framework, among others. In addition, the IT crisis plan is tested annually and internal and external penetration tests are carried out. These actions are continued on an annual basis. The implementation of the IT security concept is also reviewed by the Federal Network Agency at least every two years in accordance with Section 166 of the German Telecommunications Act (TKG), most recently on 18 November 2024. Any weaknesses in IT security are to be identified and remedied through process improvements or technical actions. freenet Group IT and Media Broadcast are included in the scope of the actions.

Regular awareness training for employees

freenet AG has implemented actions to regularly sensitise employees in the area of IT security. These actions include needs-based information on IT security topics and security incidents as well as the internal production of awareness-raising videos that are distributed to employees. Necessary information on security incidents is communicated to all employees via the Teams and Viva Engage collaboration tools and, if directly affected, via the internal ticketing system. Depending on the priority of the information, the chosen means of communication should ensure visibility. In addition, phishing campaigns are simulated internally and learning content based on them is currently being tested. Annual mandatory training is also planned for employees of Media Broadcast GmbH. These actions help to sensitise employees to the issue of data security and will be continued on an ongoing basis.

Targets

freenet AG has not set itself an ESRS-compliant quantitative target, as it is not possible to prevent cyber attacks per se. freenet AG pursues the ambition of preventing the success of cyber attacks or, if successful, minimising the extent of damage. This ambition is set out in the objective of the information security guideline, which aims to ensure the confidentiality, integrity and availability of data and systems. This is to be achieved through the use of preventive and reactive processes and technologies in order to minimise the risk of successful cyber attacks and maximise the protection of sensitive information, particularly customer data. Quantitative indicators used for assessment include the number of attacks averted and the response time to security incidents, which should be minimised as far as possible. The reference period for measuring progress begins with the implementation of the respective security measures and is reviewed on an ongoing basis.

These approaches are intended to ensure that the effectiveness of cyber security actions is continuously assessed and optimised in order to minimise the probability of cyber attacks being successful in the long term. The ambition applies to the total freenet Group and is ongoing.

Key figures related to IT/cyber security

freenet AG tracks the effectiveness of policies and actions in the area of IT/cyber security and measures their performance in terms of material impacts and risks using various metrics:

Table 50: Key figures on IT/cyber security

As indicated	Unit	2024
Security breaches or incidents related to IT/cyber security (BNetzA/BSI notifications)	Number	0
Percentage of incidents resulting in BSI/BNetzA notifications pursuant to Section 168 TKG in which the protection of personal data was breached	%	0
Fines paid in connection with security breaches or other IT/cyber security Incidents	EUR	0

Mandatory notifications of security breaches or incidents related to IT/cyber security (BNetzA/BSI notifications)
The key figure "Security breaches and incidents related to IT/cyber security" is the number of incidents to be reported to the BNetzA and the BSI for the Group in accordance with Section 168 TKG in the reporting year. The key assumption and limit with regard to the key figures is the assessment of the reporting obligation (in accordance with Section 168 TKG), which is to be made by the responsible parties (IT Security Officer/Chief Compliance Officer).

Percentage of incidents leading to BSI/BNetzA notifications pursuant to Section 168 TKG in which the protection of personal data was breached
The proportion of incidents leading to BSI/BNetzA reports pursuant to Section 168 TKG in which the protection of personal data was breached is a percentage thereof in relation to the aforementioned key figures "Security breaches or incidents related to IT/cyber security". It is subject to the same limits and assumptions as the key figure "Security breaches and incidents related to IT/cyber security (BNetzA/BSI reports)".

Sanctions in the form of fines paid in connection with security breaches or other IT/cyber security incidents
The key figure "Fines paid in connection with security breaches or other IT/cyber security incidents" is the total of fines paid in the reporting year for security breaches or other IT/cyber security incidents for matters in the reporting year or prior years. The key figures have no limits or significant assumptions. The "EUR" currency presented in freenet's financial statements is used as the unit of measurement.

The key figures have not been validated by an external body.

Governance disclosures

Business conduct: corruption and bribery (ESRS G1)

Business conduct policies and corporate culture (G1-1)

Corporate culture at freenet is characterised by a high degree of integrity, collaboration and continuous learning. From freenet's perspective, teamwork and open communication are an integral part of creating an inclusive and supportive working environment. Honesty and professional behaviour are therefore essential to the corporate culture in order to ensure a trusting and respectful working environment. Any signs of unethical behaviour must be resolutely countered. Anti-corruption and bribery matters identified as material in the Materiality Analysis with regard to corporate governance are consistently pursued by freenet. Corruption and Bribery distort markets and hinder fair competition.

freenet is convinced that working with integrity forms the basis for sustainable success and trusting business relationships. To anchor this self-image in the corporate culture, freenet therefore relies on comprehensive and clearly defined policies, work instructions and training to manage compliance risks and anti-corruption, which support employees and managers in complying with legal requirements and enable ethically correct behaviour at all times. These guidelines not only clarify the legal requirements, but also the specific behaviour expected within the company. The Executive Board and subordinate managers communicate the associated strict fundamental attitude ("Tone from the Top") to all areas of the organisation. The works councils also support the compliance policies. This adherence to the law is a fundamental part of corporate culture and should be supported by active action from all parts of the organisation. The company therefore also pursues a zero-tolerance approach for corruption offences.

In this endeavor, the Donations Policy, the Purchasing Policy and the Signature Policy are of critical importance, as they serve, among other things, the evaluated essential task of combating corruption and ensuring the integrity of all individuals associated with the group. Consequently, all guidelines within the freenet Group are regularly reviewed for compliance with legal requirements and ethical developments and adjusted as necessary in response to these developments.

The Benefits Policy aims to prevent the unfair influencing of business transactions both internally and externally and regulates when the granting of benefits to business partners, competitors and/or government agencies as well as the acceptance of benefits by employees, members of the Executive Board, managing directors, executives or other employees is (in)permissible. In accordance with the benefits policy, all employees must report all benefits received and granted in excess of EUR 20 to the Compliance department via their line manager on a quarterly basis so that gifts, invitations and benefits can be checked for their factual and legal compliance. The acceptance and granting of benefits is only permitted if it can be unequivocally ruled out that a business decision will be influenced.

The Signature Policy is intended to ensure that only selected persons can conclude business transactions and that authorised representatives from different departments or divisions always sign important declarations of intent. The policy specifies who is authorised to sign certain contracts, notices of termination or other legally binding declarations with external effect. The signature guideline is based on the principle of dual control.

In addition, the purchasing guideline is intended to ensure procurement from the objectively best supplier through clear procedural requirements and the mandatory involvement of the purchasing department – as a neutral body alongside the procuring department – for material purchasing transactions.

All of the aforementioned policies are an integral part of the compliance management system (CMS). In addition, the CMS implemented in the Group relies on low-threshold counselling services. The Compliance department provides employees with legal and content-related advice in order to quickly resolve any uncertainties in their daily work. The departments and divisions are generally made aware of new legal developments at an early stage and supported in their implementation if necessary.

The investigation and review of any breaches of the law is conducted through multiple channels. Possible breaches of rules are pursued in particular by Internal Audit and Anti-Fraud Management. If employees observe misconduct or suspect a violation of laws or internal policies, they are required to report this immediately to the Compliance department.

This concept aims to minimise the risk of compliance violations, particularly with regard to corruption and bribery. This is because employees are made aware of compliance issues through clearly understandable policies and can easily adapt their behaviour to the legal requirements and the communicated corporate attitude. Due to the implemented multiple-eye principle for legally relevant declarations, there are high hurdles for corruption and bribery, as it is not possible to influence large cash flows with small means. This significantly benefits the company's business activities, as it means that the best objective decision is made for the company and serious reputational damage to the company can be avoided, which can have far-reaching negative consequences for the company.

In its scope of application, the CMS covers all of freenet AG's activities along the entire Value chain and is not limited to the German or European market, although freenet AG is primarily active in the German market. This is because some of freenet AG's business partners are based outside Germany and outside the EU. However, an effective CMS requires that these business partners are nevertheless covered by the scope of application, as there is also a risk of relevant compliance violations, particularly with regard to Corruption and Bribery. freenet is aware of its responsibility and has therefore implemented a Code of Conduct for business partners for many years and made it the subject of its contractual relationships in the B2B environment.

As part of the compliance management system, the Chief Compliance Officer is responsible for the policy for business conduct and the promotion of corporate culture with regard to anti-corruption and implements it in cooperation with the Internal Audit, Human Resources and Legal departments. The Chief Compliance Officer reports directly to the Chief Financial Officer and also advises the Executive Board of freenet AG as the body responsible for compliance with the law and for monitoring compliance risks as well as the management of the freenet companies.

With regard to the economic offences of corruption and bribery, from the company's point of view, the areas of the company that are most at risk are those in which the briber can influence larger cash flows in his favour with limited resources. This risk exists at freenet, for example, in the context of high-revenues contractual partners, both on the customer and supplier side. The departments and divisions most affected are those that deal with mobile network operators, manufacturers and suppliers of mobile devices and electronics retailers operating in Germany, for example. Specifically, these are the Purchasing, Network Operator Management and Sales organisational units due to their proximity to the commissioning of financial transactions.

Prevention and detection of corruption and bribery (G1-3)

Compliance with legal requirements and the underlying ethical principles, including anti-corruption and bribery matters, is the responsibility of the Internal Audit and Compliance organisational units at freenet. They are organisationally independent of the operating business, have extensive powers and must be granted access to all information necessary for their activities. As a listed and correspondingly highly regulated stock corporation and parent company of the largest network-independent telecommunications provider in Germany, freenet AG is subject to special legal regulations that serve, among other things, to prevent and combat criminal offences such as money laundering, terrorist financing, fraud, corruption, insider trading and market manipulation.

A regular review and assessment of the associated legal regulations and requirements enables potential compliance risks to be identified and actions to be taken at an early stage. The departments and divisions are always made aware of new legal developments and supported in their implementation where necessary. The Compliance department advises employees, members of the Executive Board, managing directors, executives and other employees and supports them in avoiding compliance violations by providing comprehensive and clearly understandable policies.

The company's employees also receive regular training on the most important compliance topics. In the 2024 financial year, freenet trained 44.8% of all employees and Executive Board members who held high-risk positions with regard to corruption and bribery as part of an annual mandatory anti-corruption training programme. The areas of the company that are at significant risk of corruption and bribery will also be required to take part in further special anti-corruption training in the future. freenet is cooperating with an established provider on the market and implementing selected components of its computer-based training in the company's internal training system. As part of this, all areas that are potentially at increased risk of bribery and corruption are taught theoretical knowledge on anti-corruption based on real-life examples and shown how to comply with legal requirements.

The Compliance department relies on the cooperation of employees and managers to recognise violations of legal requirements at an early stage. It therefore provides a low-threshold whistleblower system that can be used to report possible compliance violations or suspected cases anonymously if required. The compliance department also relies on company-wide networking in order to counter compliance violations before they are realised.

If compliance violations come to light, they are investigated by the Compliance department and/Internal Audit, depending on the individual case, e.g. by conducting interviews, analysing data or inspecting documents. The confidentiality of the investigations is respected at all times and any whistleblowers are protected from reprisals.

The persons entrusted with investigations are generally separate from the management chain involved in the matter. Both Internal Audit and the Compliance department are organisationally independent of the operational business. The same applies to the Audit Committee, which monitors the effectiveness of this system.

The Chief Compliance Officer reports regularly, at least once per financial year, on the implemented processes, developments and special incidents to the Audit Committee of the Supervisory Board so that it can satisfy itself of the effectiveness of the CMS. The Supervisory Board is informed immediately if serious risks arise that could jeopardise the existence of freenet AG.

In addition, the Chief Compliance Officer reports directly to the Chief Financial Officer, who forwards the information to the full Management Board and Supervisory Board as required. The entire Management Board is regularly informed by the Chief Compliance Officer about any incidents and actions in connection with the combating, prevention or detection of incidents or allegations relating to corruption or bribery.

All policies are made available to employees on the intranet. As part of its company-wide networking, the Compliance department communicates any adjustments and changes to the policies to employees. In addition, the Executive Board and downstream managers communicate the conduct expected in the company to the respective departments.

Incidents of corruption or bribery (G1-4)

Table 51: Incidents of corruption or bribery

As indicated	Unit	2024
Convictions for violations of anti-corruption and anti-bribery laws	Number	0
Fines for violations of anti-corruption and anti-bribery laws	EUR	0

As in prior years, freenet is not aware of any convictions or fines for violations of anti-corruption and anti-bribery regulations for the 2024 financial year. The company is not aware of any violations of anti-corruption and bribery matters procedures and standards.

Convictions for violations of anti-corruption and anti-bribery laws

The key figure “Number of convictions for violations of anti-corruption and anti-bribery laws” includes all suspected cases confirmed during the reporting year that led to criminal sanctions against employees and/or board members of freenet AG. The key figures have no limits or significant assumptions.

Fines for violations of anti-corruption and anti-bribery laws

The key figure “Fines for violations of anti-corruption and anti-bribery laws” is the total of the amounts paid in the reporting year by employees and/or members of governing bodies as fines for violations of anti-corruption and anti-bribery regulations in the reporting year or prior years. The key figures have no limits or significant assumptions. The “EUR” currency shown in freenet’s financial statements is used as the unit of measurement. The key figures have not been validated by an external body.

Appendix to the non-financial group statement

Table 52: List of disclosure requirements in ESRS covered by the sustainability report

General information

ESRS	Disclosure require-ment	Name of the disclosure requirement	Page
ESRS 2		**General disclosures**	58 ff.
ESRS 2	BP-1	General basis for preparation	58 ff.
ESRS 2	BP-2	Disclosures in relation to specific circumstances	60 ff.
ESRS 2	GOV-1	Role of the administrative, management and supervisory bodies	62 ff.
G1	GOV-1	Role of the administrative, management and supervisory bodies	62 ff.
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the Executive and Supervisory Board	65 f.
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	66
E1	GOV-3	Integration of sustainability-related performance in incentive schemes	66
ESRS 2	GOV-4	Statement on due diligence	66 f.
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	67 f.
ESRS 2	SBM-1	Strategy, business model and value chain	68 f.
ESRS 2	SBM-2	Interests and views of stakeholders	69 ff.
S1	SBM-2	Interests and views of stakeholders	69 ff.
S2	SBM-2	Interests and views of stakeholders	69 ff.
Entity-specific disclosures	SBM-2	Interests and views of stakeholders	69 ff.
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	72 ff.
E1	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	72 ff.
S1	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	72 ff.
S2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	72 ff.
Entity-specific disclosures	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	72 ff.
ESRS 2	IRO-1	Double materiality assessment	77 ff.
E1	IRO-1	Identification and assessment of material climate-related impacts, risks and opportunities	79 f.
E2	IRO-1	Identification and assessment of material impacts, risks and opportunities related to pollution	80
E3	IRO-1	Identification and assessment of material impacts, risks and opportunities related to water and marine resources	80
E4	IRO-1	Identification and assessment of material impacts, risks, dependencies and opportunities related to biodiversity and ecosystems	81
E5	IRO-1	Identification and assessment of material impacts, risks and opportunities related to resource use and circular economy	82
G1	IRO-1	Identification and assessment of material impacts, risks and opportunities related to business conduct	82
ESRS 2	IRO-2	ESRS disclosure requirements covered by the sustainability statement	82

Environmental information

ESRS	Disclosure require-ment	Name of the disclosure requirement	Page
E1		**Climate change**	83 ff.
E1	E1-1	Transition plan for climate change mitigation	83
E1	E1-2	Policies	84
ESRS 2	E1-2 (MDR-P)	Minimum disclosure requirement for policies	84
E1	E1-3	Actions and resources	84 f.
ESRS 2	E1-3 (MDR-A)	Minimum disclosure requirement for actions and resources	84 f.
E1	E1-4	Targets	85 f.
ESRS 2	E1-4 (MDR-T)	Minimum disclosure requirement for targets	85 f.
E1	E1-5	Energy consumption and mix	87
E1	E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	88 ff.
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credit	93
E1	E1-8	Internal carbon pricing	93
E5		**Resource use and circular economy**	94 f.
E5	E5-1	Policies	94
ESRS 2	E5-1 (MDR-P)	Minimum disclosure requirement for policies	94
E5	E5-2	Actions and resources	94
ESRS 2	E5-2 (MDR-A)	Minimum disclosure requirement for actions and resources	94
E5	E5-3	Targets	94
ESRS 2	E5-3 (MDR-T)	Minimum disclosure requirement for targets	94
E5	E5-5	Entity-specific key figure “Return rate of devices”	95
ESRS 2	E5-5 (MDR-M)	Minimum disclosure requirement for key figures	95
N/A	**N/A**	**EU Taxonomy**	95 ff.

Social information

ESRS	Disclosure require-ment	Name of the Disclosure requirement	Page
S1		**Own workforce**	101 ff.
S1	S1-1	Policies	101 ff.
ESRS 2	S1-1 (MDR-P)	Minimum disclosure requirement for policies	101 ff.
S1	S1-2	Engagement with own workforce and employee representatives	104 f.
S1	S1-3	Remediation of negative impacts and channels for own workforce to raise concerns	105
S1	S1-4	Actions, effectiveness and management of material impacts	106 f.
ESRS 2	S1-4 (MDR-A)	Minimum disclosure requirement for actions and resources	106 f.
S1	S1-5	Targets	108
ESRS 2	S1-5 (MDR-T)	Minimum disclosure requirement for targets	108
S1	S1-6	Characteristics of the undertaking’s employees	108 f.
ESRS 2	S1-6 (MDR-M)	Minimum disclosure requirement for key figures	108 f.

Social information

ESRS	Disclosure requirement	Name of the Disclosure requirement	Page
S1	S1-7	Characteristics of the undertaking’s non-employees	110
ESRS 2	S1-7 (MDR-M)	Minimum disclosure requirement for key figures	110
S1	S1-9	Diversity key figures	110 f.
ESRS 2	S1-9 (MDR-M)	Minimum disclosure requirement for key figures	110 f.
S1	S1-11	Social protection	111
ESRS 2	S1-11 (MDR-M)	Minimum disclosure requirement for key figures	111
S1	S1-13	Training and skills development key figures	111 f.
ESRS 2	S1-13 (MDR-M)	Minimum disclosure requirement for key figures	111 f.
S1	S1-15	Work-life balance key figures	112
ESRS 2	S1-15 (MDR-M)	Minimum disclosure requirement for key figures	112
S1	S1-16	Remuneration key figures	112 f.
ESRS 2	S1-16 (MDR-M)	Minimum disclosure requirement for key figures	112 f.
S1	S1-17	Incidents, complaints and severe human rights impacts	113
ESRS 2	S1-17 (MDR-M)	Minimum disclosure requirement for key figures	113
S2		**Workers in the value chain**	114 ff.
S2	S2-1	Policies	114 f.
ESRS 2	S2-1 (MDR-P)	Minimum disclosure requirement for policies	114 f.
S2	S2-2	Engagement with value chain workers	115 f.
S2	S2-3	Remediation of negative impacts and channels for value chain workers to raise concerns	116
S2	S2-4	Actions, effectiveness and management of material impacts	116 ff.
ESRS 2	S2-4 (MDR-A)	Minimum disclosure requirement for actions and resources	116 ff.
S2	S2-5	Targets	118
ESRS 2	S2-5 (MDR-T)	Minimum disclosure requirement for targets	118
Entity-specific disclosures		**IT/cyber security**	118 ff.
Entity-specific disclosures	IT/cyber security	Policies	118 f.
ESRS 2	IT/cyber security (MDR-P)	Minimum disclosure requirement for policies	118 f.
Entity-specific disclosures	IT/cyber security	Engagement with affected stakeholders	119
Entity-specific disclosures	IT/cyber security	Remediation of negative impacts and channels for affected stakeholders to raise concerns	120
Entity-specific disclosures	IT/cyber security	Actions, effectiveness and management of material impacts	120
ESRS 2	IT/cyber security (MDR-A)	Minimum disclosure requirement for actions and resources	120
Entity-specific disclosures	IT/cyber security	Targets	120
ESRS 2	IT/cyber security (MDR-T)	Minimum disclosure requirement for targets	120
Entity-specific disclosures	IT/cyber security	Key figures related to IT/cyber security	120 f.
ESRS 2	IT/cyber security (MDR-M)	Minimum disclosure requirement for key figures	120 f.

Governance information

ESRS	Disclosure requirement	Name of the disclosure requirement	Page
G1		**Business conduct: corruption and bribery**	121 ff.
G1	G1-1	Business conduct policies and corporate culture	121 ff.
ESRS 2	G1-1 (MDR-P)	Minimum disclosure requirement for policies	121 ff.
G1	G1-3	Prevention and detection of corruption and bribery	123 f.
G1	G1-4	Incidents of corruption or bribery	124
ESRS 2	G1-4 (MDR-M)	Minimum disclosure requirement for key figures	124

Table 53: List of data points in cross-cutting and topical standards deriving from other EU legislation

Disclosure requirement and associated data point	Materiality	Page
ESRS 2 GOV-1 Gender diversity in governance bodies (ESRS 2.21 d)	Mandatory	62 f.
ESRS 2 GOV-1 Percentage of governance body members that are independent (ESRS 2.21 e)	Mandatory	63
ESRS 2 GOV-4 Statement on due diligence (ESRS 2.30)	Mandatory	66 f.
ESRS 2 SBM-1 Participation in fossil fuel activities (ESRS 2.40 d (i))	Mandatory (not applicable)	—
ESRS 2 SBM-1 Participation in activities related to the manufacture of chemicals (ESRS 2.40 d (ii))	Mandatory (not applicable)	—
ESRS 2 SBM-1Involvement in activities related to controversial weapons (ESRS 2.40 d (iii))	Mandatory (not applicable)	—
ESRS 2 SBM-1 Participation in activities related to the cultivation and production of tobacco (ESRS 2.40 d (iv))	Material	—
ESRS E1-1 Transition plan to achieve climate neutrality by 2050 (ESRS E1.14)	Material	83
ESRS E1-1 Companies excluded from the Paris-aligned reference values (ESRS E1.16 g)	Material	83
ESRS E1-4 GHG emission reduction targets (ESRS E1.34)	Material	85 f.
ESRS E1-5 Energy consumption from fossil fuels by source (High climate impact sectors only) (ESRS E1.38)	Material (not reported)	59 (Table 25)
ESRS E1-5 Energy consumption and energy mix (ESRS E1.37)	Material	115 f.
ESRS E1-5 Energy intensity associated with activities in High climate impact sectors (ESRS E1.40 – 43)	Material (not reported)	59 (Table 25)
ESRS E1-6 Gross GHG emissions in Scope 1, 2 and 3 categories and total GHG emissions (ESRS E1.44)	Material	88 ff.
ESRS E1-6 Gross GHG emissions intensity (ESRS E1. 53 - 55)	Material	88 ff.
ESRS E1-7 Removal of greenhouse gases and CO_2 allowances (ESRS E1.56)	Material (not applicable)	—
ESRS E1-9 Exposure of the reference value portfolio to climate-related Physical risks (ESRS E1.66)	Material (transitional provision)	—
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk (ESRS E1.66 a)	Material (transitional provision)	—
ESRS E1-9 Location of significant assets with material physical risk (ESRS E1.66 c)	Material (transitional provision)	—
ESRS E1-9 Breakdowns of the Carrying amounts of its properties by energy efficiency class (ESRS E1.67 c)	Material (transitional provision)	—
ESRS E1-9 Degree of exposure of the portfolio to Climate-related opportunities (ESRS E1.69)	Material (transitional provision)	—

Disclosure requirement and associated data point	Materiality	Page
ESRS E2-4 Quantity of each Pollutant listed in Annex II to the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and Soil (ESRS E2.28)	Not material	—
ESRS E3-1 Water and marine resources (ESRS E3.9)	Not material	—
ESRS E3-1 Special Policy (ESRS E3.13)	Not material	—
ESRS E3-1 Sustainable oceans and seas (ESRS E3.14)	Not material	—
ESRS E3-4 Total volume of water recycled and reused (ESRS E3.28 c)	Not material	—
ESRS E3-4 Total water consumption in m^3 per net revenue from own activities (ESRS E3.29)	Not material	—
ESRS 2 - SBM-3 - E4 (ESRS E4.16 a (i))	Not material	—
ESRS 2 - SBM-3 - E4 (ESRS E4.16 b)	Not material	—
ESRS 2 - SBM-3 - E4 (ESRS E4.16 c)	Not material	—
ESRS E4-2 Sustainable practices or policies related to Land-use and agriculture (ESRS E4.24 b)	Not material	—
ESRS E4-2 Sustainable practices or policies related to oceans/seas (ESRS E4.24 c)	Not material	—
ESRS E4-2 Policies to combat Deforestation (ESRS E4.24 d)	Not material	—
ESRS E5-5 Non-recycled Waste (ESRS E5.37 d)	Not material	—
ESRS E5-5 Hazardous and radioactive waste (ESRS E5.39)	Not material	—
ESRS 2 SBM-3 - S1 Risk of Forced Labour (ESRS S1.14 f)	Material	74
ESRS 2 SBM-3 - S1 Risk of Child labour (ESRS S1.14 g)	Material	74
ESRS S1-1 Commitments in the area of human rights policy (ESRS S1.20)	Material	101 f,
ESRS S1-1 Due diligence requirements for issues covered by the International Labour Organization's fundamental conventions 1 to 8 (ESRS S1.21)	Material	101 f.
ESRS S1-1 Procedures and Actions to Combat Human Trafficking (ESRS S1.22)	Material	101 f.
ESRS S1-1 Policy or management system for the prevention of occupational accidents (ESRS S1.23)	Not material	—
ESRS S1-3 Processing of complaints (ESRS S1.32 c)	Material	105
ESRS S1-14 Number of fatalities and number and rate of occupational accidents (ESRS S1.88 b, c)	Not material	—
ESRS S1-14 Number of days lost due to injury, accident, death, or illness (ESRS S1.88 e)	Not material	—
ESRS S1-16 Unadjusted gender pay gap (ESRS S1.97 a)	Material	112 f.

Disclosure requirement and associated data point	Materiality	Page
ESRS S1-16 Excessive Remuneration of Members of Governing Bodies (ESRS S1.97 b)	Material (not reported)	58 (Table 25)
ESRS S1-17 Cases of Discrimination (ESRS S1.103 a)	Material	113
ESRS S1-17 Non-compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines (ESRS S1.104 a)	Material	113
ESRS 2 SBM-3 – S2 Significant risk of incidents of Child labour or Forced labour in the Value chain (ESRS S2.11 b)	Material	75
ESRS S2-1 Commitments in the area of human rights policy (ESRS S2.17)	Material	114 f.
ESRS S2-1 Policies related to Value chain workers (ESRS S2.18)	Material	114 f.
ESRS S2-1 Non-compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines (ESRS S2.19)	Material	114 f.

Disclosure requirement and associated data point	Materiality	Page
ESRS S2-1 Due diligence requirements for issues covered by the International Labour Organization Core Conventions 1 to 8 (ESRS S2.19)	Material	114 f.
ESRS S2-4 Problems and incidents related to human rights in the upstream and downstream Value chain (ESRS S2.36)	Material	119 f.
ESRS S3-1 Commitments in the area of human rights (ESRS S3.16)	Not material	—
ESRS S3-1 Non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Principles or the OECD Guidelines (ESRS S3.17)	Not material	—
ESRS S3-4 Problems and Incidents Related to Human Rights (ESRS S3.36)	Not material	—
ESRS S4-1 Policies related to Consumers and End-users (ESRS S4.16)	Not material	—
ESRS S4-1 Non-compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines (ESRS S4.17)	Not material	—
ESRS S4-4 Problems and Incidents Related to Human Rights (ESRS S4.35)	Not material	—
ESRS G1-1 United Nations Convention against Corruption (ESRS G1.10 b)	Material	121 ff.
ESRS G1-1 Protection of whistleblowers (ESRS G1.10 d)	Not material	—
ESRS G1-4 Fines for non-compliance with Corruption and Bribery Regulations (ESRS G1.24 a)	Material	124
ESRS G1-4 Standards on Anti-corruption and bribery matters (ESRS G1.24 b)	Material	124

Tables according to Annex II of the Delegated Act pursuant to Art. 8 of the Taxonomy Regulation

Revenues

Table 54: Proportion of revenues from products or services associated with Taxonomy-aligned economic activities – Disclosure covering year 2024

Financial Year 2024	2024			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code(s) (2)[1]	Turnover (3) in EUR '000	Proportion of Turnover (4) in %	Climate Change Mitigation (5)[2] in %	Climate Change Adaptation (6)[2] in %	Water and marine resources (7)[2] in %	Circular Economy (8)[2] in %	Pollution (9)[2] in %	Biodiversity and ecosystems (10)[2] in %	Climate Change Mitigation (11) J/N	Climate Change Adaptation (12) J/N	Water and marine resources (13) J/N	Circular Economy (14) J/N	Pollution (15) J/N	Biodiversity and ecosystems (16) J/N	Minimum Safeguards (17) J/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023 (18)[3] in %	Category enabling activity (19) E	Category transitional activity (20) T
A. Taxonomy-Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
—		0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0**	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
of which „Enabling"		0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
of which „Transitional"		0	0	—						—	—	—	—	—	—	—	—		—
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Data processing, hosting and related activities	**CCM 8.1**	2,342.1	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Repair, refurbishment and remanufacturing	**CE 5.1**	335.1	0.0	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.3		
Sale of second-hand goods	**CE 5.4**	4,079.5	0.2	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.1		
Product-as-a-service and other circular use- and result-oriented service models	**CE 5.5**	3,909.4	0.2	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.1		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**10,666.2**	**0.4**	**0.1**	—	—	**0.3**	—	—								**0.6**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**10,666.2**	**0.4**	**0.1**	—	—	**0.3**	—	—								**0.6**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		**2,467,021.8**	**99.6**																
Total (A + B)		**2,477,688.0**	**100.0**																

Proportion of turnover/Total turnover		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.1%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.3%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

[1] Number and environmental goal of the economic activities are entered in this column. The Codes constitute the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, In case of possible allocation to several environmental goals, the assigned goal is highlighted. The Codes are prescribed by the EU Taxonomy Regulation: Climate Change Mitigation = CCM, Climate Change Adaptation = CA, Sustainable Use and Protection of Water and Marine Resources = WTR , Transition to a Circular Economy = CE, Pollution Prevention and Control = PPC, Protection and Restoration of Biodiversity and Ecosystems = BIO.

[2] EL = eligible N/EL = non-eligible

[3] "Small Activities" were reported in the previous year. In 2024, these activities were not reported for the first time due to materiality considerations. The corresponding shares of "Small Activities" can be found in the 2023 Annual Report and amount to a total taxonomy-aligned share (A.1) of 0.0% and a taxonomy-eligible share (A.2) of 0.0%.

CapEx

Table 155: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – Disclosure covering year 2024

Financial Year 2024		2024		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code(s) (2)[1]	CapEx (3) in EUR '000	Proportion of CapEx (4) in %	Climate Change Mitiga-tion (5)[2] in %	Climate Change Adapta-tion (6)[2] in %	Water and marine resources (7)[2] in %	Circular Economy (8)[2] in %	Pollution (9)[2] in %	Biodiversity and ecosystems (10)[2] in %	Climate Change Mitigation (11) J/N	Climate Change Adapta-tion (12) J/N	Water and marine resources (13) J/N	Circular Economy (14) J/N	Pollution (15) J/N	Biodiversity and ecosystems (16) J/N	Minimum Safe-guards (17) J/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2023 (18)[3] in %	Category enabling activity (19) E	Category transitional activity (20) T
A. Taxonomy-Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
—		0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0**	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
of which „Enabling“		0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
of which „Transitional“		0	0	—						—	—	—	—	—	—	—	—		—
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation using solar photovoltaic technology	**CCM 4.1**	98.9	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—		
Transport by motor-bikes, passenger cars and light commercial vehicles	**CCM 6.5**	595.1	0.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8		
Renovation of existing buildings	**CCM 7.2,** CE 3.2	437.4	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2		
Data processing, hosting and related activities	**CCM 8.1**	1,056.7	1.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.6		
Product-as-a-service and other circular use- and result-oriented service models	**CE 5.5**	1,595.7	2.3	N/EL	N/EL	N/EL	EL	N/EL	N/EL								1.0		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**3,783.9**	**5.4**	**3.1**	—	—	**2.3**	—	—								**3.7**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**3,783.9**	**5.4**	**3.1**	—	—	**2.3**	—	—								**3.7**		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		**66,207.3**	**94.6**																
Total (A + B)		**69,991.2**	**100.0**																

Proportion of CapEx/Total CapEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	3.1%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	2.9%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

[1] Number and environmental goal of the economic activities are entered in this column. The Codes constitute the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, In case of possible allocation to several environmental goals, the assigned goal is highlighted. The Codes are prescribed by the EU Taxonomy Regulation: Climate Change Mitigation = CCM, Climate Change Adaptation = CA, Sustainable Use and Protection of Water and Marine Resources = WTR , Transition to a Circular Economy = CE, Pollution Prevention and Control = PPC, Protection and Restoration of Biodiversity and Ecosystems = BIO

[2] EL = eligible N/EL = non-eligible

[3] "Small Activities" were reported in the previous year. In 2024, these activities were not reported for the first time due to materiality considerations. The corresponding shares of "Small Activities" can be found in the 2023 Annual Report and amount to a total taxonomy-compliant share (A.1) of 0.0% and a taxonomy-eligible share (A.2) of 0.4%

OpEx

Table 56: Proportions of OpEx of products or services associated with Taxonomy-aligned economic activities – Disclosure covering year 2024

Financial Year 2024		2024		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities (1)	Code(s) (2)[1]	OpEx (3) in EUR '000	Proportion of OpEx (4) in %	Climate Change Mitiga-tion (5)[2] in %	Climate Change Adapta-tion (6)[2] in %	Water and marine resources (7)[2] in %	Circular Economy (8)[2] in %	Pollution (9)[2] in %	Biodiversity and ecosystems (10)[2] in %	Climate Change Mitigation (11) J/N	Climate Change Adapta-tion (12) J/N	Water and marine resources (13) J/N	Circular Economy (14) J/N	Pollution (15) J/N	Biodiversity and ecosystems (16) J/N	Minimum Safe-guards (17) J/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2023 (18)[3] in %	Category enabling activity (19) E	Category transitional activity (20) T
A. Taxonomy-Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
—		0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0**	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
of which „Enabling“		0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
of which „Transitional“		0	0	—						—	—	—	—	—	—	—	—		—
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motor-bikes, passenger cars and light commercial vehicles	**CCM 6.5**	778.0	2.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.4		
Acquisition and owner-ship of buildings	**CCM 7.7**	617.0	2.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.4		
Data processing, hosting and related activities	**CCM 8.1**	4,669.4	15.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								16.0		
Repair, refurbishment and remanufacturing	**CE 5.1**	2.4	0.0	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.0		
OpEx of Taxonomy-eligible but not environ-mentally sustainable activities (not Taxono-my-aligned activities) (A.2)		**6,066.8**	**19.6**	**19.5**	—	—	**0.0**	—	—								**19.8**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**6,066.8**	**19.6**	**19.5**	—	—	**0.0**	—	—								**19.8**		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		24,962.4	80.4																
Total (A + B)		31,029.2	100.0																

Proportion of OpEx/Total OpEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	19.5%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

[1] Number and environmental goal of the economic activities are entered in this column. The Codes constitute the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, In case of possible allocation to several environmental goals, the assigned goal is highlighted. The Codes are prescribed by the EU Taxonomy Regulation: Climate Change Mitigation = CCM, Climate Change Adaptation = CA, Sustainable Use and Protection of Water and Marine Resources = WTR , Transition to a Circular Economy = CE, Pollution Prevention and Control = PPC, Protection and Restoration of Biodiversity and Ecosystems = BIO

[2] EL = eligible N/EL = non-eligible

[3] "Small Activities" were reported in the previous year. In 2024, these activities were not reported for the first time due to materiality considerations. The corresponding shares of "Small Activities" can be found in the 2023 Annual Report and amount to a total taxonomy-compliant share (A.1) of 0.0% and a taxonomy-eligible share (A.2) of 0.0%

Table 57: Nuclear and fossil gas related activities

Nuclear and fossil gas related activities

Description	Answer
Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Corporate governance and other disclosures

Corporate governance statement in accordance with sections 289f, 315d HGB (incl. GCGC/diversity concept)*

The Corporate Governance Statement contains material aspects of freenet AG's corporate governance reporting. It contains in detail

- the current Declaration of Conformity pursuant to Section 161 AktG by the Executive Board and Supervisory Board,
- Information on access to the current remuneration report, the auditor's report and the most recent remuneration resolution of the Annual General Meeting,
- the relevant disclosures on corporate governance practices that go beyond the legal requirements,
- the working practices of the Executive Board and Supervisory Board and the composition and working practices of committees of the Supervisory Board,
- the stipulations for the proportion of women on the Executive Board and in the two management tiers below the Executive Board,
- a statement as to whether the minimum proportion of women and men on the Supervisory Board was complied with in the financial year or, if necessary, an explanation for any deviation,
- an indication of whether the company has appointed at least one woman and one man as members of the Executive Board or, if necessary, an explanation for any deviation
- as well as a description of the diversity concept for the Supervisory Board and Executive Board and its targets, its implementation and the results achieved in the financial year or, if necessary, an explanation of why no diversity concept is being pursued.

The Corporate Governance Statement in accordance with sections 289f, 315d HGB and the Declaration of Conformity in accordance with section 161 AktG can be found at fn.de/cgstatement.

* Indicates auditable and non-auditable information that is not normally part of the management report as well as information typically included in the management report, whose legal inclusion in the audit of the management report is not required as part of the audit of the annual/consolidated financial statements and which therefore remain unaudited as part of the audit of the annual/consolidated financial statements.

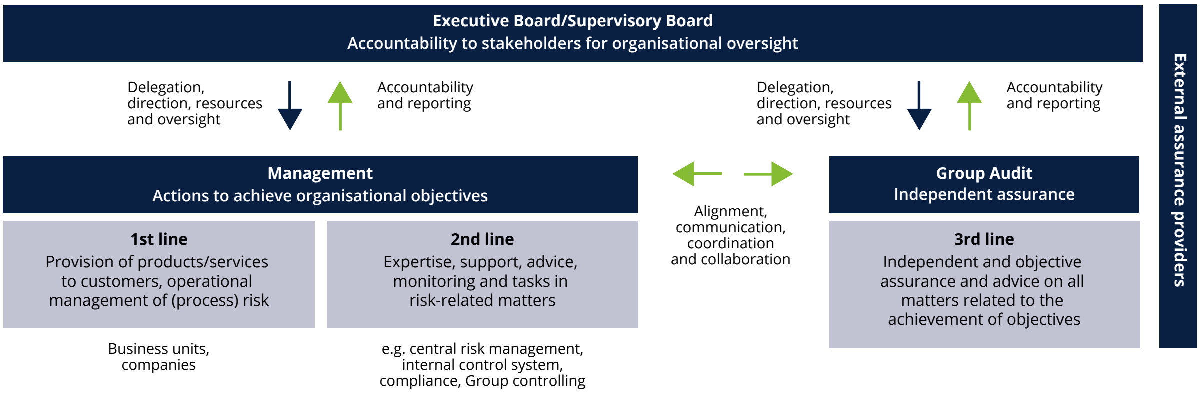
Control and monitoring systems

Design and assessment at freenet

Structure of internal control and monitoring systems*

As part of the establishment of internal control and monitoring systems, key processes at freenet were analysed with regard to weaknesses and risks and key controls and conduct guidelines were created to ensure the identification of risks along processes and the definition of controls and conduct guidelines to avoid detrimental impacts on financial and non-financial success. To this end, the Executive Board has defined organisational structures, roles and responsibilities that are based on the three-line model of the Institute of Internal Auditors (IIA) and are illustrated below.

Figure 11: Three-lines model of freenet AG



The Executive Board is responsible for the appropriate establishment and regular monitoring of internal control and monitoring systems, the appropriateness and effectiveness of which are also monitored by the Supervisory Board and the Audit Committee of freenet AG. The individual structure may vary depending on the scope of the business activities and the risk situation of the divisions and companies.

The operational management of freenet AG's business divisions and companies (1st line) directs and manages the activities and deployment of resources in order to achieve the targets set (e.g. forecasts or "freenet Ambition 2028"). It ensures compliance with internal company and legal requirements in the operating business. This is done in accordance with Group-wide requirements (e.g. risk management, internal control system, Data protection, Information security, signatory powers) and is implemented in the organisational structure and processes as far as possible through defined, standardised and automated procedures and certifications of selected core processes (e.g. ISO 9001, ISO 14001 or ISO 27001). Furthermore, process-integrated security measures are implemented (e.g. transaction and quality controls, separation of functions and dual control principle as well as release mechanisms and access authorisations), which ensure the correctness of the processes. Indirect controls in the form of discussions across all management tiers are a central component of freenet's Corporate culture. Operational management is also in regular dialogue with the Executive Board and reports on planned, actual and expected results and the achievement of targets.

The 2nd line management controls and coordinates the organisation of the process-integrated control and monitoring systems across the board. The target is to ensure compliance with internal company requirements and laws, to guarantee information, technology and corporate security and to set internal controls, quality and sustainability standards. The 2nd line central units perform Group-wide analysis, monitoring and reporting tasks and provide expertise and advice to support the operating units in achieving their targets.

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Materiality of freenet's 2nd line systems are:

- Risk management system
- Internal control system
- Compliance management system
- IT security management system
- Internal control and reporting system

The design of the systems is based on the Executive Board's specifications and is generally governed by Group-wide policies. Legal requirements, common ISO standards and frameworks from standard setters (e.g. the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the German Federal Office for Information Security (BSI) or the Institute of Public Auditors in Germany (IDW)) serve as orientation.

Internal control and monitoring systems are interlinked at freenet. Regular management dialogue (e.g. in business reviews, the Governance and IT Security Board or the ESG Committee) ensures cross-system alignment and a transparent flow of information. In addition, the 2nd line management is in regular dialogue with the Executive Board and the Supervisory Board and Audit Committee of freenet AG and reports on the results, appropriateness and effectiveness of the overarching control and monitoring systems.

Group Internal Audit supports the Executive Board in monitoring the respective business divisions and companies of freenet AG (1st line and 2nd line). With process-independent monitoring activities in the form of risk-oriented plan and event-driven special audits, it provides independent and objective audit assurance on the structural and procedural organisation in the business divisions and companies as well as of the process and system level. Group Internal Audit is also in regular dialogue with the Executive Board and the Supervisory Board and Audit Committee of freenet AG and reports on the audit results, which regularly include statements on the appropriateness and effectiveness of internal control and monitoring systems.

In addition, the auditor of freenet AG audits accounting-related processes and systems as part of the annual audit of the consolidated financial statements and provides an independent assessment.

The design of the process-integrated control and monitoring systems as well as the process-independent internal audit system at freenet enables the management and Executive Board to take any remaining risks into account appropriately in business management and decision-making.

Summarising the assessment of appropriateness and effectiveness*

As of 31 December 2024, the Executive Board of freenet AG had no information to suggest that the internal control system (including the compliance management system) and risk management system were inadequate or ineffective overall.

When making statements on the appropriateness and effectiveness of internal control and monitoring systems, it must be taken into account that no system – even if it has been assessed as appropriate and effective – can guarantee that all risks that arise will be recognised in advance, managed or any (process) violations prevented with certainty.

The summarised assessment of the appropriateness and effectiveness of internal control and monitoring systems at freenet is based on the exchange of information between the Executive Board and the 1st and 2nd line management as well as the Executive Board and Governance Board meetings in which the responsible managers report on their activities and findings. Audit results from Group Internal Audit that relate directly or indirectly to the aforementioned systems do not lead to a different assessment. There are also no indications from the Audit Committee of the Supervisory Board of freenet AG that internal control and monitoring systems were inadequate or ineffective.

* Indicates auditable and non-auditable information that is not normally part of the management report as well as information typically included in the management report, whose legal inclusion in the audit of the management report is not required as part of the audit of the annual/consolidated financial statements and which therefore remain unaudited as part of the audit of the annual/consolidated financial statements.

Description of the material characteristics of the internal control and risk management system relevant for the consolidated financial reporting process (section 315 (4) HGB)

freenet's accounting-related internal control and risk management system is conceptually based on the internationally recognised COSO framework. It comprises all principles, procedures and actions that are intended to ensure the effectiveness, efficiency and correctness of accounting as well as compliance with the relevant legal regulations.

The core elements of the internal control and monitoring system are process-integrated and process-independent monitoring measures. Automated IT process controls, standardised and manual control actions in the business processes (including in the form of the dual control principle) and automatic security measures integrated into the workflows (separation of functions, access restrictions) are embedded in the accounting process.

The departments involved in the accounting process constantly analyse these controls and actions with regard to new legal requirements and other standards to be observed and develop adapted internal guidelines and training for the responsible employees.

The accounting of the individual financial statements of freenet AG subsidiaries is essentially centralised in SAP accounting systems (SAP FI). In order to minimise the scope for discretion in the recognition, assessment and disclosure of consolidated financial statement items, uniform Group accounting policies in accordance with IFRS are laid down in a Group accounting manual. The SAP EC-CS module is used at the highest Group level to consolidate the individual financial statements into consolidated financial statements. The individual management report and Notes disclosures are obtained from standardised reporting packages and established reconciliation processes as part of the internal management and reporting system. Consolidation is the responsibility of the Group Consolidation department. In principle, the processes established in accounting are aimed at largely automated determination and control of all material accounting-relevant data.

The target of the controls implemented in the internal control system of the accounting process is to ensure that the financial statements comply with standards and that the accounting is correct. Approval procedures in connection with the allocation of access rights protect the IT systems used in the accounting process against unauthorised access. Internal controls ensure the proper functioning of the interface between SAP FI and the SAP EC-CS consolidation module as well as the transfer of the standardised reporting packages of the subsidiaries to the consolidated financial statements of freenet AG. Process-integrated, automated monitoring measures are supplemented by manual plausibility checks of relevant interim results and random checks by management or controlling, among others.

The appropriateness and effectiveness of the accounting-related control system is ensured, among other things, by process-independent monitoring measures. Group Internal Audit is responsible for process-independent, internal monitoring at freenet. It examines the appropriateness and effectiveness of the internal control system in order-related, risk-oriented plan audits as well as special event-related audits in the form of random sample audits and initiates optimisations in cooperation with the management if necessary.

In addition, the auditor of the consolidated financial statements of freenet AG examines the effectiveness of the accounting-related internal control system using a risk-oriented audit approach as part of the annual audit of the consolidated financial statements, insofar as this is necessary and appropriate to assess the correctness of the accounting.

The risk management system is partially linked to the internal control system and, in addition to operational risk management, also includes systematic early risk identification, management and monitoring throughout the Group. Further information on the risk management system can be found in the "Risk management system" section of the report.

Legal Group structure and takeover-relevant disclosures in accordance with sections 289a (1), 315a (1) HGB

Composition of the subscribed capital

The subscribed capital (share capital) of freenet AG amounts to EUR 118,900,598. It is divided into the same number of registered shares. Each share grants one vote at the Annual General Meeting.

Restrictions on the transfer of shares or voting rights

The Executive Board is not aware of any restrictions relating to voting rights or the transfer of shares.

Shareholdings exceeding 10% of the voting rights

According to the available voting rights notifications pursuant to Sections 21 et seq. WpHG, there was no direct or indirect shareholding in the capital that exceeded 10% of the voting rights in freenet AG as of 31 December 2024.

Shares with special rights and powers of control

There are no shares with special rights that confer powers of control.

Type of voting right control if employees participate in the capital

Employee shareholders cannot derive any special rights from this.

Appointment and dismissal of members of the Executive Board, amendments to the Articles of Association

The appointment and dismissal of members of the Executive Board of freenet AG is governed by Sections 84, 85 AktG and Section 31 MitbestG in conjunction with Section 5 (1) of the Articles of Association. The relevant provisions for amending the Articles of Association are Sections 133 and 179 AktG and Section 16 of the Articles of Association of freenet AG.

Authorisation of the Executive Board to issue shares

By resolution of the Annual General Meeting on 27 May 2020, the Executive Board is authorised until 2 September 2025, with the approval of the Supervisory Board, to the share capital by a maximum of EUR 12,800,000.00 in total by issuing new shares against cash non-cash contributions (Authorised Capital 2020).

In addition, the Annual General Meeting on 27 May 2020 resolved to conditionally increase the share capital by up to a total of EUR 12,800,000.00, divided into 12,800,000 new no-par value ordinary registered shares (Conditional Capital 2020). The conditional capital increase serves to grant no-par value registered shares to the holders or creditors of convertible bonds and/or bonds with warrants that are issued on the basis of the authorisation resolved by the Annual General Meeting on 27 May 2020 under agenda item 8, no. 1) and grant a conversion or option right to no-par value registered shares in the company or stipulate a conversion or option obligation. The Executive Board was authorised to determine the further details of the implementation of a conditional capital increase.

Authorisation of the Executive Board to buy back shares

By resolution of the Annual General Meeting on 5 May 2022, the Executive Board was authorised until 4 May 2027 to acquire treasury shares in the amount of up to 10% of the current share capital or – if the amount is lower – of the share capital existing at the time the authorisation is exercised. This authorisation may be exercised by the company, its subsidiaries or by third parties for the account of the company or for the account of its subsidiaries. At the Executive Board's discretion, the shares may be acquired via the stock exchange, by means of a public purchase offer, by means of a public invitation to submit offers to sell, by issuing tender rights to shareholders or by using equity derivatives (put or call options or a combination of both). Other authorisations to Acquisition of own shares in accordance with Sections 71 et seq. AktG.

Detailed information on the share buyback programmes can be found at fn.de/sharebuyback.

Change of control

A change of control could have impacts on the repayment claims from the syndicated loan agreement between the freenet Group and a bank consortium as well as from the promissory note loans issued by freenet AG. In such a case, these loans could be called due in part or in full without freenet having any influence on this. Such a change of control can occur, regardless of whether it precedes the takeover offer, if more than 50% of the voting rights in freenet AG are acquired or if one or more persons acting in concert have the right to determine the majority of the members of the Supervisory Board of freenet AG. In such a case, freenet would bear the risk that subsequent financing to redeem the repayment claims would not be realised or only at less favourable conditions.

Compensation agreement of the company

There are no compensation agreements between the company and members of the Executive Board or employees in the event of a takeover bid.

Büdelsdorf, 3 March 2025

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)

Consolidated financial statements

Consolidated income statement

1 January to 31 December

In EUR million/as indicated	Note	2024	2023 (restated) [1]
Revenues	4	**2,477.7**	**2,385.3**
Other operating income	5	46.1	44.1
Other own work capitalised	6	24.6	24.5
Cost of materials	7	– 1,503.8	– 1,470.5
Personnel expenses	8	– 235.5	– 218.5
Other operating expenses	10	– 287.6	– 260.9
thereof: result from impairment losses on financial assets and contractual assets		– 14.8	– 12.8
thereof: excluding result from impairment losses on financial assets and contractual assets		– 272.8	– 248.2
EBITDA [2]		**521.5**	**503.9**
Depreciation, amortisation and impairment	9	– 146.0	– 247.6
EBIT [3]		**375.5**	**256.3**
Result of equity-accounted investments	17	– 5.1	– 2.6
Interest and similar income	11	6.8	6.4
Interest and similar expenses	12	– 32.5	– 29.5
Other financial result	12	0.5	0.5
Financial result		**– 30.3**	**– 25.2**
EBT		**345.2**	**231.1**
Income taxes	13	– 48.8	– 63.4
Consolidated profit from continuing operations		**296.4**	**167.6**
Consolidated profit from discontinuing operations		– 50.8	– 8.3
Consolidated profit		**245.6**	**159.3**
Consolidated profit attributable to shareholders of freenet AG	24	246.8	157.6
Consolidated profit attributable to non-controlling interests	24	– 1.2	1.7
Earnings per share (EPS) basic and diluted from continuing operations (in EUR)		**2.50**	**1.40**
Earnings per share (EPS) basic and diluted from discontinuing operations (in EUR)		– 0.42	– 0.07
Earnings per share (EPS) basic and diluted (in EUR)	14.1, 14.2	**2.08**	**1.33**
Weighted average number of shares outstanding in units, basic and diluted (in millions)	24.1	118.9	118.9

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures
[2] EBITDA is defined as earnings before interest and taxes (EBIT) plus depreciation, amortisation and impairments
[3] EBIT is defined as earnings before interest and taxes (EBIT)

Consolidated statement of comprehensive income

1 January to 31 December

In EUR million	Note	2024	2023 (restated)[1]
Consolidated profit		**245.6**	**159.3**
Currency conversion differences		0.0	0.0
Other comprehensive income/to be reclassified to the income statement in future periods		**0.0**	**0.0**
Change in fair value of investments in equity instruments		8.8	17.1
Recognition of actuarial gains and losses from the accounting of pension plans in accordance with IAS 19 (2011)	29	– 4.0	– 8.4
Income taxes recognised in other comprehensive income		1.1	2.3
Other comprehensive income/not to be reclassified to the income statement in future periods		**5.9**	**11.0**
Other comprehensive income		**6.0**	**11.0**
Consolidated total comprehensive income		**251.6**	**170.3**
Consolidated total comprehensive income attributable to shareholders of freenet		252.8	168.5
Consolidated comprehensive income attributable to non-controlling interests		– 1.2	1.7

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

Consolidated balance sheet

31 December

Assets

In EUR million	Note	31.12.2024	31.12.2023 (restated)[1]
Non-current assets			
Intangible assets	15, 16, 37	159.3	190.8
Lease assets	2.5	223.5	293.6
Goodwill	15, 16	1,384.8	1,379.8
Property, plant and equipment	15, 16, 37	111.6	129.4
Equity-accounted investments	17	0.4	0.3
Deferred income tax assets	18	97.2	108.2
Trade accounts receivable	21	43.9	44.8
Other receivables and other assets	21	88.7	93.2
Other financial assets	21	115.4	126.7
Contract acquisition costs	19	299.0	282.9
		2,523.9	**2,649.6**
Current assets			
Inventories	20	46.7	63.8
Current income tax assets	23	0.2	0.2
Trade accounts receivable	21	337.4	312.7
Other receivables and other assets	21	189.2	167.4
Other financial assets	21	63.0	70.7
Liquid assets	22	181.6	159.8
		818.1	**774.7**
Total assets		**3,342.0**	**3,424.3**

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

Equity and liabilities

In EUR million	Note	31.12.2024	31.12.2023 (restated)[1]
Equity			
Share capital	24.1	118.9	118.9
Capital reserve	24.2	567.5	567.5
Accumulated other comprehensive income	24.3	– 155.5	– 161.5
Consolidated balance sheet result	24.4	958.3	921.9
Equity attributable to shareholders of freenet AG		**1,489.2**	**1,446.7**
Equity attributable to non-controlling interests	24.5	– 5.0	– 3.8
		1,484.2	**1,442.9**
Non-current liabilities			
Lease liabilities	2.5, 28	201.0	269.0
Other liabilities and accruals	26	119.0	118.1
Other financial liabilities	26	21.8	56.8
Financial liabilities	28	223.0	250.1
Pension provisions	29	70.2	68.2
Other provisions	30	73.4	83.0
		708.3	**845.3**
Current liabilities			
Lease liabilities	2.5, 28	77.5	78.3
Trade accounts payable	26	316.9	337.7
Other liabilities and accruals	26	448.6	443.8
Other financial liabilities	26	40.7	38.3
Current income tax liabilities	27	23.4	28.7
Financial liabilities	28	195.6	180.7
Other provisions	30	46.9	28.6
		1,149.5	**1,136.1**
Total equity and liabilities		**3,342.0**	**3,424.3**

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures

Consolidated statement of changes in equity

1 January to 31 December 2024

			Accumulated other comprehensive income						
In EUR million	Share capital	Capital reserve	Currency conversion differences	Change in fair value of investments in equity instruments	Revaluation reserve in accordance with IAS 19	Consolidated balance sheet result	Equity attributable to shareholders of freenet AG	Equity attributable to non-controlling interests	Equity
As of 1 January 2024	**118.9**	**567.5**	**0.8**	**– 150.0**	**– 12.3**	**921.9**	**1,446.7**	**– 3.8**	**1,442.9**
Dividend payment	0.0	0.0	0.0	0.0	0.0	– 210.4	– 210.4	0.0	– 210.4
Consolidated profit	0.0	0.0	0.0	0.0	0.0	246.8	246.8	– 1.2	245.6
Change in the fair value of financial investments in equity instruments [1]	0.0	0.0	0.0	8.7	0.0	0.0	8.7	0.0	8.7
Recognition of actuarial gains and losses in accordance with IAS 19 (2011) [1]	0.0	0.0	0.0	0.0	– 2.7	0.0	– 2.7	0.0	– 2.7
Foreign currency translation [1]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal: Consolidated total comprehensive income	0.0	0.0	0.0	8.7	– 2.7	246.8	252.8	– 1.2	251.6
As of 31.12.2024	**118.9**	**567.5**	**0.8**	**– 141.3**	**– 15.0**	**958.3**	**1,489.2**	**– 5.0**	**1,484.2**

[1] The amounts are netted with the income taxes recognised in other comprehensive income

1 January to 31 December 2023

			Accumulated other comprehensive income						
In EUR million	Share capital	Capital reserve	Currency conversion differences	Change in fair value of investments in equity instruments	Revaluation reserve in accordance with IAS 19	Consolidated balance sheet result	Equity attributable to shareholders of freenet AG	Equity attributable to non-controlling interests	Equity
As of 1 January 2023	**118.9**	**567.5**	**0.8**	**– 166.9**	**– 6.4**	**960.9**	**1,474.7**	**– 5.5**	**1,469.2**
Effect from the change in accounting method regarding customer bonuses due to number porting [2]	0.0	0.0	0.0	0.0	0.0	7.1	7.1	0.0	7.1
Effect of the change in accounting method with regard to Employee incentive programmes (LTIP programmes 3 and 4) [2]	0.0	0.0	0.0	0.0	0.0	– 4.0	– 4.0	0.0	– 4.0
As of 1 January 2023 (adjusted)	**118.9**	**567.5**	**0.8**	**– 166.9**	**– 6.4**	**964.0**	**1,477.8**	**– 5.5**	**1,472.3**
Dividend payment	0.0	0.0	0.0	0.0	0.0	– 199.7	– 199.7	0.0	– 199.7
Consolidated profit	0.0	0.0	0.0	0.0	0.0	157.6	157.6	1.7	159.3
Change in the fair value of financial investments in equity instruments [1]	0.0	0.0	0.0	16.9	0.0	0.0	16.9	0.0	16.9
Recognition of actuarial gains and losses in accordance with IAS 19 (2011) [1]	0.0	0.0	0.0	0.0	– 5.8	0.0	– 5.8	0.0	– 5.8
Foreign currency conversion [1]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal: Consolidated total comprehensive income	0.0	0.0	0.0	16.9	– 5.8	157.6	168.5	1.7	170.3
As of 31.12.2023	**118.9**	**567.5**	**0.8**	**– 150.0**	**– 12.3**	**921.9**	**1,446.7**	**– 3.8**	**1,442.9**

[1] The amounts are netted with the income taxes recognised in other comprehensive income
[2] With regard to the adjustments, please refer to the references in Note 2.17 of the Notes to the 2024 consolidated financial statements

For further explanations, see the Notes to the consolidated financial statements, Note 24.

Consolidated statement of cash flows

1 January to 31 December

In EUR million	Note	2024	2023 (restated)[1]
Earnings before interest and taxes (EBIT) from continuing operations		**375.5**	**256.3**
Adjustments:			
Depreciation, amortisation and impairment of non-current assets	9	146.0	247.6
Dividends received from equity investments		0.1	0.0
Profits/losses from the disposal of non-current assets		– 0.2	0.5
Increase in networking capital not attributable to investing or financing activities	20, 21, 26, 29, 30	– 55.7	– 56.9
Cash inflows from the redemption of financial assets from leases		15.1	13.5
Capitalisation of contract acquisition costs	19	– 323.7	– 300.5
Amortisation of contract acquisition costs	19	307.6	292.4
Taxes paid	13, 18	– 38.5	– 30.2
Income from interest and other financial result	11, 12	5.0	4.4
Interest paid	11, 12	– 25.0	– 24.1
Cash flow from operating activities from continuing operations		**406.3**	**403.0**
Cash flow from operating activities from discontinuing operations		– 35.6	– 5.0
Cash flow from operating activities	32.1	**370.7**	**398.0**
Cash outflows for investments in property and intangible assets		– 43.7	– 51.4
Cash inflows from the disposal of property and intangible assets		5.4	2.9
Cash outflows for the acquisition of subsidiaries		– 6.5	0.0
Cash inflows from the sale of equity-accounted companies		0.1	0.5
Cash outflows into equity of equity-accounted investments		– 5.3	– 2.8
Cash outflows to acquire other equity investments		– 0.2	– 0.3
Cash inflows from the sale of other investments		8.2	0.0
Cash flow from investing activities from continuing operations		**– 42.0**	**– 51.1**
Cash flow from investing activities from discontinuing operations		– 0.4	– 4.2
Cash flow from investing activities	32.2	**– 42.3**	**– 55.3**
Cash outflows to company owners and minority shareholders		– 210.4	– 199.7
Cash inflows from the raising of financial liabilities	28	164.5	35.0
Cash outflows from the repayment of financial liabilities	28	– 178.5	– 113.5
Cash outflows from the repayment of lease liabilities	28	– 75.7	– 77.9
Cash flow from financing activities from continuing operations		**– 300.0**	**– 356.1**
Cash flow from financing activities from discontinuing operations		– 6.6	– 4.8
Cash flow from financing activities	32.3	**– 306.6**	**– 360.9**
Net change in cash funds		**21.8**	**– 18.2**
Cash funds at the beginning of the period		159.8	178.0
Cash funds at the end of the period		181.6	159.8

Composition of cash funds

In EUR million	31.12.2024	31.12.2023 (restated)[1]
Liquid assets	181.6	159.8
Cash funds	**181.6**	**159.8**

Composition of free cash flow[2]

In EUR million	2024	2023 (restated)[1]
Cash flow from operating activities from continuing operations	406.3	403.0
Cash outflows for investments in property, plant and equipment and intangible assets from continuing operations	– 43.7	– 51.4
Cash inflows from the disposal of property, plant and intangible assets from continuing operations	5.4	2.9
Cash outflows for the repayment of lease liabilities from continuing operations	– 75.7	– 77.9
Free cash flow from continuing operations	**292.3**	**276.6**

[1] Please refer to Note 2.17 in the Notes to the consolidated financial statements for reference to the adjustments to the 2023 comparative figures
[2] Free cash flow is a non-GAAP key figure

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1 General information

1.1 Business activity and accounting standards

freenet AG ("Company") as the parent company of the Group ("freenet") has its registered office at Hollerstraße 126, 24782 Büdelsdorf, Germany. The Company was founded in 2005 and is registered at Kiel District Court under HRB 7306. The Group provides telecommunications, broadcasting and multimedia services in Germany with a focus on mobile communications/mobile internet and digital lifestyle.

The consolidated financial statements for the 2024 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) of 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 2024. In addition, the commercial law provisions applicable in accordance with Section 315e HGB were observed.

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

The consolidated financial statements are based on the principle of historical cost – limited by the assessment of the fair value of certain financial assets. The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting and valuation principles. They are prepared as of the reporting date of the consolidated financial statements.

The consolidated financial statements are submitted to the company register.

The following table shows the new or amended standards (IAS/IFRS) and interpretations (IFRIC) whose application is mandatory from 1 January 2024 and their impacts on the Group:

Standard/Interpretation		Effective date	Adopted by the EU Commission	Effects
IFRS 16	Amendments to IFRS 16 Leases: Lease liabilities on sale and leaseback	1.1.2024	20.11.2023	No material effects
IAS 1	Amendments to IAS 1: Classification of liabilities as current or non-current and non-current liabilities with ancillary conditions	1.1.2024	19.12.2023	No material effects
IAS 7 IFRS 7	Amendments to IAS 7 and IFRS 7 – Supplier Financing Arrangements	1.1.2024	15.05.2023	No material effects

The following table shows the new or amended standards (IAS/IFRS) and interpretations (IFRIC) that are not yet mandatory in the 2024 financial year and their impact on the Group:

Standard/Interpretation		Effective date	Adopted by the EU Commission	Effects
IAS 21	Amendments to IAS 21: Lack of interchangeability	1.1.2025	12.11.2024	No effects

1.2 Basis of consolidation

All companies that are controlled by the Group are included in the consolidated financial statements as subsidiaries. For a complete list of all companies included in the consolidated financial statements of freenet AG, please refer to our disclosures pursuant to Section 315e HGB in Note 37. In accordance with IFRS 11, there are two forms of joint arrangements, depending on the structure of the rights and obligations arising from the joint arrangement: joint operations and joint ventures.

Associated companies are companies over which the Group exercises significant influence but over which it does not have control, usually accompanied by a share of voting rights of between 20% and 50%.

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, SuperNova GmbH (formerly: SuperNova Holding GmbH), Gravis Computervertriebsgesellschaft mbH (“Gravis”), freenet Energy GmbH, freenet Shopping GmbH, freenet Logistik GmbH, Taunus Beteiligungs GmbH, Field Service Deutschland FSD GmbH, Media Broadcast TV Services GmbH, audio.digital NRW GmbH and The Cloud Networks Germany GmbH will make use of the exemption provisions of Section 264 (3) HGB for the annual financial statements as of 31 December 2024.

SuperNova GmbH & Co KG, Cologne, which was acquired in the 2024 financial year, was merged into SuperNova GmbH, Cologne, in 2024. There were no other changes to the basis of consolidation.

1.3 Consolidation principles

Companies are included in the consolidated financial statements for the first time (full consolidation) with effect from the date on which control of the subsidiary is transferred to the Group. They are deconsolidated on the date on which control ends. The company controls a company if it can exercise control over the investee, it is exposed to fluctuating returns from the investment and the company can influence the amount of the returns due to its control. Control is generally associated with a share of voting rights of more than 50%. However, when assessing whether control exists, the existence and impact of potential voting rights, rights from other contractual agreements and, if applicable, other facts and circumstances that indicate the possibility of control are therefore also taken into account. The Group therefore also assesses whether control exists if the parent company holds less than 50% of the voting rights but has the ability to direct the relevant activities of the company. Control may also exist, for example, on the basis of voting right agreements. freenet AG carries out a reassessment if there are indications that one or more of the control criteria have changed. Amounts attributable to minority interests are recognised separately.

Capital consolidation is based on the purchase method.

The cost of a business combination is the total of the fair values of the assets paid, the liabilities incurred or assumed and any equity instruments issued for acquisition purposes. The acquisition costs also include the fair values of any recognised assets and liabilities resulting from a contingent consideration agreement.

All identifiable assets, liabilities and contingent liabilities of the acquired company that meet the recognition criteria of IFRS 3.37 are recognised separately at fair value, regardless of the amount of any non-controlling interest. For each business combination, 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 proportionate share of the net assets of the acquired company.

Acquisition-related costs are recognised as an expense when they are incurred.

If options to tender additional shares are granted by non-controlling shareholders in Group companies, the accounting is based on the allocation of opportunities and risks from these shares. If the opportunities and risks are transferred to the freenet Group, the equity in the Group attributable to the non-controlling shareholders is reduced accordingly. Only a financial liability is then recognised in relation to the option obligation. If the opportunities and risks remain with the non-controlling shareholder, the equity attributable to the non-controlling shareholders is recognised. In this case, the financial liability relating to the option obligation is recognised at the expense of the equity attributable to the shareholders of freenet AG. The initial assessment of the financial liability is carried out at the cash value of the estimated repurchase amount at the expected exercise date and the subsequent assessment at amortised cost using the effective interest method, taking into account 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. Any difference arising from the acquisition of a non-controlling interest between the consideration paid and the relevant share of the carrying amounts of the subsidiary's net assets is recognised in equity. Gains and losses arising on the disposal of non-controlling interests are also recognised in equity.

The goodwill recognised at the acquisition date is 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. Any excess of the acquirer's interest in the fair value of the acquiree's share of net assets over cost is recognised immediately in profit or loss.

Investments in associated companies and joint ventures are included in the consolidated financial statements using the equity method so that the measurements of the investments are increased or decreased annually by the changes in the equity of the respective company attributable to the freenet Group. The Group's share in the profits and losses of associated companies and joint ventures is recognised in the income statement and in other comprehensive income from the date of acquisition. Dividend payments received reduce the carrying amount of the investment in the associate. The goodwill from the acquisition of associated companies and joint ventures is not recognised separately. If the Group's share of the losses of an associated company or joint venture equals or exceeds the value of its investment in these companies, the Group does not recognise any further shares of losses. After the carrying amount of the investment has been reduced to zero, additional losses are only taken into account and recognised as a liability to the extent that the Group has entered into legal or constructive obligations or made payments for the associate or joint venture.

If the Group loses control of a company, the remaining interest is reassessed at fair value and the resulting difference is recognised as a gain or loss. In addition, all amounts recognised in other comprehensive income in relation to this company are accounted for as would be required if the parent company had sold the associated assets and liabilities directly. This means that a gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Intragroup profits and losses, revenues, expenses and income as well as receivables and liabilities between consolidated companies are eliminated. The same applies to joint ventures and associated companies in the case of the elimination of intercompany profits and losses.

1.4 Climate-related impacts

The impacts of climate change on freenet's business model are analysed on an ongoing basis, particularly with regard to a transition to an economy with lower carbon emissions. Based on this analysis, the Executive Board does not see any material physical climate risk with impacts on the measurements of the recognised property, plant and equipment and intangible assets. However, a material transitory risk was identified that could lead to higher costs for purchased products and services in the long term – if the price of carbon emissions is increased – but can be mitigated by appropriate actions, such as switching to renewable energies or using an electrified vehicle fleet. As a result of the analysis, the Executive Board assumes that freenet's business model will only be slightly affected by the progression of climate change or due to the actions taken to mitigate it.

2 Accounting policies

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

2.1 Recognition of revenues

The methodology for recognising revenues in accordance with IFRS 15 is based on a multi-step approach. Firstly, the customer contract and the performance obligations contained therein must be identified. The consideration agreed for this (the transaction price) must then be determined as a whole and allocated to the separate performance obligations on the basis of the relative stand-alone selling prices. Finally, revenues must be recognised for each identified performance obligation as soon as the performance obligation has been satisfied by transferring a promised good or service (asset) to the customer. An asset is deemed to have been transferred when the customer has obtained control over it. A distinction is made between the fulfilment of performance obligations at a point in time (e.g. delivery of mobile communications hardware) and the fulfilment of performance obligations over time (e.g. provision of mobile communications services over 24 months).

The Group mainly provides services over a short performance period. Revenue is recognised once the service has been rendered in full, provided the amount can be reliably determined and it is sufficiently probable that future economic benefits will flow to the company. Services rendered but not yet invoiced are recognised accordingly in the consolidated financial statements. Revenues are recognised excluding value added tax and after deduction of discounts and other price reductions. Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business.

The majority of the Group's revenues are generated from a large number of end customers, while the remaining revenues are attributable to business customers.

We would also like to point out the following with regard to revenues recognition (for a breakdown by business segment, see Note 3, Segment reporting):

Revenues in the mobile communications segment are primarily generated from the provision of wireless services, one-off provision fees and the sale of mobile devices and accessories. Revenues from wireless services (voice communication and data transmission) include monthly service charges, charges for special features as well as connection and roaming charges. The fees from mobile services are recognised as revenues over the period in which the service is provided using the output method, as this reflects the direct provision of the service. Depending on the nature of the associated service, provision fees are recognised at the time the service is provided or over the term of the contract. Revenue from the sale of mobile devices and accessories is recognised at the time the goods are delivered to the customer or distributor. In addition, revenues are generated in the segment as part of the planning, construction, installation and maintenance of WiFi networks at schools, which are recognised at the time the service is provided.

With regard to certain brokerage services provided by dealers, where the amount of the dealer commission depends on the future retention of the new customers acquired in the Group's customer base and the amount of the Group's future revenues from the new customers acquired, the services received are deferred at their most likelihood of occurrence and recognised as an expense on a straight-line basis over the average term of the associated end customer contract.

Revenues in the TV and Media segment are generated through the provision of services to end customers in the areas of IPTV and DVB-T2 as well as through the operation and service of broadcast-related solutions for business customers in the broadcasting and media industry. Revenue is generally recognised over time when the service is provided to the customer using the output method, as this reflects the direct provision of the service due to the time-related provision of the service. In the TV and Media segment, revenues from the delivery of hardware to end customers are also recognised at a point in time, although not to a significant extent.

In addition to the freenet infrastructure, the business models in the mobile communications and TV and Media segments also utilise preliminary products from partners such as network operators, manufacturers of hardware and applications and TV and radio programme producers, which are sold via freenet's direct and indirect sales channels in accordance with the corresponding packaging. In accordance with IFRS 15, it must be assessed whether freenet provides the services or products delivered to the customer as a headmaster or merely acts as an agent for the partner. According to IFRS 15, a headmaster position can only be assumed if freenet has control over the specific good or service before it is transferred to the customer.

In the services and products sold via the direct sales channel in the Mobile Communications segment and for the services and products offered in the TV and Media segment, freenet generally acts as the headmaster because the contractual relationship exists between freenet and the customer, freenet has control over the products and services before they are transferred to the customer and the price for the services and products is set by freenet. Accordingly, freenet recognises the full transaction price as revenues.

In the indirect sales channel in the Mobile Communications segment, contract constellations frequently occur in which wireless services contracts are sold by third-party dealers in the name and for the account of freenet together with subsidised wireless devices that are sold by these third-party dealers in their name and for their account. While freenet acts as headmaster for the mobile phone contracts due to its power of disposal and pricing authority, the third-party dealers are to be regarded as headmasters for the mobile phones sold. Freenet has no power of disposal over these devices prior to transfer to the customer, bears no sales risk and also has no influence on the price set. In this respect, freenet recognises the full transaction price for the wireless services as revenues, but no revenues from the sale of the wireless devices in these contracts.

For an explanation of "Consideration Paid"/"Consideration Payable", please refer to Note 21.

2.2 Intangible assets

Goodwill is tested for impairment at least once a year and whenever there are indications of impairment and is assessed at its original cost less accumulated impairment losses.

For this purpose, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. For the specific allocation, see Note 15, Intangible assets, lease assets, property, plant and equipment, and goodwill, and Note 16, Impairment testing of non-monetary assets in accordance with IAS 36.

The other trademarks are recognised at cost and amortised on a straight-line basis over their expected useful life of 18 to 180 months. As of the balance sheet date of 31 December 2024, the remaining useful life of these trademarks is 74 months.

Licences, software and other intangible assets are recognised at cost and amortised on a straight-line basis over their expected useful life, generally three to four years for software and three to ten years for licences.

Costs incurred in connection with the development or maintenance of software programs are generally recognised as an expense in the year in which they are incurred. If the costs can be clearly allocated to a definable software product that can be utilised by the company and if the total expected economic benefit exceeds the costs incurred, they are capitalised as an intangible asset in the “Internally generated software” category. The costs of development are only capitalised at the time when technical and economic feasibility can be demonstrated. These costs include, for example, the personnel costs of the software development team or expenses for services and fees incurred in the creation of the asset. They also include an appropriate portion of the corresponding overheads. Capitalised software development costs are amortised using the straight-line method over their expected useful life of three to seven years.

Customer relationships are amortised on a straight-line basis over a term of 42 to 262 months. As of the balance sheet date of 31 December 2024, the remaining useful life of the recognised customer relationships is between 30 and 168 months.

Distribution rights are amortised on a straight-line basis over the expected term of the underlying contracts of 36 months. As of the balance sheet date of 31 December 2024, the remaining useful life of the recognised distribution rights is 9 months.

2.3 Property, plant and equipment

Property, plant and equipment is generally measured at cost less straight-line depreciation and any impairment losses. The underlying useful lives correspond to the expected useful life of the assets in the company. Residual values have been disregarded in the calculation of depreciation and amortisation due to immateriality.

Residual carrying amounts and economic useful lives are reviewed at each balance sheet date and adjusted if necessary.

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

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

2.4 Impairment of non-monetary assets

An impairment of non-monetary assets is always recognised if the carrying amounts exceed the recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use.

An impairment test must be carried out if events or changes in circumstances (triggering events) indicate that the asset may be impaired. In accordance with IAS 36, goodwill and intangible assets with an indefinite useful life must be tested for impairment at least once a year.

If the reason for impairment no longer applies, the asset is written up to a maximum of the amortised cost. This does not apply to goodwill, as no write-ups are possible here.

2.5 Leases

2.5.1 freenet as lessee

In principle, the Group decides on a case-by-case basis whether to lease or buy assets. Agreements that transfer the right to use assets for a certain fixed period in return for a payment or a series of payments are classified as leases.

For leases for the rental of sites, co-location leases, shop/store space, TV and Media network infrastructure, motor vehicles and other assets, the Group recognises a lease liability as lessee in the amount of the present value of the lease payments to be made over the term of the lease. When determining the present value, fixed lease payments, variable index-based payments, reasonably certain renewal options, exercise prices of purchase options and payments from early termination of the leases less rental incentives received are taken into account. The lease payments determined are calculated as of the commencement date of the lease (commencement date) using the corresponding incremental borrowing rate. The lease liabilities are reduced until the lease expires in the amount of the repayment portion of the lease payment – corresponding interest expenses are recognised in the financial result.

At the same time, the Group as lessee capitalises a right-of-use asset in the amount of the acquisition costs at the inception of the lease. Based on the lease liability, the acquisition costs may be increased by initial direct costs, dismantling costs and lease payments that are made by the lessee before or at the start of the lease term and are therefore not included in the lease liability. The right-of-use assets are amortised over the shorter of the lease term or the useful life of the leased asset.

When extension options are exercised and the term of the Leases is modified, the right-of-use asset and the lease liabilities are adjusted in the same amount at the time of the modification and the interest rate is recalculated at the time the term is adjusted. Lease modifications resulting from a change in an index-based rate are also recognised by adjusting the right-of-use asset and the lease liability, but using the interest rate originally applied.

We provide the following breakdown of the lease assets:

In EUR million	31.12.2024	31.12.2023
Right-of-use assets, site leases	114.4	151.9
Right of use assets, shops/stores[1]	63.7	83.7
Right-of-use assets, co-location leases	35.6	44.2
Right-of-use assets, network infrastructure	8.1	11.4
Right-of-use assets, motor vehicles	1.1	1.5
Right-of-use assets, other	0.6	0.9
Total	**223.5**	**293.6**

[1] As of 31 December 2024, this includes operating leases from the subleasing of shop space to franchise partners in the amount of EUR 25.2 million (31 December 2023: EUR 32.1 million)

A reconciliation of the right-of-use assets from 31 December 2023 to 31 December 2024 is only possible taking into account the disposals of lease assets due to a reduction in the scope of the lease in terms of time and quantity.

Additions to lease assets are reported at EUR 25.5 million in the 2024 financial year (31 December 2023: EUR 33.7 million). Amortisation of right-of-use assets in the reporting year is broken down as follows:

EUR million	2024	2023
Site leases	29.2	31.5
Shops / stores	14.9	20.0
Co-location leases	10.7	10.5
Network infrastructure	6.4	3.2
Motor vehicles	0.9	0.9
Other	0.3	1.7
Total	**62.4**	**67.8**

Other operating expenses include expenses for short-term leases (31 December 2024: EUR 0.3 million, 31 December 2023 restated: EUR 0.7 million) and expenses for leases for low-value assets (31 December 2024: EUR 0.1 million, 31 December 2023 restated: EUR 0.1 million). The variable lease payments also included in other operating expenses, which are not recognised in lease liabilities, are of minor importance.

Interest expenses from lease liabilities amounted to EUR 9.9 million in the reporting year (31 December 2023 restated: EUR 10.1 million). We provide the following breakdown of the maturities of the lease liabilities as of 31 December 2024 and 31 December 2023:

In EUR million	31.12.2024	31.12.2023
1 year or less	77.5	78.3
More than 1 year up to and including 5 years	175.7	231.6
More than 5 years	25.3	37.3
Total	**278.5**	**347.2**

Total cash outflows from leases in the 2024 financial year amounted to EUR 93.9 million (31 December 2023: EUR 94.7 million).

In the event of the exercise of extension options that are not currently recognised (as it is not considered probable that they will be exercised), there would be cash outflows of EUR 434.6 million (prior year: EUR 431.9 million) in addition to the lease liabilities currently recognised. This mainly relates to the extension of the framework sublease agreement with Deutsche Funkturm GmbH in connection with the lease of rental space for the Media Broadcast Group's infrastructure.

2.5.2 freenet as lessor

As lessor, the freenet Group subleases sites in the TV and Media segment, shop space, motor vehicles and other assets.

If all material opportunities and risks are transferred, the lease is a finance lease. In this case, a receivable in the amount of the net investment (31 December 2024: EUR 26.1 million, 31 December 2023: EUR 37.4 million) in the lease is recognised in other financial assets. The receivables contained therein mainly relate to the subletting of sites in the TV and Media segment. Overall, the reduction in receivables by EUR 11.3 million (prior year: EUR 7.4 million) is mainly due to repayments totalling EUR 15.2 million (prior year: EUR 13.6 million). The corresponding interest income is recognised in the financial result and amounted to EUR 1.0 million in the 2024 financial year (prior year: EUR 1.3 million). Income from variable lease payments that are not recognised in the assessment of the net investment is immaterial.

Future (undiscounted) cash inflows from finance leases are due as follows on 31 December 2024 and 31 December 2023:

In EUR million	31.12.2024
2025	16.7
2026	9.2
2027	0.7
2028 et. seq.	0.0
Future (undiscounted) cash inflows	**26.6**
Unearned interest income	– 0.5
Receivables from finance leases	**26.1**

In EUR million	31.12.2023
2024	19.0
2025	12.8
2026	6.8
2027 et. seq.	0.0
Future (undiscounted) cash inflows	**38.6**
Unearned interest income	– 1.2
Receivables from finance leases	**37.4**

Lease income from operating leases in which the Group is the lessor is recognised in profit or loss on a straight-line basis over the term of the lease and mainly results from the subleasing of shop space to Franchises partners. Lease income from operating leases totalling EUR 6.0 million (prior year: EUR 6.2 million) will be recognised in other operating income in the 2024 financial year.

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

In EUR million	31.12.2024
2025	6.0
2026	4.3
2027	2.3
2028	1.3
2029 et. seq.	1.2
Future (undiscounted) cash inflows	**15.1**

In EUR million	31.12.2023
2024	6.0
2025	4.5
2026	2.1
2027	1.1
2028	0.3
2029 et. seq.	0.2
Future (undiscounted) cash inflows	**14.2**

2.6 Interests in associates and joint ventures

Investments in associates and joint ventures are recognised on the basis of separate financial statements or consolidated financial statements in accordance with IFRS of the associate or joint venture concerned, which have been prepared in accordance with the Group’s accounting policies. For information on the equity method, see Note 1.3, Consolidation principles.

2.7 Financial instruments

2.7.1 Definition and classification

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are generally divided into the following classifications for measurement purposes:

- Financial assets measured at amortised cost
- Financial assets/liabilities measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income (OCI)
- Liabilities measured at amortised cost

The classification of a financial asset is based on the characteristics of the contractual cash flows of the financial asset and the business model used by management to control the financial asset. The categorisation of financial assets and financial liabilities is determined by management on initial recognition.

2.7.2 Financial assets measured at amortised cost

The Group allocates the following three categories to this classification:

Liquid assets

Cash/liquid assets consist of cash and cash equivalents – these include cash, demand deposits and other short-term, highly liquid financial assets with a residual term of no more than 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 that are not due until twelve months after the balance sheet date. The latter are recognised as non-current trade accounts receivable. The Group holds trade accounts receivable in order to collect the contractual cash flows and subsequently assesses them 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 as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category includes receivables from trustees and collateral, which are recognised within other financial assets.

2.7.3 Financial assets measured at fair value through profit or loss

The Group assigns the following two categories to this classification:

Trade accounts receivable

Trade accounts receivable held for trading purposes are recognised by the freenet Group at fair value through profit or loss. This includes trade accounts receivable from multi-component contracts (mobile phone option) that are sold to a bank.

Other equity instruments

The company assesses financial investments in equity instruments at fair value through profit or loss for which the Group has decided not to recognise changes in fair value in other comprehensive income. As of the balance sheet date, other investments are allocated to this category and recognised in other financial assets.

2.7.4 Financial assets measured at fair value through other comprehensive income

The Group allocates the following category to this classification:

Other equity instruments

Other equity instruments measured at fair value through other comprehensive income are financial assets that are not held for trading purposes and for which the freenet Group irrevocably decided to recognise them in this category upon initial recognition. This category includes investments and securities to secure long-term pension obligations, which are recognised under other financial assets.

2.7.5 Liabilities measured at amortised cost

Financial liabilities are based on contractual agreements on the payment of cash or the provision of other financial assets to a third party. Financial liabilities are recognised when freenet becomes a party to the contract. The financial liabilities existing on the balance sheet date are recognised under trade accounts payable, financial liabilities and other financial liabilities.

2.7.6 Measurement of financial instruments

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to buy or sell the asset. Financial assets, which are classified as debt instruments, are assessed at fair value on additions. Transaction costs increase or decrease the initial value if the financial asset is not assessed at fair value with changes in value recognised in profit or loss for the period.

Financial assets are divided into two classification categories – those measured at amortised cost and those measured at fair value. If other financial assets are assessed at fair value, income andexpenses can be recognised either in profit or loss for the period (at fair value through profit or loss, FVTPL) or in other comprehensive income (at fair value through other comprehensive income, FVTOCI). The classification is made upon 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 is to 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 must 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 both to collect contractual cash flows and to sell 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 not measured at amortised cost or at fair value through other comprehensive income are measured through profit or loss.

Liabilities measured at amortised cost are initially measured at the fair value of the consideration received less the transaction costs associated with the borrowing. In the subsequent period, financial liabilities are measured at amortised cost using the effective interest method. Measurement of financial instruments is based on future cash flows using recognised valuation methods. There are currently no derivatives in the portfolio.

2.7.7 Impairment of financial assets

The Group applies the simplified approach to the impairment regulations in order to measure the expected credit losses. Trade accounts receivable, lease receivables and contract assets are therefore measured using the lifetime expected credit losses at initial recognition. Impairments of financial assets are based on assumptions regarding the default risk and the expected loss rates, based on the Group's historical defaults and past experience as well as forward-looking estimates at the end of the financial year.

There have been no defaults on lease receivables in the past. Expected loss rates do not take into account historical default rates, but are based on current and forward-looking information (e.g. remaining term of the lease receivables, benchmark information). However, the identified impairment loss was immaterial and was not recognised.

Carrying amounts of receivables are reduced through the use of an allowance account. The receivable is derecognised from the allowance account as soon as it is no longer realisable according to a reasonable assessment. End customer receivables in the Mobile Communications segment are derecognised at the latest when they are transferred to debt collection. Subsequent payments received on amounts previously derecognised are recognised in profit or loss against the impairments from Trade accounts receivable reported in the income statement.

The Group generally applies the general impairment model (general approach) to non-derivative assets, with the exception of Trade accounts receivable, Leases receivable and Contract assets, for which the simplified impairment model is applied in each case. The recognition of expected credit losses utilises a three-stage approach to allocate loss allowances. In principle, all instruments are categorised in stage 1 upon additions. For them, the present value of the expected payment defaults resulting from possible default events within the next twelve months after the reporting date must be recognised as an expense. Interest is recognised on the basis of the gross carrying amount, i.e. the effective interest method must be carried out on the basis of the carrying amounts before taking risk provisions into account. Level 2 includes all instruments that show a significant increase in default risk on the reporting date compared to the date of addition. The risk provision must reflect the present value of all expected losses over the remaining term of the instrument. Interest is recognised on the basis of the gross value, i.e. the effective interest method must be carried out on the basis of the carrying amounts before taking risk provisions into account. Indications of a significant increase in the default risk include

- Significant deterioration in the expected performance and behaviour of the obligor
- Significant deterioration in the credit quality of other instruments of the same obligor
- Actual or expected deterioration in the economic, financial, regulatory or technological circumstances relevant to the borrower's creditworthiness

If, in addition to a significant increase in the default risk on the reporting date, there is also objective evidence of impairment (stage 3), the risk provision is also measured on the basis of the present value of the expected losses over the remaining term. However, interest recognition must be adjusted in subsequent periods so that interest income is calculated in future on the basis of the net carrying amounts, i.e. the carrying amounts after deduction of the risk provision. Objective indications of impairments include

- Significant financial difficulties of the issuer or debtor
- A breach of contract such as a default or delay in interest and redemption payments
- An increased likelihood that the borrower will enter insolvency or other reorganisation proceedings

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. The spread of cash and cash equivalents across various major banks and the short remaining terms significantly reduce the default risk.

2.7.8 Derecognition of financial assets

The freenet Group derecognises a financial asset if the contractual rights to cash flows from a financial asset expire or if it transfers the financial asset and essentially all risks and opportunities associated with ownership of the asset to a third party.

2.7.9 Derecognition of financial liabilities

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

2.7.10 Netting of financial instruments

Financial assets and liabilities are only offset and recognised as a net amount in the balance sheet if there is a legal right to do so and the intention is to settle on a net basis or to settle the associated liability at the same time as the asset is used.

2.8 Inventories

Inventories are assessed at the lower of the cost of purchased/manufactured goods and the net realisable value on the balance sheet date. The net realisable value is the estimated realisable sales proceeds less costs yet to be incurred.

2.9 Foreign currency transactions

The items contained in the financial statements of each group company are assessed on the basis of the currency that corresponds 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 converted into the functional currency at the exchange rates on the transaction date. Gains and losses resulting from the settlement of such transactions and from the conversion at the closing rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign currency transactions of minor significance took place in the 2024 financial year.

The results 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 rate method. The resulting currency conversion differences are recognised in other comprehensive income until the subsidiary is disposed of and reported cumulatively in equity.

2.10 Equity

Ordinary shares, capital reserves, reserves for changes in value, treasury shares, the consolidated balance sheet result and minority interests are recognised as equity. The costs of capital increases are recognised in equity in the capital reserve after deduction of the current taxes due on them.

The Executive Board is authorised by the Annual General Meeting to acquire treasury shares, subject to the approval of the Supervisory Board (Section 71 (1) No. 8 AktG). Thresholds are defined for a buyback programme, such as number, total amount and duration. Purchased treasury shares are assessed at acquisition cost plus fees for each individual transaction.

2.11 Pension provisions

Pension provisionsare recognised and assessed in accordance with IAS 19. The net obligation recognised in the balance sheet, reported under pension provisions and non-current other receivables and other assets, corresponds to the actuarial present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets plus the Influence from the asset ceiling. The present value of the defined benefit obligation is calculated annually by an independent actuarial expert using the projected unit credit method. This projected unit credit method takes into account not only the pensions and acquired entitlements known on the reporting date, but also expected future increases in pensions and salaries.

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

Differences between the calculated and actual return on plan assets are recognised in other comprehensive income in the period in which they arise.

Pension commitments are subject to the provisions of the German Company Pensions Act. Insofar as the pension plans provide for pension benefits, there is a biometric risk of longevity. Further risks arise in relation to pension adjustment obligations from the development of inflation and, in the case of salary-related commitments, from the development of salaries.

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

Contributions to defined contribution plans are recognised in profit or loss in the year in which they are incurred.

2.12 Provisions

Provisions are recognised for current legal or constructive obligations to third parties that originated in the past and are uncertain in terms of their likelihood and/or amount if it is more likely than not that the fulfilment of the obligation will lead to an outflow of resources and a reliable estimate of the amount of the obligation can be made. The assessment is based on the best possible estimate of the current obligation as of the balance sheet date, taking into account discounting for long-term obligations.

If a number of similar obligations exist, the likelihood of a charge on assets is determined on the basis of the group of these obligations. Provisions are also recognised as liabilities if the likelihood of a charge on assets in relation to individual obligations included in this group is low.

In accordance with IAS 16, the costs expected for Asset retirement obligations for transmission systems and Leasehold improvements are included in the cost of these installations. Provisions are therefore recognised for these obligations in the amount of the present value at the time they arise in accordance with IAS 37 if an outflow of resources is probable. Changes in the measurement of the existing provision, i.e. changes in the settlement amount and/or the discount rate, are recognised by adjusting the carrying amounts of the transmission systems and Leasehold improvements (upper limit: recoverable amount; lower limit: zero).

Restructuring provisions mainly comprise severance payments to employees. Provisions for contingent losses primarily relate to tariffs with a negative margin and vacancy costs.

Provisions for obligations from long-term work accounts are assessed on the basis of certain accounting assumptions. Long-term work accounts are set up for longer-term time off in lieu. The reduction takes the form of a leave of absence with continued payment of the current monthly salary. The obligations were netted against the fair value of the corresponding plan assets. If the fair value of the plan assets exceeds the obligations, the excess assets are recognised under other receivables and other assets.

2.13 Employee incentive programmes

The Group had three main long-term incentive programmes (LTIP programmes) as employee incentive programmes in the 2024 financial year.

In the LTIP programmes, an LTIP account is maintained for each beneficiary, to which a credit or debit is made in the form of virtual shares each financial year, depending on the degree of achievement of certain targets defined for that financial year. Depending on the balance of the LTIP account, payouts (exclusively in the form of cash payments) less taxes and duties are then possible within a fixed period of time per financial year. The amount of these payouts depends, among other things, on the relevant share price at the time of payout. Provisions are assessed at the fair value of the virtual shares that are expected to vest. The corresponding expense is recognised in personnel expenses. For details, please refer to our explanations under Note 25. freenet Group also has two other employee incentive programmes (hereinafter referred to as “Other employee incentive programmes”).

2.14 Deferred and current income taxes

Deferred taxes are recognised in accordance with the liability method on all temporary differences between the tax base and the carrying amounts of assets and liabilities as well as on tax loss carryforwards. Deferred taxes are assessed using the tax rates and tax regulations that apply on the balance sheet date or have essentially been adopted by law and are expected to apply at the time of realisation of the deferred tax asset or settlement of the deferred tax liability.

Deferred tax assets on deductible temporary differences are recognised in the amount for which deferred tax liabilities exist. If the amount of deferred tax assets on deductible temporary differences exceeds this value, they are only recognised to the extent that the utilisation of these deferred tax assets through future profits is likely. Deferred tax assets on existing tax loss carryforwards are also only recognised to the extent that it is probable that they will be utilised through future profits. The expected future profits are based on the corporate planning of earnings before taxes valid on the balance sheet date.

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

The current tax expense is calculated using the German tax regulations that apply or will soon apply on the balance sheet date. Management regularly reviews tax returns, particularly in relation to matters subject to interpretation, and, where appropriate, recognises provisions based on the amounts expected to be payable 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 is dependent on Judgements, recognition and measurement methods as well as forward-looking assumptions and estimates. The actual amounts may differ from the estimates. The following judgements, significant estimates and related assumptions, as well as the uncertainties associated with the accounting policies selected, are critical to understanding the underlying financial reporting risks and the impacts that these estimates, assumptions and uncertainties could have on the consolidated financial statements.

Judgements

When determining the measurement-relevant term of a lease in the shops/stores category, a sufficiently certain exercise of all extension options (based on operational considerations) was always assumed. Based on forward-looking assumptions, there may also be a lump-sum extension of the leases from a certain term. As of the previous year’s reporting date of 2023, there was a change in the assessment of the extension options originally recognised for the Gravis stores, as the exercise of the option was no longer considered sufficiently certain due to operational considerations. As a result, the lease assets were restated by the amount resulting from the revaluation of the lease liabilities.

For the purpose of assessing the subleases in the TV and Media segment relating exclusively to VHF, the end of the lease term is determined separately for each site (investor sites until 31 July 2026, sites of Bayerische Medien Technik GmbH, Munich, until 30 June 2026, sites of Other third parties until 31 December 2026).

In the case of multi-component contracts, we draw attention to the following material Judgements, forward-looking assumptions and estimation uncertainties that have a material impact on the consolidated financial statements due to the underlying business model in the Mobile Communications segment and its significance for the Group's net assets, financial position and results of operations:

To measure the contractual performance obligations, the individual customer contracts are identified and summarised into portfolios based on certain criteria. Aggregated contracts with homogeneous characteristics each form a portfolio. The selection of these criteria (the assessment of whether homogeneity exists and the decision on the number of portfolios) is a matter of judgement.

Within the customer contracts (or after their aggregation within the portfolios), the relative stand-alone selling prices of the performance obligations are determined in a first step. This involves making estimates based on past transactions (such as hardware sales and the provision of mobile services over 24 months). In a further step, the net contract position is calculated taking other contract components into account: If the relative stand-alone selling price of a contract component exceeds the amount of the transaction price, the transaction prices are reallocated. The resulting net contract position of a contract (or, after aggregation, of a portfolio) is reversed proportionately over the underlying contract term depending on the respective performance dates or performance periods. The assessment of the respective net contract position is subject to certain assumptions. Future uncertain contractual events that are not within the freenet Group's sphere of influence are anticipated according to their weighted probability of occurrence. Such contractual events include, for example, premature termination of contracts, cancellations, bad debts, contract modifications and the redemption of contractual rights (material rights) such as vouchers.

Judgements, estimates and forward-looking assumptions in the context of accounting for multiple-element arrangements also arise in the following respects:

- forward-looking assumptions in determining the expected future customer contract term for the amortisation period of contract acquistion costs and the period-related bonuses and commissions of network operators
- Judgements and forward-looking assumptions in determining whether certain cost items are incremental contract acquisition costs that are expected to be recovered in the future
- Judgements regarding the assessment of commissions and bonuses received from network operators, namely
  - which parts thereof are to be recognised as separable own services in revenues immediately upon performance of the service
  - which parts thereof represent a reduction in the cost of materials over the promotional period agreed with the network operator due to their discount character
  - which parts thereof have the character of a discount granted over the underlying customer contract term and therefore reduce the cost of materials pro rata temporis
- Judgements and estimates in deriving the consideration for agency services in indirect sales in order to arrive at the "Consideration Paid"/"Consideration Payable" approach

Materiality of estimation uncertainties

With regard to the estimates used in the assumptions for the recognition and assessment of multi-component contracts, reference is made to the above comments on Judgements.

The calculation of the incremental borrowing rate for discounting the lease liabilities (see Note 28) is ensured on a quarterly basis by the Group Treasury department. The incremental borrowing rate represents the Group-specific interest rate for borrowing funds with a similar term in order to finance the corresponding asset.

Please refer to Note 16 for reference to the forward-looking assumptions made as part of the tests for possible impairments of goodwill (carrying amounts as of 31 December 2024: EUR 1,384.8 million, prior year: EUR 1,379.8 million).

Impairments of financial assets are based on assumptions regarding default risk and expected loss rates. The Group exercises judgement in making these assumptions and selecting the input factors for calculating the impairment, based on the Group's past experience and forward-looking estimates at the end of the financial year. Reference is made to Note 21.

With regard to the accrual for services received from sales commissions for the Group's various products, estimates based on past experience are used to determine the likelihood that the final and non-cancellable commission will be received. Reference is made to Note 7.

The recognition and calculation of provisions and accruals (e.g. for dealer commissions) are dependent on estimates. Provisions are recognised by the specialist departments (e.g. Real Estate Management) in the amount of the present value at the time they arise for obligations in connection with the dismantling of broadcasting facilities and Leasehold improvements, insofar as an outflow of assets is probable. The material assumptions here relate to the amount of the expected dismantling costs and their timing. Reference is made to Note 30.

Please refer to Note 25 for information on the assumptions and estimates used in the valuation model to determine the provision for the LTIP programme as of 31 December 2024.

Note 29 describes the forward-looking assumptions made with regard to the assessment of pension provisions and similar obligations. This relates to the recognition of an actuarial interest rate, the pension trend, the estimation of the future development of the pensionable income of the beneficiaries and the estimation of life expectancy. The result of a sensitivity analysis is that if the actuarial interest rate were to increase by 1.0 percentage points, the Present value of funded and unfunded obligations would be EUR 10.4 million lower; if the actuarial interest rate were to decrease by 1.0 percentage points, the Present value of funded and unfunded obligations would be EUR 12.9 million higher. For further sensitivity analyses relating to pension obligations, please refer to Note 29.

There are business transactions for which the final taxation cannot be conclusively determined during the ordinary course of business. The Group measures the amount of provisions for expected tax audits on the basis of estimates as to whether and to what extent additional income taxes will be due. If the final taxation of these transactions differs from that initially assumed, this will have impacts on current and current income taxes in the period in which the taxation is finalised. Reference is made to Notes 13, 18 and 30.

Deferred tax assets on loss carryforwards are based on corporate planning for the next four financial years, which incorporates forward-looking assumptions, e.g. regarding macroeconomic developments and the development of the telecommunications market. Please refer to Note 18 for the amount of deferred tax assets recognised on loss carryforwards and the amount of loss carryforwards for which no deferred tax assets were recognised.

2.16 Discontinuing operations

Assets and liabilities of a business unit that are sold or discontinued are classified as discontinuing operations in accordance with IFRS 5 if the business activities of this unit can be clearly distinguished from the Group's other business activities and it is a material business activity of the Group. Classification as discontinuing operations takes place at the time at which the sale or discontinuation of this material business activity is considered highly likely.

In accordance with IFRS 5, assets are recognised at the lower of carrying amount and fair value less costs to sell if it is highly probable that their carrying amounts will be realised through a sale. At the time of reclassification to discontinuing operations and non-current assets held for sale, amortisation of the corresponding assets is discontinued.

In the case of discontinuing operations, an amount is recognised separately in the income statement, consisting of the after-tax result from the ongoing activities of the discontinuing operation and the after-tax result from changes in fair value less costs to sell and disposals.

In accordance with IFRS 5.34, the prior year's figures in the income statement and cash flow statement have been restated.

2.17 Comparison figures

The comparability of these consolidated financial statements with the consolidated financial statements as of 31 December 2023 is limited by the following retrospective adjustments to the previous year's figures.

The business operations of Gravis were discontinued as of 30 June 2024. The activities of Gravis and certain business transactions directly related to the closure of Gravis in other Group companies of the freenet Group represent the discontinuing operations of Gravis within the meaning of IFRS 5.13 and IFRS 5.32. In accordance with IFRS 5.33 f., the previous year's figures in the income statement were restated accordingly by reclassifying all expenses and income of the discontinuing operations from the original items of the income statement to a line "Consolidated profit from discontinuing operations". EBITDA for 2023 is reported EUR 639 thousand higher than the EBITDA reported in the consolidated financial statements as of 31 December 2023. Please refer to Note 36 of these Notes to the consolidated financial statements.

Provisions for other taxes in the amount of EUR 25,517 thousand were reported under current income tax liabilities in the consolidated financial statements as of 31 December 2023. As these provisions do not fall under IAS 12 due to their nature as other taxes, the consolidated balance sheet as of 31 December 2023 was restated retrospectively in accordance with IAS 8.41 et seq. in these consolidated financial statements. Accordingly, the current income tax liabilities were reduced by this amount, while the non-current Other provisions were increased by EUR 25,517 thousand. The correction had no impacts on equity, the income statement, the statement of comprehensive income, earnings per share or the cash flow statement.

Furthermore, the following immaterial adjustments were made retrospectively:

- Among other things, the Group generates revenues from the broadcasting of TV advertising and pays the TV broadcasters a fee for the advertising inventory aired. The Group now recognises these fees in the cost of materials rather than in other operating expenses, as was previously the case. In the consolidated income statement for the 2023 financial year, the cost of materials was therefore increased by EUR 8,478 thousand and other operating expenses were reduced by EUR 8,478 thousand in these financial statements – without affecting EBITDA.A change in the measurement model in accordance with IFRS 2 for LTIP programmes 3 and 4 (please also refer to Notes 25.1 and 25.2 of these Notes to the consolidated financial statements) led to a retrospective reduction in equity (consolidated balance sheet result) as of 1 January 2023 of EUR 4,001 thousand and an increase in Other provisions of EUR 4,001 thousand (of which EUR 2,016 thousand in current and EUR 1,985 thousand in non-current). For the 2023 financial year, this adjustment in the measurement model led to a reduction in personnel expenses of EUR 672 thousand in this consolidated income statement and thus to an increase in EBITDA of EUR 672 thousand, as well as to an increase in other provisions in this consolidated balance sheet as of 31 December 2023. Other provisions increased by a total of EUR 3,329 thousand (thereof EUR 2,016 thousand in current provisions and EUR 1,313 thousand in non-current provisions) and equity (consolidated balance sheet result) decreased compared to the amounts reported in the consolidated financial statements as of 31 December 2023.
- Another change relates to the sales discounts granted to end customers in the Mobile Communications segment in connection with a number portability ordered by the customer. As previously, these are not recognised as a reduction in revenues immediately upon granting, but pro rata over the term of the customer contract of 24 months. This led to a retrospective increase in equity (consolidated balance sheet result) as of 1 January 2023 of EUR 7,108 thousand and an increase in other receivables and other assets of EUR 7,108 thousand (thereof EUR 197 thousand in current and EUR 6,911 thousand in non-current). Compared to the consolidated financial statements as of 31 December 2023, the comparative figures for the 2023 financial year in these financial statements show an increase in revenues of EUR 2,329 thousand and an increase in other operating expenses for the restated loss allowances on receivables of EUR 28 thousand. EBITDA for the 2023 financial year has therefore increased by EUR 2,301 thousand. In the consolidated balance sheet as of 31 December 2023 included in these financial statements, this change resulted in an overall increase in other receivables and other assets of EUR 9,409 thousand (thereof EUR 2,498 thousand in current assets and EUR 6,911 thousand in non-current assets) and a corresponding increase in consolidated equity.

3 Segment reporting

In accordance with IFRS 8, operating segments are to be defined on the basis of the internal management of Group divisions whose operating results are regularly reviewed by the chief operating decision maker with regard to decisions on the allocation of resources to this segment and the assessment of its profitability.

The Executive Board organises and manages the company as the chief operating decision maker on the basis of the differences between the individual products and services offered. As the Group conducts its business activities almost exclusively in Germany, it is not organised and managed according to geographical areas. The Group operated in the following business segments in the 2024 financial year:

- Mobile Communications:
  - Activities as a mobile communications Service Provider – Marketing of mobile communications services (voice and data services) of the Mobile network operators Deutsche Telekom, Vodafone and Telefónica Deutschland in Germany
  - offering its own network-independent services and tariffs as well as offering the network operators' tariffs on the basis of the network operator contracts concluded with these network operators
  - Distribution/sale of mobile devices and additional services in the areas of mobile data communication and digital lifestylee
  - "freenet Internet": Offering its own app-based internet product
  - Provision of distribution services
  - Planning, setup, installation and maintenance of WiFi networks
- TV and Media:
  - Provision of DVB-T2 services to end customers
  - Planning, project development, construction, operation, service and marketing of broadcasting-related solutions for business customers in the broadcasting and media industry
  - Provision of services, primarily to end customers, in the area of IPTV
- Other/holding:
  - Provision of portal services such as e-commerce/advertising services (these essentially include online shopping and the marketing of advertising space on websites), payment services for end customers and the provision of various digital products and entertainment formats for download or for display and use on mobile devices
  - Development of communication solutions, IT services and other services for business customers
  - Offering narrowband voice services (call-by-call, pre-selection) and data services
  - Provision of distribution services

The two segments "mobile communications" and "TV and media" represent the Group's reportable segments as defined by IFRS 8. The "Other/holding" segment is an operating segment.

In addition to the operating activities, the "Other/holding" segment also includes Other business activities. These mainly include the holding activities of freenet AG (with the provision of intra-group services in centralised areas such as legal, human resources and finance), but also areas that cannot be clearly allocated to the operating segments. The segment revenues of EUR 65.4 million reported for the Other/holding segment for 2024 (prior year: EUR 41.8 million) relates almost exclusively to operating activities. The gross profit of EUR 46.2 million reported for the Other/holding segment in 2024 (prior year: EUR 24.3 million) is almost exclusively attributable to operating activities. The EBITDA of EUR 8.7 million (prior year restated: EUR –26.6 million) reported for the Other/holding segment in 2024 was generated almost exclusively from operating activities.

The segments also provide or have provided services to the respective other operating segment. If comparable external market prices exist for internally provided services, these market prices are used as the internal transfer price. The transfer prices for non-marketable services are generally based on the costs incurred (plus overheads surcharge).

Expenses and income are allocated to the segments on the basis of selected criteria in accordance with their economic affiliation. As in the prior year, the recognition and assessment of the allocated expenses and income for segment reporting purposes do not deviate from the recognition and assessment in the consolidated balance sheet and consolidated income statement.

A breakdown of third-party revenues by individual products or services is shown in Note 4. A further breakdown by individual products or services is not available.

The freenet Group conducts mass business, which is primarily focussed on private customers. In this respect, there is no dependency on individual customers.

Segment report for the period from 1 January to 31 December 2024

	Reportable segments			Transition		Group
In EUR thousand	Mobile Communications	TV and Media	Total	Other / Holding	Elimination of intersegment revenues and expenses	
Third-party revenues	**2,043,024**	**387,140**	**2,430,164**	**47,524**	**0**	**2,477,688**
Intersegment revenues	14,150	12,745	26,895	17,875	– 44,770	0
Total revenues	2,057,174	399,885	2,457,059	65,399	– 44,770	2,477,688
Cost of materials to third parties	**– 1,318,535**	**– 166,655**	**– 1,485,190**	**– 18,644**	**0**	**– 1,503,834**
Intersegment cost of materials	– 35,267	– 1,646	– 36,913	– 590	37,503	0
Total cost of materials	– 1,353,802	– 168,301	– 1,522,103	– 19,234	37,503	– 1,503,834
Segment gross profit	**703,372**	**231,584**	**934,956**	**46,165**	**– 7,267**	**973,854**
Other operating income	46,937	793	47,730	3,863	– 5,448	46,145
Other own work capitalized	16,742	6,191	22,933	1,642	0	24,575
Personnel expenses	– 119,983	– 71,828	– 191,811	– 43,686	0	– 235,497
Other operating expenses	– 219,781	– 63,873	– 283,654	– 16,644	12,715	– 287,583
thereof loss allowances on financial assets and contractual assets	– 18,460	3,769	– 14,691	– 116	0	– 14,807
thereof without loss allowances on financial assets and contractual assets	– 201,321	– 67,642	– 268,963	– 16,528	12,715	– 272,776
Total other expenses/income [1]	**– 276,085**	**– 128,717**	**– 404,802**	**– 54,825**	**7,267**	**– 452,360**
thereof intersegment allocation	– 6,599	– 2,659	– 9,258	1,991	7,267	
Segment EBITDA	**427,287**	**102,867**	**530,154**	**– 8,660**	**0**	**521,494**
Depreciation, amortisation and impairment						– 145,962
EBIT						**375,532**
Financial result						– 30,324
EBT						**345,208**
Income taxes						– 48,774
Consolidated profit from continuing operations						**296,434**
Consolidated profit from discontinuing operations attributable to the shareholders of freenet AG						**– 50,813**
Consolidated profit						**245,621**
Consolidated profit attributable to shareholders of freenet AG						246,829
Consolidated profit attributable to non-controlling interests						– 1,208
Net cash investments	**22,247**	**13,590**	**35,837**	**2,864**		**38,701**
thereof from continuing operations	21,893	13,590	35,483	2,864		38,347
thereof from discontinuing operations	354	0	354	0		354

[1] Other expenses/income as the difference between gross profit and EBITDA include the items other operating income, other own work capitalised, personnel expenses and other operating expenses

Segment report for the period from 1 January to 31 December 2023 (restated)

	Reportable segments			Transition		Group
In EUR thousand	Mobile Communications	TV and Media	Total	Other / Holding	Elimination of intersegment revenues and expenses	
Third-party revenues	**2,026,722**	**333,636**	**2,360,358**	**24,940**	**0**	**2,385,298**
Intersegment revenues	13,950	11,776	25,726	16,828	– 42,554	0
Total revenues	2,040,672	345,412	2,386,084	41,768	– 42,554	2,385,298
Cost of materials to third parties	**– 1,331,293**	**– 122,438**	**– 1,453,731**	**– 16,808**	**0**	**– 1,470,539**
Intersegment cost of materials	– 26,852	– 7,974	– 34,826	– 653	35,479	0
Total cost of materials	– 1,358,145	– 130,412	– 1,488,557	– 17,461	35,479	– 1,470,539
Segment gross profit	**682,527**	**215,000**	**897,527**	**24,307**	**– 7,075**	**914,759**
Other operating income	44,058	684	44,742	4,015	– 4,686	44,071
Other own work capitalized	16,399	6,343	22,742	1,708	0	24,450
Personnel expenses	– 115,990	– 61,033	– 177,023	– 41,501	0	– 218,524
Other operating expenses	– 206,664	– 50,842	– 257,506	– 15,160	11,761	– 260,905
thereof loss allowances on financial assets and contractual assets	– 12,303	– 811	– 13,114	359	0	– 12,755
thereof without loss allowances on financial assets and contractual assets	– 194,361	– 50,031	– 244,392	– 15,519	11,761	– 248,150
Total other expenses/income [1]	**– 262,197**	**– 104,848**	**– 367,045**	**– 50,938**	**7,075**	**– 410,908**
thereof intersegment allocation	– 7,938	– 1,152	– 9,090	2,015	7,075	
Segment EBITDA	**420,330**	**110,152**	**530,482**	**– 26,631**	**0**	**503,851**
Depreciation, amortisation and impairment						– 247,578
EBIT						**256,273**
Financial result						– 25,207
EBT						**231,066**
Income taxes						– 63,448
Consolidated profit from continuing operations						**167,618**
Consolidated profit from discontinuing operations attributable to the shareholders of freenet AG						**– 8,342**
Consolidated profit						**159,276**
Consolidated profit attributable to shareholders of freenet AG						157,551
Consolidated profit attributable to non-controlling interests						1,725
Net cash investments	**26,334**	**23,072**	**49,406**	**3,299**		**52,705**
thereof from continuing operations	22,164	23,072	45,236	3,299		48,535
thereof from discontinuing operations	4,170	0	4,170	0		4,170

[1] Other expenses/income as the difference between gross profit and EBITDA include the items other operating income, other own work capitalised, personnel expenses and other operating expenses

4 Revenues

A breakdown of revenues totalling EUR 2,478 million (prior year restated: EUR 2,385 million) by segment can be found in Note 3, Segment reporting.

Of the Mobile Communications segment's external revenues of EUR 2,043 million in the 2024 financial year (prior year restated: EUR 2,027 million), EUR 1,718 million (prior year restated: EUR 1,707 million) is attributable to service revenues (of which EUR 1,592 million (prior year: EUR 1.586 million) to postpaid and EUR 126 million (prior year: EUR 121 million) to no-frills and prepaid), EUR 219 million (prior year restated: EUR 223 million) to hardware revenues and EUR 106 million (prior year restated: EUR 97 million) to other revenues.

Of the TV and Media segment's external revenues of EUR 387 million in the 2024 financial year (prior year: EUR 334 million), EUR 214 million (prior year: EUR 223 million) is attributable to the Media Broadcast Group and EUR 173 million (prior year: EUR 111 million) to Exaring.

We make the following disclosures pursuant to IFRS 15.116 b and IFRS 15.116 c:

In the 2024 financial year, revenues of EUR 39,305 thousand (prior year: EUR 39,775 thousand) were recognised, which were included in the balance of contract liabilities to customers from contracts with customers on 1 January 2024. In the 2024 financial year, revenues of EUR 9 thousand (prior year: EUR 30 thousand) were recognised from performance obligations that were fulfilled or partially fulfilled in previous periods.

The total amount of the transaction price allocated to the unfulfilled or partially unfulfilled performance obligations at the end of the reporting period (IFRS 15.120) is EUR 1,376.3 million (prior year: EUR 1,324.4 million). EUR 964.7 million of the outstanding benefit obligations relate to 2025, EUR 384.9 million to 2026, EUR 26.2 million to 2027 and EUR 0.5 million to 2028. Disclosures pursuant to IFRS 15.121 were not utilised for this disclosure.

Disclosures pursuant to IFRS 15.116(a) can be found under Note 26, Trade accounts payable, other liabilities and accruals and other financial liabilities, see sub-item "Deferred income from bonuses and commissions received from network operators". The sub-item "Deferred income from bonuses and commissions received from network operators" corresponds to contract liabilities within the meaning of IFRS 15.105.

5 Other operating income

Other operating income largely comprises income from reminder and chargeback fees, income from the recharging of expenses, advertising cost subsidies (unless dependent on the capitalisation of new customers) and income from subleases (operating leases).

Please refer to our comments on Note 2.5, Leases.

6 Other own work capitalized

Other own work capitalised mainly relates to the development of software in the mobile communications sector, which is almost exclusively due to strategic projects and own installation services in connection with the development of broadcasting infrastructure.

The capitalised costs comprise the directly attributable individual costs, which mainly relate to consultancy and personnel costs, as well as the directly attributable overheads.

7 Cost of materials

The cost of materials breaks down as follows:

In EUR thousand	2024	2023 restated
Costs of purchased goods	283,666	281,482
Costs of purchased services	1,220,168	1,189,057
Total	**1,503,834**	**1,470,539**

Costs of purchased goods consist mainly of the cost of mobile phones, computers/EDP products and bundles from the prepaid business.

Costs of purchased services mainly relate to fees for mobile telephony and mobile data as well as commissions and premiums paid to sales partners.

We make the following disclosures pursuant to IFRS 15.127 and 15.128: In the 2024 financial year, contract acquisition costs of EUR 307,638 thousand (prior year: EUR 292,375 thousand) were amortised. Under IFRS 15, the amortisation of contract acquisition costs is recognised on a straight-line basis over the term of the underlying contract, predominantly over a term of 24 months. As in the prior year, the contract acquistion costs amortised in 2024 relate almost exclusively to sales partner commissions.

8 Personnel expenses

Personnel expenses break down as follows:

In EUR thousand	2024	2023 restated
Wages and salaries	199,286	184,362
Social security contributions and pension expenses	36,211	34,162
Total	**235,497**	**218,524**

The Group had an average of 3,419 employees in the 2024 financial year (prior year: 3,686), of which 266 were attributable to discontinuing operations (prior year: 522). At the end of the financial year, the Group had 3,196 employees (prior year: 3,690 employees), of which 29 were attributable to discontinuing operations (prior year: 516). As at 31 December 2024, this included 37 (prior year: 31) senior employees and 214 (prior year: 278) Vocational trainees and students at universities of cooperative education.

The Group’s Employee incentive programmes resulted in personnel expenses in accordance with IFRS 2 of EUR 12,118 thousand (prior year restated: EUR 12,108 thousand).

For an explanation of the Employee incentive programmes, please refer to our comments in Notes 2.13 and 25 Employee incentive programmes

Personnel expenses also include expenses for defined benefit pension plans totalling EUR 784 thousand (prior year: EUR 705 thousand), see also Note 29.

Personnel expenses include employer contributions to social security totalling EUR 15,634 thousand (prior year restated: EUR 14,742 thousand) as expenses for defined contribution pension plans.

9 Depreciation, amortisation and impairment

The composition of depreciation and amortisation is shown in the following table:

In EUR thousand	2024	2023 restated
Amortisation and impairment of lease assets	62,388	62,622
Amortisation of intangible assets	50,546	149,380
Depreciation of property, plant and equipment	32,044	31,746
Impairments on goodwill	232	2,636
Impairment of property, plant and equipment	330	771
Impairment of intangible assets	422	423
Total	**145,962**	**247,578**

For information on depreciation, amortisation and impairment of lease assets, please refer to our comments in Note 2.5.

As part of the realignment of the brand strategy, the Executive Board of freenet AG decided in January 2022 to gradually replace the "mobilcom-debitel" brand, which has been used since 2009, with the "freenet" brand. As a result of the Management Board's decision, the Carrying amounts of the "mobilcom-debitel" brand were amortised on a straight-line basis over an expected remaining useful life (18 months) until 30 June 2023. This resulted in amortisation of EUR 98.5 million in 2023.

Impairments on goodwill relate to the cash-generating unit "Narrowband". The goodwill attributable to the discontinued narrowband business model was impaired by EUR 232 thousand to EUR 0 thousand based on an impairment test. In the prior year, the "Narrowband" cash-generating unit was also impaired in the amount of EUR 2,636 thousand.

As in the prior year, the impairments of intangible assets relate to licences that are no longer used.

As in the prior year, the impairments of property, plant and equipment mainly relate to radio infrastructure of the Media Broadcast Group that is no longer used.

10 Other operating expenses

The other operating expenses mainly comprise marketing costs (EUR 114.6 million in 2024 compared to EUR 114.0 million in 2023), legal/consulting costs, administrative costs (e.g. ancillary costs for shops and administrative buildings), expenses for loss allowances and bad debts, expenses for billing, outsourcing and postage.

Other operating expenses in the 2024 financial year include expenses from loss allowances on other financial assets and contract assets totalling EUR 14.8 million (prior year: EUR 12.8 million). Of this, EUR 15.5 million (prior year: EUR 17.8 million) is attributable to impairment losses recognised in accordance with IFRS 9 for contracts capitalised in the current financial year, which, as in the previous year, relate exclusively to Trade accounts receivable, other receivables and other assets as well as other financial assets, and EUR –0.7 million (prior year: EUR –5.0 million) to the corrections of impairment losses recognised in accordance with IFRS 9 for contracts capitalised in prior years – these also relate entirely to Trade accounts receivable, other receivables and other assets as well as other financial assets.

11 Interest and similar income

Interest and similar income consists of the following items:

In EUR thousand	2024	2023 restated
Interest from banks, debt collection and similar income	3,796	2,572
Interest income from present value adjustments	1,906	1,406
Interest from lease receivables	1,026	1,299
Interest from tax refunds	31	1,083
Total	**6,759**	**6,360**

From Interest from lease receivables, please refer to our comments in Note 2.5.2, freenet as lessor.

The interest income from present value adjustments for 2024 in the amount of EUR 1,906 thousand (prior year: EUR 1,406 thousand) is mainly attributable to interest on other receivables and other assets.

12 Interest and similar expenses and other financial result

Interest and similar expenses break down as follows:

In EUR thousand	2024	2023 restated
Interest to banks and similar expenses	15,671	13,350
Interest from leases	9,917	10,079
Interest expense from pension obligations	2,259	2,532
Interest expense from tax back payments and similar expenses	1,861	1,602
Interest expense from present value adjustments	1,577	1,456
Other	1,205	494
Total	**32,490**	**29,513**

Interest expense from present value adjustments for 2024 in the amount of EUR 1,577 thousand (prior year restated: EUR 1,456 thousand) is mainly attributable to interest on Provisions.

Interest from the effective interest method (IFRS 9 measurement category: Amortised cost) is included in Interest to banks and similar expenses in the amount of EUR 229 thousand (prior year: EUR 236 thousand) and in Interest expense from present value adjustments of equity and liabilities in the amount of EUR 1,577 thousand (prior year restated: EUR 1,456 thousand).

For information on Interest from leases, please refer to our comments in Note 2.5.

The other financial result totalled EUR 0.5 million (prior year: EUR 0.5 million).

13 Income taxes

Income taxes paid or owed and deferred taxes are recognised as income taxes. Income taxes for continuing operations are broken down as follows:

In EUR thousand	2024	2023 restated
Current tax expense for the financial year	– 32,060	– 35,020
Tax income from prior years	– 468	– 2,053
Deferred tax expense due to the utilisation of deferred income tax assets	– 7,805	– 34,730
Deferred tax income relating to temporary differences (prior year: tax income)	– 8,441	8,355
Total	**– 48,774**	**– 63,448**

Deferred tax expenses resulting from the utilisation of deferred tax assets include the utilisation of deferred tax assets for loss carryforwards in the amount of EUR 59,324 thousand (prior year: EUR 52,445 thousand) and the recognition of deferred taxes for loss carryforwards in the amount of EUR 51,519 thousand (prior year: EUR 17,715 thousand). In addition, deferred tax income relating to temporary differences of EUR 4,254 thousand (prior year: EUR 81 thousand) was recognised for the discontinuing operations Gravis in 2024 – please refer to Note 36 of these Notes to the consolidated financial statements.

Further disclosures on deferred taxes are contained in Note 18, Deferred income tax assets and deferred tax liabilities. Applying the average income tax rate of the Group companies to the consolidated profit before income taxes would result in an expected tax expense of EUR 104.9 million (prior year: EUR 70.0 million). The difference between this amount and the Current tax expense from continuing operations of EUR 48.8 million (prior year: EUR 63.4 million) is shown in the following reconciliation:

In EUR thousand /as indicated	2024	2023 restated
Earnings before taxes from continuing operations (EBT)	345,208	231,066
Expected tax expense applying the tax rate of 30.40% (prior year: 30.30%)	– 104,943	– 70,013
Change in deferred tax assets on loss carryforwards and unrecognised deferred tax assets on loss carryforwards	48,517	17,514
Tax effect on non-deductible expenses due to trade tax additions	– 2,015	– 2,015
Tax effect of other non-deductible expenses	– 1,197	– 1,318
Tax effect from associated companies	– 1,551	– 788
Tax income from previous years	– 468	– 2,053
Tax income not recognised in profit or loss	0	– 9,040
Tax effect from the change in the average income tax rate	– 114	0
Other effects	12,997	4,265
Current tax expense from continuing operations	**– 48,774**	**– 63,448**
Effective tax rate in %	14.13	27.46

The significant increase in the breakdown item “Change in deferred tax assets on loss carryforwards and unrecognised deferred tax assets on loss carryforwards” is due to the fact that lower reversals of deferred tax assets on loss carryforwards were recognised in 2023, that a lower reversal of impairment losses on loss carryforwards had to be recognised in 2023 and that, in addition, 70% (instead of the prior 60%) of income may now be offset against loss carryforwards for corporate income tax purposes for the 2024 to 2027 financial years due to the Growth Opportunities Act, which came into force at the beginning of 2024, resulting in a corresponding increase in deferred tax assets on loss carryforwards. Deferred taxes for the 2024 financial year include deferred tax income totalling EUR 48.5 million (2023: EUR 17.5 million) from the recognition of previously unrecognised tax loss carryforwards.

The “Tax income not recognised in profit or loss” reported in 2023 resulted primarily from a significant reduction in the tax deferral item for mobile phone subsidies in direct sales as a result of a tax audit.

“Other effects” in both years are mainly attributable to the reclassification of Gravis’ business activities to consolidated profit from discontinuing operations, for which we refer to Note 36 of these Notes. In this respect, the earnings before income taxes from continuing operations do not include the losses of Gravis, while these led to a reduction in the actual tax burden of freenet AG (and thus the continuing operations) due to the fiscal unity of Gravis with freenet AG.

A corporation tax rate of 15.0% (prior year: 15.0%) was used to calculate current and deferred income taxes for the Group companies in the 2024 financial year. A solidarity surcharge of 5.5% (prior year: 5.5%) on corporation tax and an average trade tax multiplier of 416.12% (prior year: 414.80%) were also applied. Deferred taxes in the 2024 financial year were calculated using an average tax rate of 30.40% (prior year: 30.30%).

The Group is subject to global minimum taxation in accordance with the model regulations for Pillar 2. In Germany, the Minimum Tax Act (MinStG) was published in the Federal Law Gazette on 27 December 2023 and came into force on 1 January 2024. The rules apply to multinational companies that have generated consolidated revenues of at least EUR 750 million in at least two of the last four years. The group must pay an additional tax per country in the amount of the difference between the effective tax rate determined in accordance with the MinStG rules and the minimum rate of 15%. In 2024, no tax burden was incurred due to temporary transitional regulations.

The Group applied the temporary mandatory exemption for deferred taxes resulting from the introduction of global minimum taxation and recognises these taxes as actual tax expenses or Set off in other comprehensive income when they arise.

14 Earnings per share

14.1 Basic earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to shareholders by the weighted average number of shares outstanding during the financial year. Basic earnings per share may be reduced in future due to the possible utilisation of Conditional capital. We refer here to our comments on Note 24.7.

	2024	2023 restated
Consolidated profit attributable to shareholders of freenet AG in EUR thousand	246,829	157,551
Weighted average number of shares outstanding in units	118,900,598	118,900,598
Earnings per share in EUR (basic)	**2.08**	**1.33**

14.2 Diluted earnings per share

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

As in the prior year, there are no dilutive effects or potential dilutive effects as of 31 December 2024.

	2024	2023 restated
Consolidated profit attributable to shareholders of freenet AG in EUR thousand	246,829	157,551
Weighted average number of shares outstanding in units	118,900,598	118,900,598
Weighted average number of shares outstanding plus potential dilutive shares in units	118,900,598	118,900,598
Earnings per share in EUR (diluted)	**2.08**	**1.33**

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

The development of intangible assets and Property, plant and equipment is presented in Note 39.

The following table shows the Carrying amounts of intangible assets from purchase price allocations:

In EUR thousand	31.12.2024	31.12.2023
Customer relationships	63,567	67,756
Trademarks	4,183	4,856
Rights-of-use assets	107	134
Software	0	346
Total	**67,857**	**73,092**

In addition to the intangible assets from the various purchase price allocations, other intangible assets amounting to EUR 91.4 million (31 December 2023: EUR 117.7 million) are reported as of 31 December 2024, including internally generated software amounting to EUR 69.8 million (31 December 2023: EUR 69.8 million) and distribution rights amounting to EUR 19.6 million (31 December 2023: EUR 45.2 million). Please also refer to our comments on Note 9, Depreciation, amortisation and impairment. The exclusive distribution right with Media-Saturn Deutschland GmbH resulted in Carrying amounts of EUR 19.2 million as of 31 December 2024 (31 December 2023: EUR 44.8 million). Carrying amounts were reduced solely by amortisation. As of 31 December 2024, there were impaired intangible assets in the amount of EUR 0.0 million (31 December 2023: EUR 0.4 million).

Lease assets amounted to EUR 223.5 million as of 31 December 2024 (31 December 2023: EUR 293.6 million). Please refer to our comments in Note 2.5.

The allocation of the goodwill recognised to CGUs is shown in the following overview:

In EUR thousand	31.12.2024	31.12.2023
Mobile Communications	1,128,061	1,122,814
TV	226,621	226,621
Online	28,807	28,807
Other	1,284	1,516
Total	**1,384,773**	**1,379,758**

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

Impairments were recognised to a minor extent in 2024 and 2023. Please refer to our comments in Note 9.

Property, plant and equipment amounting to EUR 111.6 million (31 December 2023: EUR 129.4 million) mainly consists of technical broadcasting infrastructure at EUR 52.3 million (31 December 2023: EUR 63.4 million).

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

Goodwill of EUR 1,128.1 million (prior year: EUR 1,122.8 million) was allocated to the "mobile communications" CGU, which is allocated to the "Mobile Communications" segment. The "TV" CGU, which is identical to the "TV and Media" segment, reported goodwill of EUR 226.6 million as of 31 December 2024 (prior year: EUR 226.6 million). Goodwill of EUR 28.8 million (prior year: EUR 28.8 million) was allocated to the "Online" CGU. The "Online" CGU is part of the "Other/holding" segment.

The fair value less costs to sell was recognised as the recoverable amount of the mobile communications, TV and Online CGUs. The fair values were determined on the basis of a plan approved by management, which covers the period up to and including 2028. The detailed planning phases were amortised in perpetuity. These correspond to level 3 of the fair value hierarchy in accordance with IFRS 13.

The WACCs after taxes used to determine the fair values are derived from market data and are based on the respective specific risk structure of the CGUs. With regard to the capitalisation interest rates in the subsequent phase (from 2029), discounts have been assumed on the basis of growth assumptions, which also represent the growth rates used to extrapolate the free cash flow forecasts.

The planning for the mobile communications, TV and Online CGUs is based on detailed assumptions derived from experience and future expectations with regard to the Materiality earnings and value drivers.

The goodwill allocated to the CGUs, the Discount rates (WACC), the assumed growth rates and the Basic assumptions for corporate planning are shown in the following table. The key valuation assumptions relate to the discount rate, sales growth in the detailed planning period, gross profit and, derived from this, EBITDA and the growth rate in perpetuity.

CGU	Carrying amount of goodwill allocated to the CGU in EUR million	Discount rate in %	Growth rate in %	Key earnings/value drivers	Basic assumptions for corporate planning
Mobile Communications	1,128.1	5.87	0.50	▪ On the gross profit side, earnings can be broken down into two earnings streams: Profit contribution from new customers and customer retention. On the other hand, there are costs for purchased services (in particular Mobile network operators) ▪ The earnings contribution from new customers and customer retention is dominated by the costs of acquiring and retaining customers. This is offset by costs for the procurement of hardware and dealer commissions to be paid to sales partners in the course of acquisition or retention.	▪ Stable customer acquisition and retention costs ▪ Growing customer base in the postpaid business ▪ Stable postpaid ARPU ▪ Stable development of revenues, gross profit and EBITDA ▪ Slight increase in revenues and earnings contributions from digital lifestyle revenues
TV	226.6	8.12	1.00	▪ Revenues and gross profits of the individual end products, broken down by the respective sales markets	▪ Significant increase in revenues, gross profits and EBITDA contributions ▪ Significantly growing customer base
Online	28.8	6.59	0.25	▪ Revenues and gross profits of the individual end products, broken down by the respective sales markets	▪ Slight increase in revenues and gross profits as well as EBITDA contributions

The following table shows the basic assumptions for 2023.

CGU	Carrying amount of goodwill allocated to the CGU in EUR million	Discount rate in %	Growth rate in %	Key earnings/value drivers	Basic assumptions for corporate planning
Mobile Communications	1,122.8	6.10	0.50	▪ On the gross profit side, earnings can be broken down into two earnings streams: Earnings contribution from new customers and customer retention. On the other hand, there are costs for purchased services (in particular Mobile network operators) ▪ The earnings contribution from new customers and customer retention is dominated by the costs of acquiring and retaining customers. This is offset by costs for the procurement of hardware and dealer commissions to be paid to sales partners in the course of acquisition or retention.	▪ Stable customer acquisition and retention costs ▪ Slightly growing customer base in the postpaid business ▪ Slight increase in postpaid ARPU ▪ Stable development of revenues and EBITDA ▪ Slight increase in revenues and earnings contributions from digital lifestyle revenues ▪ Slight increase in revenues and gross profits at freenet Internet
TV	226.6	8.07	1.00	▪ Revenues and gross profits of the individual end products, broken down by the respective sales markets	▪ Significant increase in revenues, gross profits and EBITDA contributions ▪ Significantly growing customer base
Online	28.8	6.74	0.25	▪ Revenues and gross profits of the individual end products, broken down by the respective sales markets	▪ Slight increase in revenues and gross profits as well as EBITDA contributions

The 2024 impairment test for the “mobile communications”, “TV” and “Online” CGUs confirmed that there was no need to recognise an impairment loss for the goodwill allocated to the “mobile communications” CGU. A reasonably possible change in the above key assumptions for the impairment test would not result in an impairment as of the balance sheet date.

In the consolidated financial statements as of 31 December 2024, there is other goodwill for various CGUs in the amount of EUR 1.3 million (prior year: EUR 1.5 million), each of which is allocated to the “Other/holding” segment. The change compared to the previous year’s reporting date is due to the impairment of goodwill for narrowband in the amount of EUR 0.2 million based on current knowledge regarding the discontinuation of business operations. There were no further impairments of non-monetary assets (prior year: EUR 0).

17 Equity-accounted investments

In EUR million	31.12.2024	31.12.2023
Equity-accounted investments	0.4	0.3
Total	**0.4**	**0.3**

The consolidated financial statements as of 31 December 2024 include Bayern Digital Radio GmbH, Munich, with Carrying amounts of EUR 0.4 million (31 December 2023: EUR 0.3 million). The net profit for the year of this company amounts to EUR 0.3 million (prior year: EUR 0.2 million).

18 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities were calculated using the liability method with an overall tax rate of 30.40% (prior year: 30.30%), taking into account temporary differences.

The following amounts are recognised in the consolidated balance sheet:

In EUR thousand	31.12.2024	31.12.2023
Deferred income tax assets	97,244	108,176
Total	**97,244**	**108,176**

The surplus of deferred income tax assets of EUR 77.0 million (prior year: EUR 89.9 million) recognised in the deferred income tax assets for freenet AG’s consolidated tax group for corporate income tax and trade tax purposes is classified as current at EUR 68.0 million (prior year: EUR 54.5 million) and non-current at EUR 9.0 million (prior year: EUR 35.4 million) due to the expected utilisation of tax loss carryforwards. An excess of deferred tax assets of EUR 20.3 million (prior year: EUR 18.3 million) is recognised for companies outside the corporate income tax and trade tax group of freenet AG, of which EUR 6.8 million (prior year: EUR 0) is considered current.

The development of the recognised deferred income tax assets and deferred tax liabilities for the 2024 financial year is shown in the following table:

In EUR thousand	1.1.2024	Set off in other comprehensive income	Balance sheet reclassifications	Tax income and expenses	31.12.2024
Property, plant and equipment	– 40	0	25	0	– 15
Goodwill	–59,411	0	0	0	–59,411
Intangible assets	– 42,092	0	2,021	– 1,047	– 41,118
Lease assets	– 90,367	0	5,372	16,002	– 68,993
Other financial assets	– 24,049	– 136	29	3,529	– 20,627
Contract acquistion costs	– 85,716	0	0	– 5,179	– 90,895
Loss carryforwards	211,325	0	0	– 7,806	203,519
Lease liabilities	105,016	0	– 3,693	– 16,815	84,508
Pension provisions	2,283	1,201	0	– 1,118	2,366
Other provisions	2,447	0	573	49	3,069
Other financial liabilities	21,367	0	– 3	– 2,214	19,150
Trade accounts payable, other liabilities	142,707	0	0	2,167	144,874
Financial liabilities	497	0	0	– 264	233
Trade accounts receivable, other assets	– 75,791	0	– 75	– 3,550	– 79,416
Total	**108,176**	**1,065**	**4,249**	**– 16,246**	**97,244**

Tax income and expenses totalling a net expense of EUR 16,246 thousand (prior year: net expense of EUR 26,375 thousand) are included in the consolidated income statement as deferred income taxes under “Income taxes”. As in the prior year, they related exclusively to continuing operations. In the 2024 financial year, deferred tax income of EUR 4,249 thousand was also recognised within consolidated profit from discontinuing operations due to the recognition of Gravis' business activities as discontinuing operations (please refer to the explanations in Note 36 of these Notes to the consolidated financial statements), see the “Reclassifications” column in the table above.

Deferred tax assets and deferred tax liabilities developed as follows in the 2023 financial year:

In EUR thousand	1.1.2023	Set off in other comprehen-sive income	Set off in other comprehensive income	Tax income and expenses	31.12.2023
Property, plant and equipment	499	0	2	– 541	– 40
Goodwill	–59,411	0	0	0	–59,411
Intangible assets	– 70,954	0	0	28,862	–42,092
Lease assets	– 107,971	0	3,899	13,705	– 90,367
Other financial assets	– 23,243	– 261	– 19	– 526	– 24,049
Contract acquistion costs	– 83,265	0	0	– 2,451	– 85,716
Loss carryforwards	246,054	0	0	– 34,729	211,325
Lease liabilities	126,562	0	– 3,730	– 17,816	105,016
Pension provisions	666	2,537	0	– 920	2,283
Other provisions	2,408	0	22	17	2,447
Other financial liabilities	19,062	0	– 39	2,344	21,367
Trade accounts payable, other liabilities	143,656	0	0	– 949	142,707
Financial liabilities	733	0	0	– 236	497
Trade accounts receivable, other assets	– 62,611	0	– 45	– 13,135	– 75,791
Total	**132,185**	**2,276**	**90**	**– 26,375**	**108,176**

Of the Total in the "Reclassifications" column in the table above, EUR 81 thousand is attributable to the reclassification of deferred taxes (income statement) from Gravis business activities to consolidated profit from discontinuing operations.

The summarised net development of deferred taxes is shown in the following overview:

In EUR thousand	2024	2023
As of 1.1.	**108,176**	**132,185**
Set off in other comprehensive income	1,065	2,276
Balance sheet reclassifications	0	9
Income statement reclassifications in accordance with IFRS 5	4,249	81
Tax expenses	– 16,246	– 26,375
As of 31.12.	**97,244**	**108,176**

The existing tax loss carryforwards that can be carried forward indefinitely are lower than the Total of the forecast cumulative results for the following four financial years. For this reason, the deferred tax asset relating to the amount of trade tax and corporation tax loss carryforwards as of 31 December 2024 was recognised in the consolidated balance sheet. The results expected for the following four financial years are based on the corporate planning of earnings before taxes for the next four financial years valid on the balance sheet date. The rules on minimum taxation were taken into account. As of 31 December 2024, deferred taxes recognised on loss carryforwards amounted to EUR 203,519 thousand (prior year: EUR 211,325 thousand). Of this item, EUR 154,096 thousand (prior year: EUR 136,433 thousand) is attributable to corporate income tax loss carryforwards and EUR 49,423 thousand (prior year: EUR 74,892 thousand) to loss carryforwards allocated to trade tax. There are no corporation or trade tax loss carryforwards as of 31 December 2024 (31 December 2023: corporation tax loss carryforwards of EUR 312 million) for which no deferred tax assets were recognised. As of the previous year's reporting date, there are no interest carryforwards pursuant to Section 4h (1) sentence 2 EStG.

Deferred taxes for loss carryforwards were recognised in full for Exaring despite tax losses in the current financial year and the prior year. The result for the current financial year and prior years was burdened by high investment expenses, which will no longer be incurred in subsequent years. Based on the increase in waipu.tv subscribers, management expects the loss carryforwards to be fully utilised in the next four years.

As of 31 December 2024, there are temporary outside basis differences (the net equity according to IFRS is higher than the corresponding carrying amounts of the investments for tax purposes) of around EUR 23.1 million (prior year: around EUR 29.0 million). No deferred taxes were recognised on this due to the lack of an expected reversal in the tax planning period.

19 Contract acquistion costs

Capitalised contract acquisition costs amounted to EUR 298,997 thousand as of 31 December 2024 (31 December 2023: EUR 282,891 thousand). They are mainly attributable to dealer commissions in the Mobile Communications segment and, to a lesser extent, to employee commissions.

In the 2024 financial year, there were new capitalisations with an equivalent value of EUR 323,744 thousand (prior year: EUR 300,464 thousand) with amortisation of EUR 307,638 thousand (prior year: EUR 292,375 thousand). These are exclusively scheduled amortisations – as in the prior year, there were no unscheduled amortisations of contract acquisition costs in the financial year.

In the postpaid business, the amortisation period is almost exclusively 24 months, as in the prior year. In the prepaid business, amortisation takes place over the imputed initial term, which is between 15 and 17 months. In 2024, 89% (2023: 89%) of the amortisation amount across the entire Group and all business divisions was oftributable to contract acquistion costs with an amortisation period of 24 months.

20 Inventories

Inventories are made up as follows:

In EUR thousand	31.12.2024	31.12.2023
Mobile phones/accessories	33,792	38,764
Computer/IT products	586	11,781
SIM cards	5,564	6,449
Bundles and vouchers	0	16
Other	6,761	6,814
Total	**46,703**	**63,824**

The year-end inventories are impaired in the amount of EUR 4,013 thousand (prior year: EUR 5,066 thousand).

21 Receivables, other assets and other financial assets

Receivables, other assets and other financial assets are made up as follows:

	31.12.2024		
In EUR thousand	Total	Long term	Short term
Trade accounts receivable	381,352	43,941	337,411
Other non-derivative financial assets	16,729	5,045	11,684
	398,081	**48,986**	**349,095**
Lease receivables	26,059	9,884	16,175
Other financial assets	46,746	11,638	35,108
Other equity instruments	88,790	88,790	0
Financial assets	**559,676**	**159,298**	**400,378**
Other assets	266,150	88,624	177,526
Prepayments made	11,791	77	11,714
Non-financial assets	**277,941**	**88,701**	**189,240**
Total Receivables, other assets and other financial assets	**837,617**	**247,999**	**589,618**

	31.12.2023		
In EUR thousand	Total	Long term	Short term
Trade accounts receivable	357,498	44,797	312,701
Other non-derivative financial assets	25,621	5,471	20,150
	383,119	**50,268**	**332,851**
Lease receivables	37,429	19,404	18,025
Other financial assets	46,544	13,986	32,558
Other equity instruments	87,820	87,820	0
Financial assets	**554,912**	**171,478**	**383,434**
Other assets	244,609	90,561	154,048
Prepayments made	6,629	159	6,470
Non-financial assets	**251,238**	**90,720**	**160,518**
Total Receivables, other assets and other financial assets	**806,150**	**262,198**	**543,952**

Other equity instruments are made up as follows:

In EUR thousand	31.12.2024	31.12.2023
Equity investment in Ceconomy	85,957	80,801
Equity investments in MGI	0	4,473
Other equity investments	2,178	2,007
Other	655	539
Total	**88,790**	**87,820**

With effect from 12 July 2018, the freenet Group acquired 9.1% of the ordinary shares (32,633,555 shares) in Ceconomy at a price of EUR 277.4 million. The investment in Ceconomy is reported as of 31 December 2024 with a carrying amount of EUR 86.0 million under other financial assets. As in the prior year, it is subsequently recognised at fair value in other comprehensive income. The Group recognises the market value of EUR 2.63 (Xetra trading platform) on the balance sheet date as the fair value.

By agreement dated 28 August 2020 and executed on 30 September 2020, the Group sold all shares in freenet digital GmbH and received in return 4,376,492 shares in the buyer Media and Games Invest SE, Malta (hereinafter also referred to as “MGI”), with a value (measured as of 30 September 2020) of EUR 5.7 million. All shares in MGI were sold in 2024.

Other investments are assessed at fair value through profit or loss.

Trade accounts receivable are due from third parties and mainly relate to receivables from fee revenues, equipment sales and fixed-line and internet services.

Total trade accounts receivable and other non-derivative financial assets, less loss allowances recognised, amounted to EUR 398,091 thousand as of 31 December 2024 (prior year: EUR 383,119 thousand). Please refer to our comments in Note 33. Trade accounts receivable are the most significant item in this class in the freenet Group. They consist primarily of Receivables from end customers, business customers, dealers and sales partners. Other assets and prepayments made in the amount of EUR 277,941 thousand (prior year: EUR 251,238 thousand) are non-financial assets as of 31 December 2024.

Invoicing in the Mobile Communications segment is carried out by the Group itself. In the Other/holding segment, some invoices are issued by the Group itself, while Deutsche Telekom AG, Bonn (DTAG) is used for collection in the narrowband segment.

Insofar as invoices are issued to end customers themselves, they are predominantly due immediately after invoicing. Submissions made to DTAG have a payment term of 30 days.

The maximum default risk for Trade accounts receivable as of the balance sheet date is EUR 375.7 million (prior year: EUR 350.7 million) due to existing trade credit insurance. The maximum default risk for Other financial assets and other equity instruments corresponds to the carrying amounts recognised.

The loss allowances recognised as of the reporting date of 31 December 2024 were attributable to the categories of receivables and assets presented below. On this basis, the loss allowances with regard to Trade accounts receivable, other assets and other receivables and other assets were determined as follows as of 31 December 2024:

31 December 2024

Impairment losses recognized on receivables, other assets and other financial assets in accordance with IFRS 9

In EUR thousand	Balance sheet item	Carrying amounts before loss allowance	Loss allowance	Carrying amounts after loss allowance	Expected loss rate (mathematical) in %
Receivables from end customers – not overdue	Trade accounts receivable	155,319	– 3,254	152,065	2.1
Receivables from end customers – overdue for <90 days	Trade accounts receivable	21,184	– 5,411	15,773	25.5
Receivables from end customers – overdue between 90 and 180 days	Trade accounts receivable	11,687	– 6,329	5,358	54.2
Receivables from end customers – overdue for >180 days	Trade accounts receivable	78,099	– 59,383	18,716	76.0
Receivables from business partners	Trade accounts receivable	191,531	– 2,091	189,440	1.1
Other non-derivative financial assets (Level 1)	Other financial assets	46,087	– 468	45,619	1.0
Other financial assets					
thereof lease receivables [1]	Other financial assets	26,059	0	26,059	0.0
thereof consideration payable in accordance with IFRS 15 (mobile communications/ mobile phone option) (Level 1)	Other financial assets	47,805	– 1,057	46,748	2.2
Other assets					
thereof contractual assets from contracts with customers (mobile communications)	Other receivables and other assets	115,316	– 2,451	112,865	2.1
thereof consideration payable in accordance with IFRS 15 (mobile communications/tariff)	Other receivables and other assets	123,939	– 2,895	121,044	2.3
thereof financial assets from contracts with customers (TV)	Other receivables and other assets	29,559	0	29,559	0.0

[1] The identified impairment loss on lease receivables was immaterial in the 2024 financial year and was not recognised.

31 December 2023

Impairment losses recognized on receivables, other assets and other financial assets in accordance with IFRS 9

In EUR thousand	Balance sheet item	Carrying amounts before loss allowance	Loss allowance	Carrying amounts after loss allowance	Expected loss rate (mathematical) in %
Receivables from end customers – not overdue	Trade accounts receivable	161,565	– 3,290	158,275	2.0
Receivables from end customers – overdue for <90 days	Trade accounts receivable	21,799	– 5,968	15,831	27.4
Receivables from end customers – overdue for between 90 and 180 days	Trade accounts receivable	13,674	– 7,253	6,421	53.0
Receivables from end customers – overdue for >180 days	Trade accounts receivable	70,820	– 57,188	13,632	80.8
Receivables from business partners	Trade accounts receivable	166,158	– 2,818	163,340	1.7
Other non-derivative financial assets (Level 1)	Other financial assets	67,848	– 2,252	65,596	3.3
Other financial assets					
Other financial assets	Other financial assets	39,277	– 1,848	37,429	4.7
thereof consideration payable in accordance with IFRS 15 (mobile communications/ mobile phone option) (Level 1)	Other financial assets	47,508	– 964	46,544	2.0
Other assets					
thereof contractual assets from contracts with customers (mobile communications)	Other receivables and other assets	103,674	– 2,260	101,414	2.2
thereof consideration payable in accordance with IFRS 15 (mobile communications/tariff)	Other receivables and other assets	112,072	– 2,433	109,639	2.2
thereof financial assets from contracts with customers (TV)	Other receivables and other assets	32,058	– 4,846	27,212	15.1

We provide the following information on the development of loss allowances in the 2024 financial year:

In EUR thousand	Trade accounts receivable (simplified model)	Other financial assets (Stage 1)	Other receivables and other assets (contract assets)	Total
Loss allowances as of 31.12.2023 – calculated in accordance with IFRS 9 (thereof impairment allowance 3,358)	**76,517**	**3,216**	**9,539**	**89,272**
Net change in loss allowances in 2024	– 49	– 1,691	– 4,193	– 5,933
Loss allowances as of 31.12.2024 – calculated in accordance with IFRS 9 (thereof impairment allowance 2,767)	**76,468**	**1,525**	**5,346**	**83,339**

We provide the following information on the development of loss allowances in the 2023 financial year:

In EUR thousand	Trade accounts receivable (simplified model)	Other financial assets (Stage 1)	Other receivables and other assets (contract assets)	Total
Loss allowances as of 31.12.2022 – calculated in accordance with IFRS 9 (thereof impairment allowance 6,692)	**93,392**	**1,143**	**9,778**	**104,313**
Net change in loss allowances in 2023	– 16,875	2,073	– 239	– 15,041
Loss allowances as of 31.12.2023 – calculated in accordance with IFRS 9 (thereof impairment allowance 3,358)	**76,517**	**3,216**	**9,539**	**89,272**

We provide the following breakdown of non-current other financial assets:

In EUR thousand	31.12.2024	31.12.2023
Interest in CECONOMY AG	85,957	80,801
Consideration payable in accordance with IFRS 15 (mobile communications/mobile phone option)	11,639	13,986
Lease receivables	9,884	19,404
Interest in MGI	0	4,473
Other	7,877	8,017
Total	**115,357**	**126,681**

For information on lease receivables, please refer to our comments in Note 2.5.

The current other financial assets are made up as follows:

In EUR thousand	31.12.2024	31.12.2023
Consideration payable in accordance with IFRS 15 (mobile communications/mobile phone option)	35,109	32,558
Lease receivables	16,175	18,025
Other	11,683	20,150
Total	**62,967**	**70,733**

For information on lease receivables, please refer to our comments in Note 2.5.

The "Consideration Paid" and "Consideration Payable", which (see the two breakdowns above) is a component of non-current and current other financial assets (insofar as it relates to mobile communications contracts with a mobile phone option) or (see the two breakdowns below) a component of non-current and current other receivables and other financial assets (insofar as it relates to mobile communications contracts without a mobile phone option), we provide the following explanation: If freenet sells only the rate plan to the end customer, while the third-party retailer in indirect sales issues a discounted smartphone or other customer benefit to the end customer, freenet pays the retailer partial remuneration that exceeds the equivalent value of the pure brokerage service for the rate plan and is compensation for the smartphone subsidy or other customer benefit granted. the other customer benefits granted. In these cases, the rate price that freenet charges the end customer for the mobile service may include an increasing or compensatory component, which is referred to as "Consideration Paid". This "Consideration Paid" is recognised as other financial assets if the increased commission payment is attributable to a smartphone provided at a discount by the retailer and an amount to be paid by the customer in the future is not dependent on the provision of the mobile service. In cases where the customer's payment is solely dependent on the provision of the mobile phone service, it is capitalised as "Consideration Payable" under other receivables and other assets. Reversal of these assets is recognised as a reduction in revenues over the term of the contract.

We provide the following breakdown of non-current other receivables and other assets:

In EUR thousand	31.12.2024	31.12.2023
Contract assets from contracts with customers (mobile communications)	40,090	37,177
Consideration Payable in accordance with IFRS 15 (mobile communications/tariff)	31,077	30,497
Other assets from contracts with customers (TV)	16,574	16,836
Other	960	6,210
Total	**88,701**	**90,720**

The current other receivables and other assets are made up as follows:

In EUR thousand	31.12.2024	31.12.2023
Consideration Payable in accordance with IFRS 15 (mobile communications/tariff)	89,967	79,142
Contract assets from contracts with customers (mobile communications)	72,775	64,237
Other assets from contracts with customers (TV)	12,985	10,376
Other	13,513	6,763
Total	**189,240**	**160,518**

Non-current trade accounts receivable break down as follows:

In EUR thousand	31.12.2024	31.12.2023
Receivables from end customers with mobile phone option (mobile communications)	43,525	44,487
Other	416	310
Total	**43,941**	**44,797**

Current Trade accounts receivable are made up as follows:

In EUR thousand	31.12.2024	31.12.2023
Receivables from network operators, dealers, distributors, hardware manufacturers (mobile communications)	170,251	143,766
Receivables from end customers with mobile phone option (mobile communications)	82,389	81,998
Receivables from end customers without mobile phone option (mobile communications)	65,997	64,056
Receivables from end customers (TV and media, and other/holding)	3,158	3,619
Other	15,616	19,262
Total	**337,411**	**312,701**

22 Liquid assets

The composition of liquid assets is as follows:

In EUR thousand	31.12.2024	31.12.2023
Cash at bank, cheques and cash in hand	181,590	159,815
Total	**181,590**	**159,815**

23 Current income tax assets

Current income tax assets mainly relate to expected tax refunds for past years from corporation tax and trade tax.

24 Equity

For the following figures, please also refer to the consolidated statement of changes in equity.

24.1 Share capital

The company's issued share capital remains unchanged from the prior year at EUR 118,901 thousand. The share capital is divided into 118,901 thousand no-par value registered shares with an imputed nominal value of EUR 1.00 each. Total share capital is fully paid up. All shares carry the same rights.

The Executive Board was authorised by the Annual General Meeting on 5 May 2022, with the approval of the Supervisory Board pursuant to Section 71 (1) no. 8 AktG, to acquire and use treasury shares totalling up to 10% of the share capital existing at the time of the resolution on this authorisation or – if this amount is lower – of the share capital existing at the time of the respective exercise of this authorisation for any permissible purpose within the scope of the statutory provisions. 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 also use equity derivatives to acquire treasury shares. This does not increase the total volume of shares that may be acquired; it merely opens up a further alternative to the acquisition of own shares.

24.2 Capital reserve

The capital reserves of freenet AG remained unchanged at EUR 567,465 thousand as of 31 December 2024. Materiality of the reported capital reserve continues to stem from the capital increase in 2008 due to the acquisition of the debitel Group (EUR 349.8 million) and from the merger of mobilcom AG and freenet.de AG into freenet AG, which took effect in 2007, and the related acquisition of the non-controlling interests in the former freenet.de AG (EUR 134.7 million).

24.3 Accumulated other comprehensive income

Accumulated other comprehensive income mainly consists of actuarial losses and gains from the accounting of pension plans in accordance with IAS 19, currency conversion differences due to the subsequent accounting of equity-accounted investments and the change in fair value of investments in equity instruments. Please refer to Note 18 for information on income taxes recognised in other comprehensive income.

24.4 Consolidated balance sheet result

The consolidated balance sheet result is essentially composed of the accumulated consolidated profit attributable to shareholders of freenet AG and the non-controlling interests in Exaring AG.

24.5 Equity attributable to non-controlling interests

The non-controlling interests in equity of EUR –5.0 million (31 December 2023: EUR –3.8 million) are attributable to the 25.38% of shares (31 December 2023: 25.38%) held by non-controlling interests in Exaring. The following information is provided on Exaring's assets and liabilities as of 31 December 2024, before consolidation of liabilities, expenses and income and including the effects of subsequent accounting for the purchase price allocation:

Exaring AG In EUR million	31.12.2024	31.12.2023
Non-current assets	61.6	55.0
Current assets	37.9	25.8
Total Assets	**99.5**	**80.8**
Non-current liabilities	14.7	10.1
Current liabilities	48.2	30.7
Total liabilities	**62.9**	**40.8**
Net assets	**36.6**	**40.0**
thereof equity attributable to non-controlling interests	–5.0	–3.8

Exaring AG's net loss for the 2024 financial year was EUR 3.3 million (prior year: EUR 5.7 million).

24.6 Authorised capital

Authorised capital (Authorised Capital 2020) was created at the Annual General Meeting on 27 May 2020. Accordingly, the Executive Board is authorised until 10 June 2025, with the approval of the Supervisory Board, to increase the share capital by issuing new shares against cash and/or non-cash contributions on one or more occasions, but by a maximum total of EUR 12.8 million for up to 12,800,000 new shares. The full wording of the Executive Board's authorisation has been published in the Federal Gazette under agenda item 7 in the invitation to the 2020 Annual General Meeting. The Executive Board did not make use of this authorisation in the 2024 financial year.

24.7 Conditional capital

In accordance with the resolution passed by the Annual General Meeting on 27 May 2020, the company's capital is conditionally increased by up to EUR 12.8 million by issuing up to 12,800,000 new no-par value ordinary registered shares with a pro rata amount of the share capital of EUR 1.00 per share (Conditional Capital 2020). The conditional capital increase serves to grant no-par value registered shares to the holders or creditors of convertible bonds and/or bonds with warrants that are issued on the basis of the authorisation resolved by the Annual General Meeting on 27 May 2020 under agenda item 8, no. 1) and grant a conversion or option right or a share delivery right of the company to no-par value registered shares of the company or determine a conversion or option obligation.

The issue price for the new no-par value registered shares is based on the provisions set out in Section 4 (7) of the Articles of Association. The conditional capital increase is only to be carried out to the extent that conversion or option rights or a share delivery right is exercised or to the extent that the holders or creditors obliged to exercise the conversion or option fulfil their obligation to convert or exercise the option and to the extent that treasury shares are not used for servicing or the company makes a cash settlement. The new no-par value registered shares participate in profits from the beginning of the financial year in which they are created. The Executive Board is authorised to determine the further details of the implementation of the conditional capital increase. The Executive Board did not make use of this authorisation in the 2024 financial year.

25 Employee incentive programmes

25.1 Programme 3

In addition to the annual target agreement, a five-year (for Mr Vilanek and Mr Esch) or three-year (for Mr Arnold, Mr v Platen and Mr Fromme) target agreement was concluded with Programme 3 in line with the term of the service contracts, which takes into account the target achievement from the respective annual variable remuneration for the 2019 to 2023 financial years (for Mr Vilanek), the 2020 to 2024 financial years (for Mr Esch), the 2019 to 2021 financial years (for Mr Arnold) and the 2018 financial years (pro rata from the appointment to the Executive Board, i.e. from 1 June 2018 to 2021). June 2018) to 2021 (pro rata until the end of the term of the employment contract on 31 May 2021) (for Mr v Platen and Mr Fromme) were declared target parameters. For Programme 3, a base amount was set as the target remuneration for each beneficiary in the service contract, which is posted to a virtual account for the respective member of the Executive Board as a positive amount for each financial year in accordance with target achievement as described in more detail below and is paid out after the other payout conditions (as described in more detail below) have been met, depending on further performance. Total base amounts of EUR 1,650 thousand (thereof EUR 650 thousand for Mr Vilanek and EUR 250 thousand each for Mr Esch, Mr Arnold, Mr v Platen and Mr Fromme) per full financial year were set as the target remuneration for the beneficiaries.

If the degree of target achievement of the annual variable target agreement for a financial year is 100%, 100% (as a base amount multiplier) of the base amount is allocated to the virtual LTIP account. A maximum of 150% of the base amount (for a target achievement level of 125% or more) is allocated to the virtual account. If the target achievement level is less than 70%, no virtual shares are allocated for the financial year in question. If the target achievement level is between 70% and 125%, a corresponding linear interpolation is carried out at the 100% value.

The respective amount in the virtual account (referred to as the “allocation amount” for the respective target period as the product of the base amount and the respective base amount multiplier described above) is converted into the cancellation number of virtual shares by dividing it by the relevant share price. The relevant share price is the average Xetra closing price of all stock exchange trading days in the twelve months of the respective target period, i.e. the respective past financial year. Irrespective of the above division, the number of shares to be booked in each individual case is limited to 100,000 per year (for Mr Vilanek) or 40,000 virtual shares per year (for Mr Esch, Mr Arnold, Mr von Platen and Mr Fromme).

The following applies to all payments from the programme: an entitlement to payments from the LTIP account only arises, after observing the holding periods and exercise periods, if and to the extent that a certain long-term EBT target is achieved. EBT is defined as consolidated earnings before taxes, adjusted for one-off effects and the effects of inorganic growth. The relevant comparative value for the achievement of the EBT target is the Group EBT for the 2022 financial year for all members of the Executive Board benefiting from Programme 3 – with the exception of Mr Esch – and the Group EBT for the 2023 financial year for Mr Esch. If the Group EBT target is achieved on time, the number of virtual shares booked over several years as described above will be retained. If the EBT target is exceeded or not reached, the number of virtual shares cancelled will be doubled at most if the target is reached by 105% or more, or set to zero if the target is reached by 90% or less. Linear interpolation is applied between the EBT target achievement levels mentioned. The Executive Board member can request payment of the resulting payout amount at the earliest when the EBT target is reached (for all Executive Board members except Mr Esch at the beginning of 2023; for Mr Esch at the beginning of 2024), but not before the end of the vesting period for the respective number of shares.

Regarding the holding period: the respective number of shares booked into the virtual LTIP account must generally be held by the member of the Executive Board for three years from 1 January of the year in which the virtual shares were booked into the virtual LTIP account. If the service contract is not extended after the end of the regular contract term, the holding period ends for Mr Vilanek, Mr Esch and Mr Arnold no later than 18 months after the penultimate target period within the contract term (i.e. six months after the regular end of the contract term) and for Mr v Platen and Mr Fromme no later than 18 months after the last full target period within the contract term (i.e. 13 months after the end of the regular contract term).

With regard to the exercise period: The member of the Executive Board is entitled to demand payment of the payout amount within a period of two years after expiry of the respective holding period, but at the earliest after the EBT target has been reached. Payment may also be requested in instalments. If payment is not requested or not requested on time, the virtual shares in question are forfeited.

The maximum amount that can be paid out in each case corresponds to the number of virtual shares that can be paid out, multiplied by the payout factor, plus the dividend amount. The payout factor is the average Xetra closing price of all stock exchange trading days in the twelve months prior to the date of the payout request. The member of the Executive Board can therefore continue to participate in 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 time. The payout factor is limited to the amount of EUR 50 (cap) regardless of the share price performance. The dividend amount is the Total of the amounts of the respective gross dividend per share that was distributed in the period between the beginning of the holding period for the respective cancellation number and the day of the payout request, multiplied by the number of virtual shares that can be paid out. In this calculation of the dividend amount, however, an amount of EUR 20 per distributable virtual share may not be exceeded (dividend cap). For Mr Vilanek and Mr Esch, the last financial year of the service contract benefiting from Programme 3 (2023 for Mr Vilanek, 2024 for Mr Esch) is downstream of the year of the EBT target (2022 for Mr Vilanek, 2023 for Mr Esch). For this last financial year, the cancellation of virtual shares is determined depending on the achievement of the EBT target; a payout for this last financial year is only possible if the EBT of this last financial year exceeds the EBT of the prior year (i.e. the year of the EBT target) by at least 1.5%.

The usual market rules on protection against dilution apply, i.e. in cases such as a share split, a consolidation of shares or a capital increase from company funds with the issue of new shares, the respective number of virtual shares in the LTIP account is restated accordingly.

The obligation from the LTIP programme was determined at fair value in accordance with IFRS 2 using a recognised valuation model. The Materiality parameters included in this valuation model are the share price of freenet AG on the balance sheet date, the estimate of the expected exercise date of the respective tranche, the volatility of the share prices corresponding to the remaining term of the LTIP programme, the estimate of the degree of target achievement for the respective past fiscal year and the estimate of the Discount rate. The so-called “graded vesting method” is applied, according to which personnel expenses are incurred for all Executive Board members from the time the programme is granted.

As of 31 December 2024, a total of 578,070 virtual shares (31 December 2023: 764,100 virtual shares) were booked to the virtual accounts of the beneficiaries in Programme 3. All existing virtual shares as of 31 December 2024 are vested. As of 31 December 2023, 708,178 virtual shares were vested.

The development of the number of virtual shares in Programme 3 in the 2024 financial year and in the prior year 2023 is shown in the following overviews:

PROGRAMME 3	Number of virtual shares 1.1.2024	Additions	Disposal by payout	Number of virtual shares 31.12.2024	Provisions 31.12.2024 in EUR thousand
Christoph Vilanek	379,752	83,156	200,322	262,586	8,156
Ingo Arnold	113,018	0	34,214	78,804	2,571
Stephan Esch	55,922	87,904	0	143,826	5,337
Rickmann v Platen	112,704	0	54,884	57,820	1,890
Antonius Fromme	102,704	0	67,670	35,034	1,177
Total	**764,100**	**171,060**	**357,090**	**578,070**	**19,131**

PROGRAMME 3	Number of virtual shares 1.1.2023	Additions	Disposal by payout	Number of virtual shares 31.12.2023	Provisions 31.12.2023 restated in EUR thousand
Christoph Vilanek	146,924	232,828	0	379,752	13,127
Ingo Arnold	56,509	56,509	0	113,018	3,311
Stephan Esch	39,402	16,520	0	55,922	4,046
Rickmann v Platen	56,352	56,352	0	112,704	3,329
Antonius Fromme	56,352	56,352	10,000	102,704	3,033
Total	**355,539**	**418,561**	**10,000**	**764,100**	**26,846**

Please refer to Note 2.17 of these Notes to the consolidated financial statements for information on the retrospective adjustment of the personnel expenses recognised in the prior year 2023 from Programme 3 and the Provisions recognised as of 31 December 2023 from Programme 3.

EUR 1,203 thousand (prior year restated: EUR 3,705 thousand) of the personnel expenses of EUR 3,275 thousand (prior year restated: EUR 6,873 thousand) recognised in 2024 are attributable to Mr Vilanek, EUR 314 thousand (prior year restated: EUR 643 thousand) to Mr Arnold, EUR 1,291 thousand (prior year restated: EUR 918 thousand) to Mr Esch and EUR 233 thousand (prior year restated: EUR 806 thousand) to Mr Esch. EUR 643 thousand) to Mr Arnold, EUR 1,291 thousand (prior year restated: EUR 918 thousand) to Mr Esch, EUR 233 thousand (prior year restated: EUR 806 thousand) to Mr v Platen and EUR 234 thousand (prior year restated: EUR 801 thousand) to Mr Fromme. Of the personnel expenses of EUR 3,275 thousand recognised in 2024, EUR 10,990 thousand is attributable to payments for exercises, with a reduction in Provisions of EUR 7,715 thousand. EUR 6,174 thousand of the payments from exercises were attributable to Mr Vilanek, EUR 1,054 thousand to Mr Arnold, EUR 1,672 thousand to Mr v Platen and EUR 2,090 thousand to Mr Fromme.

Of the restated personnel expenses of EUR 6,873 thousand recognised in 2023, EUR 6,582 thousand related to additions to Provisions and EUR 291 thousand to payments for exercises. The payments of EUR 291 thousand were made to Mr Fromme.

Additions in 2024 were made for the 2023 financial year and, with regard to Mr Esch, additionally for the prior financial years benefiting from the programme (here: 2020 to 2022) due to the doubling of the number of phantom shares as a result of the maximum achievement of the EBT target for 2023. The additions in 2023 were made for the 2022 financial year and for the previous financial years benefiting from the programme due to the doubling of the number of virtual shares as a result of the maximum achievement of the EBT target for 2022. Additions of virtual shares to the virtual LTIP account for the 2024 financial year (this only concerns Mr Esch) had not yet been made as of the reporting date. The EBT target for 2024 relevant to Mr Esch had not yet been finalised by the time this remuneration report was prepared due to the approval of the consolidated financial statements as of 31 December 2024, but it is nevertheless assumed that this EBT target of 104.9% will be achieved. Additions for the 2024 financial year are expected to amount to 25,512 virtual shares for Mr Esch.

25.2 Programme 4

In Programme 4, in addition to the annual target agreement, a five-year target agreement was originally concluded with Mr v Platen and Mr Fromme in line with the term of the new service contracts, which declares the target achievement from the respective annual variable remuneration for the financial years 2021 (pro rata from the appointment to the Executive Board, i.e. from 1 June 2021) to 2026 (pro rata until 31 May 2026) as the target parameter. Due to the transfer of the Executive Board service contracts of Mr v Platen and Mr Fromme to the new Executive Board remuneration system approved by the Annual General Meeting in 2022 and the associated granting of Programme 5 to Mr v Platen and Mr Fromme from 1 January 2022 (see also our comments on Programme 5 below), Programme 4 was shortened – now only the short-term variable remuneration from 1 June 2021 to 31 December 2021 represents the target parameter.

Base amounts of EUR 169 thousand each were set as the target remuneration for the beneficiaries for this period for the target period from 1 June 2021 to 31 December 2021.

The basic features and exercise conditions of Programme 4 correspond in principle to those of Programme 3 described above, although the holding period has been increased from three years to four years compared to Programme 3. A limit on the annual number of entries, a dividend cap and a maximum payout factor have not been set – instead, however, the total payout amount under Programme 4 (based on the term of the programme, not on individual years of the payout) is limited to 400% of the base amount of Programme 4.

The relevant comparative figure for the EBT target is the Group EBT for the 2025 financial year.

In the 2022 financial year, Mr v Platen and Mr Fromme were issued virtual shares for the first time for Programme 4, namely 12,170 shares each, which also represent the final holdings for this programme in terms of the number of shares issued. Depending on the achievement of the EBT target for 2025, this holding can be doubled at most or set to zero if the target is achieved by 90% or less.

The obligation from the LTIP programme was determined at fair value in accordance with IFRS 2 using a recognised valuation model. Material parameters included in this valuation model are the share price of freenet AG as of the balance sheet date, the estimate of the expected exercise date of the tranche, the volatility of the share prices corresponding to the remaining term of the LTIP programme, the estimate of the degree of target achievement for the respective past fiscal year and the estimate of the Discount rate. The so-called "graded vesting method" is applied, according to which personnel expenses are incurred for all Executive Board members from the time the programme is granted.

The provisions recognised as of 31 December 2024 for Mr v Platen and Mr Fromme each amount to EUR 747 thousand (prior year restated: EUR 695 thousand each). The personnel expenses recognised from this programme in 2024 for Mr v Platen and Mr Fromme amount to EUR 52 thousand each (prior year restated: EUR 168 thousand each).

Please refer to Note 2.17 of these Notes to the consolidated financial statements for information on the retrospective adjustment of the personnel expenses recognised in the prior year 2023 from Programme 4 and the Provisions recognised as of 31 December 2023 from Programme 4.

25.3 Programme 5

Under Programme 5, as part of the introduction of the new Executive Board remuneration system in the 2022 financial year, new long-term variable salary components were granted to members of the Executive Board Arnold, v Platen and Fromme, namely 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 respectively. Ms Engenhardt-Gillé was granted long-term variable salary components in this programme on the occasion of her first appointment as a member of the Executive Board from 1 January 2023, namely for the period from 1 January 2023 to 31 December 2025. Mr Vilanek was granted long-term salary components in Programme 5 on the occasion of the extension of his service contract with effect from 1 January 2024. These relate to the period until Mr Vilanek leaves the company, at the latest until 31 December 2025.

For Programme 5, a base amount was defined in the service contract for each beneficiary as the target remuneration, which is posted to a virtual account for the respective member of the Executive Board as a positive amount in accordance with the target achievement described in more detail below and is paid out after the other payout conditions have been met, depending on further performance. Virtual shares are booked into the LTIP account annually (one LTIP tranche per year) at the beginning of the performance period of the respective LTIP tranche. The performance period of an LTIP tranche begins on 1 January (for Mr Arnold, Mr v Platen and Mr Fromme for the first time on 1 January 2022, for Ms Engenhardt-Gillé for the first time on 1 January 2023 and for Mr Vilanek for the first time on 1 January 2024) and lasts four years. The LTIP tranche, which was booked to the beneficiaries on 1 January 2023, for example, ends on 31 December 2026 and is referred to as the “2023/2026 tranche”. For the beneficiaries, the target remuneration for each LTIP tranche was set at EUR 975 thousand for Mr Vilanek, EUR 469 thousand for Mr Arnold, EUR 435 thousand for Mr v Platen, EUR 435 thousand for Mr Fromme and EUR 215 thousand for Ms Engenhardt-Gillé. The number of virtual shares credited to the LTIP account of each member of the Executive Board as part of an LTIP tranche (the initial number of virtual shares) is calculated by dividing the base amount by the “relevant share price I”. The relevant share price I represents the average Xetra closing price of the freenet share on the last 60 trading days before the start of the relevant performance period.

The payout amount to which the member of the Executive Board is entitled for the respective LTIP tranche is calculated as the product of the final number of virtual shares and the “relevant share price II”. The final number of virtual shares is calculated by multiplying the initial number of virtual shares by the total target achievement expressed as a percentage, which is described in more detail below. The relevant share price II is the average Xetra closing price of the freenet share on the last 60 trading days of the relevant performance period, plus the Total of the amounts of the respective gross dividend per share distributed during the performance period. The following targets are defined: the EBT target (weighting 50%), the “relative total shareholder return” target (weighting 30%) and sustainability targets (weighting 20%). The overall target achievement is calculated on the basis of the weighted target achievement levels for the individual Targets. The payout amount is limited to a maximum of 250% of the base amount of the relevant LTIP tranche. The payout amount per tranche is due for payment within six weeks of approval of the consolidated financial statements by the Supervisory Board.

The earnings-related target is EBT, which the Supervisory Board sets annually for each annual instalment on the basis of the corporate planning. EBT target achievement is determined by the Supervisory Board on the basis of the audited consolidated financial statements approved by the Supervisory Board for the last financial year of the performance period after adjustment for non-recurring items and inorganic effects.

The Supervisory Board also decides annually on the sustainability targets to be used for each annual instalment. The Supervisory Board selects the ESG Targets from the following categories 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. It is taken into account that the sustainability targets are quantifiable and transparent, differ from the targets set out in the STIP and motivate the Executive Board to ensure the sustainable development of the company.

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

In order to avoid the influence of possible one-time effects on individual reporting dates, the average share price of the freenet share or the average performance of the respective reference indices of the last 60 trading days on the relevant reporting date is used to calculate the relative TSR. The target achievement of freenet’s relative TSR against the respective reference 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 the relative TSR, the target achievement percentages against both reference indices are each weighted at 50% and added together.

For both the earnings target and the sustainability targets, target achievement levels of between 50% and 200% are set annually by the Supervisory Board at the beginning of the performance period for the respective annual tranche, along with the corresponding minimum and maximum values. The target achievement levels for the share price target are between 0% and 200%. Furthermore, the minimum value is -50% points (corresponds to 0% target achievement), the target value is 0% points (corresponds to 100% target achievement) and the maximum value is +50% points (corresponds to 200% target achievement) of the absolute outperformance for the share price target.

If the minimum value (hurdle) of a target is not exceeded, the target achievement for this performance criterion is 0%. If the actual value exceeds the defined maximum value (cap), the corresponding target achievement is limited to 200%. Target achievement between the defined anchor points, i.e. between the minimum target and the target value and between the target value and the maximum value, is calculated using linear interpolation.

The respective target achievements of the three performance criteria of the LTIP are added together according to their weighting to determine the overall target achievement.

In other respects, Programme 5 contains the usual anti-dilution provisions as well as the option for the Supervisory Board to reduce the number of virtual shares booked in at its reasonable discretion following prior consultation with the member of the Executive Board due to extraordinary developments up to the end of the respective performance period/holding period. In the event of breaches of duty or compliance, the Supervisory Board can review the LTIP payout entitlements and reduce or reclaim them if necessary (claw-back).

The obligation from the LTIP programme was determined at fair value in accordance with IFRS 2 using a recognised valuation model (Monte Carlo simulation). Material parameters included in this model are the share price of freenet AG on the balance sheet date, the average share prices of the relevant periods of the current and previous year relevant for the determination of the target "Relative TSR", the estimate of the future development of the share prices relevant for the target "Relative TSR", the volatility of the share prices corresponding to the remaining term of the LTIP programme, the volatility of the share prices corresponding to the remaining term of the LTIP programme and the volatility of the share prices corresponding to the remaining term of the LTIP programme, the volatility of the share prices corresponding to the remaining term of the LTIP programme, the estimate of the degree of target achievement with regard to the EBT target and the sustainability targets for the respective LTIP tranches issued and the estimate of the discount rate.

As of 31 December 2024, a total of 238,460 virtual shares were booked as the initial number of virtual shares for the beneficiaries under Programme 5 (prior year: 135,685 virtual shares), thereof 39,634 (prior year: 0) for Mr Vilanek, 62,854 (prior year: 43,799) for Mr Arnold, 58,329 (prior year: 40,646) for Mr v Platen, 58,329 (prior year: 40,646) for Mr Fromme and 19,314 (prior year: 10,594) for Ms Engenhardt-Gillé. In the 2024 financial year, Programme 5 resulted in personnel expenses of EUR 5,082 thousand (prior year: EUR 2,682 thousand), thereof EUR 1,306 thousand (prior year: EUR 0) for Mr Vilanek, EUR 1,177 thousand (prior year: EUR 832 thousand) for Mr Arnold, EUR 1,120 thousand (prior year: EUR 773 thousand) for Mr v Platen, EUR 1,120 thousand (prior year: EUR 773 thousand) for Mr Fromme and EUR 359 thousand (prior year: EUR 304 thousand) for Ms Engenhardt-Gillé. Provisions recognised as of 31 December 2024 totalled EUR 9,140 thousand (prior year: EUR 4,058 thousand), thereof EUR 1,306 thousand for Mr Vilanek (prior year: EUR 0), EUR 2,491 thousand for Mr Arnold (prior year: EUR 1.314 thousand), EUR 2,340 thousand for Mr v Platen (prior year: EUR 1,220 thousand), EUR 2,340 thousand for Mr Fromme (prior year: EUR 1,220 thousand) and EUR 663 thousand for Ms Engenhardt-Gillé (prior year: EUR 304 thousand).

25.4 Other employee incentive programmes

As of 31 December 2024, the Group had two further employee incentive programmes with provisions totalling EUR 5,967 thousand (one programme at EUR 5,873 thousand and another programme at EUR 94 thousand) (prior year: two programmes with provisions totalling EUR 2,310 thousand, thereof one at EUR 2,216 thousand and the other at EUR 94 thousand). In the programme with the provision amount of EUR 5,873 thousand, employees were granted virtual company shares that will vest by 31 December 2025. The amount paid out per virtual company share depends on the achievement of a customer base target.

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

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

	31.12.2024		
In EUR thousand	Total	Non-current	Current
Trade accounts payable	316,858	0	316,858
Other non-derivative financial liabilities	62,426	21,769	40,657
Financial liabilities	**379,284**	**21,769**	**357,515**
Other liabilities and deferrals	76,271	9,504	66,767
Prepayments received	491,337	109,543	381,794
Non-financial liabilities	**567,608**	**119,047**	**448,561**
Total Trade accounts payable, other liabilities and deferrals and other financial liabilities	**946,892**	**140,816**	**806,076**

	31.12.2023		
In EUR thousand	Total	Non-current	Current
Trade accounts payable	337,724	0	337,724
Other non-derivative financial liabilities	95,095	56,808	38,287
Financial liabilities	**432,819**	**56,808**	**376,011**
Other liabilities and deferrals	69,104	6,896	62,208
Prepayments received	492,784	111,230	381,554
Non-financial liabilities	**561,888**	**118,126**	**443,762**
Total Trade accounts payable, other liabilities and deferrals and other financial liabilities	**994,707**	**174,934**	**819,773**

As of 31 December 2024, there were liabilities to related parties, see Note 34.

EUR 806,076 thousand (prior year: EUR 819,773 thousand) of the liabilities are due within the next twelve months. Liabilities totalling EUR 140,570 thousand (prior year: EUR 174,849 thousand) are due within one and five years. EUR 246 thousand (prior year: EUR 85 thousand) is due after more than five years.

EUR 357,515 thousand (prior year: EUR 376,011 thousand) of the liabilities summarised under financial liabilities are due within one year and EUR 21,692 thousand (prior year: EUR 56,808 thousand) are due between one and five years. After more than five years, EUR 77 thousand (prior year: EUR 0 thousand) is due.

We provide the following breakdown of current trade accounts payable:

In EUR thousand	31.12.2024	31.12.2023
Liabilities to network operators, dealers, distributors, hardware manufacturers (mobile communications)	171,644	191,550
Liabilities to sales partners from contracts with customers	48,793	52,838
Obligations from distribution rights	30,814	30,599
Other	65,607	62,937
Total	**316,858**	**337,924**

The current other financial liabilities are made up as follows:

In EUR thousand	31.12.2024	31.12.2023
Personnel obligations	21,535	19,094
Refund liabilities	11,161	11,601
Other	7,961	7,592
Total	**40,657**	**38,287**

The non-current other financial liabilities break down as follows:

In EUR thousand	31.12.2024	31.12.2023
Liabilities to sales partners from contracts with customers	13,997	17,797
Obligations from earn-outs	7,742	7,612
Obligations from distribution rights	0	30,814
Other	30	585
Total	**21,769**	**56,808**

Obligations from earn-outs result from the right of non-controlling shareholders of Exaring to tender shares in Exaring to freenet AG at a fixed price within a certain period of time. The present value of the repayment amount of the liability is recognised in the other financial liabilities. In accordance with the present access method, the shares of non-controlling shareholders continue to be recognised in equity as non-controlling interests. Subsequent measurement of the liability is recognised directly in equity.

The current other liabilities and accruals break down as follows:

In EUR thousand	31.12.2024	31.12.2023
Deferred income from bonuses and commissions received from network operators	342,853	328,532
Liabilities from value added tax	29,745	31,410
Deferred income from customer credit balances, mobile communication	18,516	28,140
Liabilities to customers from contracts with customers	17,696	17,390
Other	39,751	38,290
Total	**448,561**	**443,762**

The non-current other liabilities and accruals break down as follows:

In EUR thousand	31.12.2024	31.12.2023
Deferred income from bonuses and commissions received from network operators	109,520	109,866
Liabilities to customers from contracts with customers	9,505	6,897
Other	22	1,363
Total	**119,047**	**118,126**

The freenet Group has been participating in a supplier financing agreement for some time. A long-standing trading partner of the freenet Group regularly generates commission claims through its activities. These resulting receivables from the freenet Group are transferred by the business partner to an open factoring programme of a bank. Details of this factoring agreement between the trading partner and the bank are unknown to the freenet Group. The bank discloses to the freenet Group on a monthly basis the amount of receivables purchased from the business partner. Subsequently, the freenet Group pays this amount directly to the bank with debt-discharging effect. All outstanding receivables of the trading partner from the freenet Group are recognised in the freenet Group's balance sheet as Trade accounts receivable, including the portion that has been purchased and disclosed by the bank in the meantime. Carrying amounts of the financial liabilities reported under trade accounts payable amounted to EUR 26.0 million as of 31 December 2024 (31 December 2023: EUR 22.2 million). This amount was purchased, disclosed and paid in full by the bank. Under this supplier financing agreement, the freenet Group has limited obligations to co-operate. In return, the payment term for payment of the commission is extended by around 30 days (all other liabilities to dealers have a payment term of up to 30 days). Upon termination of the factoring programme, this extension of the payment term could be cancelled again.

27 Current income tax liabilities

Current income tax liabilities include expected taxes paid for past financial years and for the current financial year from corporation and trade tax.

28 Financial liabilities and lease liabilities

The financial liabilities are structured as follows:

In EUR million	31.12.2024	31.12.2023
Non-current		
Liabilities from promissory note loans	223.0	250.1
Current		
Liabilities from promissory note loans	195.5	180.7
Total	**418.5**	**430.8**

In the 2024 financial year, three promissory note loan tranches from 2016 and 2020 totalling EUR 178.5 million were repaid in full. In addition, freenet AG successfully placed a promissory note loan with a total volume of EUR 100.0 million. The bullet financing instrument consists of two tranches totalling EUR 75.0 million (fixed margin of 4.05%, maturing in May 2027) and EUR 25.0 million (fixed margin of 3.92%, maturing in May 2028). In addition, the second tranche of the promissory note loan of EUR 65.0 million placed in the prior year was paid out in May 2024 (for details, see Note 28, Notes to the consolidated financial statements 2023).

The Group's lease liabilities are broken down by lease category as follows:

In EUR million	31.12.2024	31.12.2023
Non-current		
Site leases	107.1	150.7
Shops/stores	55.7	69.2
Co-location leases	29.8	39.8
Motor vehicles	3.6	3.9
Network infrastructure	4.8	5.2
Other	0.0	0.2
	201.0	**269.0**
Current		
Site leases	42.2	41.4
Shops/stores	15.3	18.5
Co-location leases	12.6	12.1
Motor vehicles	4.9	3.8
Network infrastructure	2.4	2.3
Other	0.1	0.2
	77.5	**78.3**
Total	**278.5**	**347.3**

Further disclosures in connection with IFRS 16 are presented in Note 2.5.

29 Pension provisions and similar obligations

The pension obligations are based on defined benefit and defined contribution plans. The pension benefit provided for is the payment of a lifelong retirement pension after reaching the age of 60 or 65 as well as a surviving dependant's benefit. The pension benefits are partly financed by a reinsured provident fund. All pension commitments are generally determined according to salary level and length of service with the company. The Executive Board commitments are fully funded. These are secured by a reinsured provident fund and a pledged reinsurance policy with a total fair value of EUR 25,223 thousand (31 December 2023: EUR 22,536 thousand).

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

In EUR thousand	31.12.2024	31.12.2023
Present value of funded obligations	27,068	22,646
Present value of unfunded obligations	68,374	68,136
Present value of obligations	**95,442**	**90,782**
Fair value of plan assets	– 25,223	– 22,536
Net liability recognized	**70,219**	**68,246**

These obligations are predominantly expected to be fulfilled in the long-term. The development of the present value of funded and unfunded obligations is shown in the following table:

In EUR thousand	2024	2023
As of 1.1.	**90,782**	**81,144**
Current service cost	784	705
Gross interest expense	3,063	3,351
Employee contributions	1	3
Settlement of pension obligations	– 6	– 10
Benefit payments from plan assets	– 181	– 178
Actuarial losses/gains (–)		
thereof due to experience adjustments	3,531	992
thereof due to demographic parameter adjustments	0	0
thereof due to financial parameter adjustments	174	7,035
Subtotal: Actuarial losses/gains (–)	**3,705**	**8,027**
Payments made	– 2,706	– 2,260
As of 31.12.	**95,442**	**90,782**

The weighted average remaining term of the performance obligations as of 31 December 2024 is 18.4 years (prior year: 19.1 years) for the freenet programme, 12.7 years (prior year: 13.2 years) for the debitel programmes and 6.9 years (prior year: 7.2 years) for the Media Broadcast Group programmes.

The following amounts were recognised for the defined benefit plans for the current reporting period and previous reporting periods:

In EUR thousand	2024	2023	2022	2021	2020
Present value of funded obligation	27,068	22,646	19,359	31,362	32,568
Present value of unfunded obligation	68,374	68,136	61,785	84,940	88,484
Fair value of plan assets	– 25,223	– 22,536	– 22,257	– 20,037	– 17,544
Influence from the asset ceiling	0	0	1,974	0	0
Plan deficit	**70,219**	**68,246**	**60,861**	**96,265**	**103,508**
Experience adjustments of plan liabilities	3,531	992	212	9	35
Experience adjustments of plan assets	– 246	– 2,339	– 219	113	285

The plan assets consist of several reinsurance policies taken out by the provident fund set up for this purpose with a total fair value of EUR 25,223 thousand (31 December 2023: EUR 22,536 thousand). The reinsurance policies invest the plan assets in equity fund units or shares that are listed on an active market. There is no active market for the reinsurance policies. The development of the fair value is shown in the table below:

In EUR thousand	2024	2023
As of 1.1.	**22,536**	**22,257**
Interest on plan assets (through income statement, with standardised interest)	817	980
Differences between the expected and actual income from plan assets (recognised through other comprehensive income)	– 246	– 2,339
Benefit payments from plan assets	– 181	– 178
Employer contributions to plan assets	2,297	1,816
As of 31.12	**25,223**	**22,536**

The actual income from plan assets amounts to EUR 571 thousand (prior year expenses: EUR 1,359 thousand) and is calculated as the total of the calculated expenses or income on plan assets and the actuarial gains or losses.

For the 2025 financial year, freenet expects payments into the plan assets of EUR 845 thousand and payments for pensions of EUR 7,556 thousand. For the 2024 financial year, freenet had expected payments into the plan assets of EUR 845 thousand and payments for pensions of EUR 7,609 thousand.

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

In EUR thousand	2024	2023
As of 1.1.	**68,246**	**60,861**
Current service cost	784	705
Net interest expense	2,246	2,371
Gains on the settlement of pension obligations	– 6	– 10
Subtotal: amount recognised in the consolidated income statement	**3,024**	**3,066**
Remeasurement		
Experience-based gains (–)/losses (+)	3,531	992
Gains (–) / losses (+) due to financial parameter adjustments	174	7,035
Income (–) / expenses (+) on plan assets not already included in net interest income	246	2,339
Influence from the asset ceiling	0	– 1,974
Subtotal: remeasurements recognised through other comprehensive income	**3,951**	**8,392**
Payments made	– 2,706	– 2,260
Employer contributions to plan assets	– 2,297	– 1,816
Employee contributions	1	3
As of 31.12	**70,219**	**68,246**

The following key actuarial assumptions were made:

In %	31.12.2024	31.12.2023
Discount rate (freenet, debitel programmes)	3.56	3.57
Discount rate (Media Broadcast Group programmes)	3.25	3.42
Future salary increases (debitel programme)	3.00	3.00
Future salary increases (Media Broadcast Group programmes)	2.50	2.50
Future pension increases (debitel programme)	2.25	2.25
Future pension increases (freenet programme)	2.20	2.20
Future pension increases (Media Broadcast Group programmes)	2.00	2.00

As in the prior year, the RT 2018G mortality tables by Dr Klaus Heubeck were used as the biometric basis.

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

31.12.2024	Change in the present value of the obligations	
In EUR thousand	Rise	Decrease
Increase in the discount rate by 1.0 percentage points		10,403
Decrease of the discount rate by 1.0 percentage points	12,893	
Increase in future salary increases by 0.5 percentage points	306	

31.12.2024	Change in the present value of the obligations	
In EUR thousand	Rise	Decrease
Decrease in future salary increases by 0.5 percentage points		20
Increase in future pension increases by 0.25 percentage points	1,393	
Decrease in future pension increases by 0.25 percentage points		1,325
Life expectancy: age shift + 2 years	3,501	

31.12.2023	Change in the present value of the obligations	
In EUR thousand	Rise	Decrease
Increase in the discount rate by 1.0 percentage points		10,063
Decrease of the discount rate by 1.0 percentage points	12,493	
Increase in future salary increases by 0.5 percentage points	313	
Decrease in future salary increases by 0.5 percentage points		24
Increase in future pension increases by 0.25 percentage points	1,276	
Decrease in future pension increases by 0.25 percentage points		1,217
Life expectancy: age shift + 2 years	3,274	

The sensitivities were calculated on the basis of the same portfolio and using the same measurement method as the calculation of the scope of the obligation as of 31 December 2024, whereby one parameter was varied in each case and the other parameters were left constant. Any interdependencies between individual parameters that occur in practice were not taken into account.

30 Other provisions

The following table provides a breakdown of the changes in the carrying amounts of provisions:

In EUR thousand	1.1.2024 as reported	Retro-spective adjustments	1.1.2024 restated	Additions first con-solidation	Utiliza-tion	Reversal	Interest	Addition	31.12.2024	Non-current	Current
Other											
Contingent losses	784	0	784	0	152	73	103	1,803	**2,465**	1,313	1,152
Litigation	5,080	0	5,080	0	1,096	451	0	1,092	**4,625**	0	4,625
Asset retirement obligations	39,151	0	39,151	0	216	801	– 30	63	**38,167**	33,901	4,266
Warranty/ Guarantee	0	0	0	10	0	10	0	0	**0**	0	0
Storage costs	290	0	290	9	0	24	– 2	–17	**256**	256	0
Value added tax vis-à-vis tax authorities	0	12,991	12,991	0	0	0	0	94	**13,085**	0	13,085
Interest to tax authorities	0	12,526	12,526	0	0	0	0	1,997	**14,523**	12,410	2,113
Other	4,576	0	4,576	0	448	0	0	859	**4,987**	132	4,855
	49,881	**25,517**	**75,398**	**19**	**1,912**	**1,359**	**71**	**5,891**	**78,108**	**48,012**	**30,096**
Personnel											
Employee incen-tive programmes	31,286	3,329	34,615	0	10,990	0	0	12,118	**35,743**	24,366	11,377
Service anniversaries	1,093	0	1,093	0	164	463	0	620	**1,086**	947	139
Restructuring	253	0	253	0	188	0	0	5,230	**5,295**	0	5,295

In EUR thousand	1.1.2024 as reported	Retro-spective adjustments	1.1.2024 restated	Additions first con-solidation	Utiliza-tion	Reversal	Interest	Addition	31.12.2024	Non-current	Current
Other	220	0	220	0	236	0	– 12	73	**45**	31	14
	32,852	**3,329**	**36,181**	**0**	**11,578**	**463**	**– 12**	**18,041**	**42,169**	**25,344**	**16,825**
Total	**82,733**	**28,846**	**111,579**	**19**	**13,490**	**1,822**	**59**	**23,932**	**120,277**	**73,356**	**46,921**

Provisions for contingent losses at include expected vacancy costs for rented retail space and expected losses from tariffs with a negative margin. An outflow of assets in the amount of EUR 1,152 thousand is expected for 2025.

Provisions for litigation relate to the expected costs from various lawsuits against Group companies and other outstanding disputes with third parties. Materiality is attributable to Litigation with former trading partners and customers as well as intellectual property matters. The Group expects a complete outflow of assets in 2025. In order not to disclose the legal and negotiating positions prematurely and thus jeopardise them, no further details are provided in this regard.

Due to the acquisition of the Media Broadcast Group, the provision for Asset retirement obligations largely consists of obligations to dismantle radio infrastructure at numerous sites. The outflow of assets is expected to be EUR 2,830 thousand in 2025 and EUR 30,071 thousand in the years 2026 to 2032 following the expected expiry of the underlying rental agreements. There are further obligations to dismantle leasehold improvements at various technical and administrative locations and shops of the Group. The outflow of assets is expected to be EUR 1,436 thousand in 2025 and EUR 3,830 thousand in 2026 to 2037 following the expected expiry of the underlying rental agreements.

Provisions for value added tax payable to tax authorities and for interest payable to tax authorities are based on the company's estimates. The final assessments of the tax authorities may deviate from this.

Further details on the recognition of Provisions for Employee incentive programmes are documented in Note 25. Due to the discontinuation of Gravis' business operations in 2024, see also our comments on Note 36, the Provision for restructuring was increased to EUR 5,295 thousand at the end of the year. An outflow of assets is expected in full in 2025.

Anniversary provisions were recognised for which an outflow of assets of EUR 139 thousand is expected for the year 2025 and EUR 947 thousand for the years 2026 to 2044. The calculation of the anniversary provisions was based on an interest rate of 3.25% and an average term from the balance sheet date to payment of seven years.

The acquisition of the Media Broadcast Group also resulted in the assumption of obligations for semi-retirement and long-term work accounts. These obligations are offset against the fair values of the corresponding plan assets on each balance sheet date. As of 31 December 2024, the provisions before offsetting for Long-term work accounts amounted to EUR 3,578 thousand (prior year: EUR 3,387 thousand) and for semi-retirement EUR 0 thousand (prior year: EUR 0 thousand).

In EUR thousand	2024	2023
Long-term work accounts		
Obligation as of 1.1.	**3,387**	**3,558**
Payments from long-term work accounts	– 363	– 309
Personnel expenses	325	75
Interest income/interest expense	229	63
Obligation as of 31.12. before netting	**3,578**	**3,387**
Fair value of plan assets as of 1.1.	**6,000**	**5,495**
Income/loss on plan assets	330	505
Plan assets as of 31.12.	**6,330**	**6,000**

In EUR thousand	2024	2023
Semi-retirement		
Fair value of plan assets as of 1.1.	**1,053**	**1,021**
Loss on plan assets	46	32
Plan assets as of 31.12.	**1,099**	**1,053**

As of 31 December 2024, no provision amount remains as of 31 December 2023.

31 Other financial obligations, contingent liabilities and credit enhancements

At the end of the financial year, there were non-cancellable Maintenance, support and other obligations as well as order commitments in the following amounts:

In EUR thousand	31.12.2024	31.12.2023
Maintenance, support and other obligations		
Due within one year	46,294	44,771
Due within one and five years	131,361	127,624
Due after more than five years	180	31,199
	177,835	**203,594**
Order commitments		
Regarding intangible assets	0	366
Regarding property, plant and equipment	1,433	2,803
Regarding inventories, other supplies and services	1,527,390	123,905
	1,528,823	**127,074**
Total	**1,706,658**	**330,668**

As in 2023, the obligations from maintenance, support and other obligations mainly relate to contracts for the maintenance of IT hardware and databases, building technology, network infrastructure and the outsourcing of business processes in customer service.

Order commitments totalled EUR 96,323 thousand at the end of the financial year (prior year: EUR 127,074 thousand). Of this, EUR 1,433 thousand (prior year: EUR 3,169 thousand) is attributable to the procurement of fixed assets. There are further purchase obligations totalling EUR 1,527,390 thousand (prior year: EUR 123,905 thousand). These are mainly obligations from contracts with network operators.

Other contingent liabilities consist of letters of comfort and rental guarantees and totalled EUR 51,950 thousand as of the balance sheet date (prior year: EUR 38,069 thousand). The letters of comfort and rental guarantees are not expected to be utilised, as it is expected that the corresponding invoices will be paid in accordance with the contract or that the corresponding rental payments will be made regularly.

32 Notes to the consolidated cash flow statement

In the consolidated statement of cash flows, the disclosures are made for the Group as a whole.

Cash and cash equivalents consist of cash at bank, cheques and short-term money market instruments that can be liquidated at any time, as well as current financial liabilities, each with an original maturity of up to three months. The reported cash funds (31 December 2024: EUR 181.6 million, 31 December 2023: EUR 159.8 million) also include cash and cash equivalents from discontinuing operations Gravis (31 December 2024: EUR 4.1 million, 31 December 2023: EUR 0.9 million).

Cash flows are broken down into operating, investing and financing activities. The indirect presentation method was chosen for the presentation of the cash flow from operating activities.

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

The alternative performance indicator "free cash flow" shows the amount of cash and cash equivalents generated that can be used, among other things, for the distribution of dividends or Repayment of financial liabilities. Accordingly, "Interest paid", "Interest received", "Cash inflows from the repayment of lease liabilities" are included in the cash flow from continuing operations and "Cash outflows for the repayment of lease liabilities" (as part of the cash flow from financing activities) are included in the calculation of free cash flow.

32.1 Cash flow from operating activities from continuing operations

Compared to the prior-year period, the cash flow from operating activities from continuing operations increased by EUR 3.3 million to EUR 406.3 million in the 2024 financial year (prior year restated: EUR 403.0 million). The increase is mainly due to the EUR 17.6 million rise in EBITDA in this period – this includes the cash proceeds from the first tranche of the IP address sale totalling EUR 18.4 million. By contrast, the EUR 8.3 million year-on-year increase in taxes paid (2024: EUR 38.5 million; prior year restated: EUR 30.2 million) and the EUR 6.8 million higher increase in contract acquisition costs including net working capital reduced the cash flow from continuing operations.

32.2 Cash flow from investing activities from continuing operations

The cash flow from investing activities from continuing operations totalled EUR –42.0 million in the 2024 financial year compared to EUR –51.1 million in the prior-year period. Net cash investments decreased by EUR 10.2 million to EUR 38.3 million, partly due to lower investments in Media Broadcast's DAB+ broadcasting network compared to the previous year. Investments were financed entirely from own funds. In addition, there were cash outflows from the acquisition of SuperNova GmbH & Co. KG as of 1 January 2024 (EUR 6.5 million) and from contributions to the equity of Antenne Deutschland GmbH & Co. KG (EUR 5.4 million; prior year: EUR 2.9 million).

32.3 Cash flow from financing activities from continuing operations

The cash flow from financing activities from continuing operations developed from EUR –356.1 million in the prior year to EUR –300.0 million in the 2024 financial year. The payments in the 2024 financial year were attributable to the dividend distribution of EUR 210.4 million (or EUR 1.77 per share; prior-year period: EUR 199.7 million or EUR 1.68 per share), the repayment of three promissory note loan tranches with a nominal value of EUR 178.5 million (prior-year period: EUR 113.5 million, see Notes to the consolidated financial statements, Note 28) and the repayment of lease liabilities of EUR 75.7 million (prior-year period: EUR 77.9 million). In contrast, the Group received funds totalling a nominal amount of EUR 165.0 million in the 2024 financial year in connection with the issue of three promissory note loan tranches (prior year: EUR 35.0 million).

In the 2024 financial year, free cash flow from continuing operations totalled EUR 292.3 million, which corresponds to an increase of EUR 15.7 million compared to the prior year (EUR 276.6 million). The increase is mainly due to the sale of IP addresses totalling EUR 18.4 million.

32.4 Calculation of the underlying figure for the consolidated cash flow statement

The starting point of the cash flow statement is the EBIT of continuing operations and discontinuing operations. The derivation of this result from the consolidated income statement is shown below.

In EUR thousand	2024	2023 restated
Earnings before income taxes	345,208	231,066
Financial result	30,324	25,207
Earnings before interest and taxes (EBIT)	**375,532**	**256,273**

32.5 Reconciliation of liabilities from financing activities

The following reconciliation statement shows the liabilities from financing activities for the period from 1 January to 31 December 2024:

		Cash-effective changes				Non-cash changes		
In EUR thousand	1.1.2024	Repayment of financial debt	Raising financial debt	Repayment of leasing liabilities [1]	Interest paid [2]	Interest expense	Other changes [3]	31.12.2024
Non-current financial liabilities	250,109		164,488				– 191,621	222,976
Current financial liabilities	178,491	– 178,500					191,850	191,841
Current financial liabilities from interest accruals	2,235				– 13,882	15,373		3,726
Liabilities from finance leases (incl. from discontinuing operations Gravis)	347,240			– 82,245	– 11,157	11,157	13,496	278,491
Non-current other financial liabilities	30,814						– 30,814	0
Total liabilities from financing activities	**808,888**	**– 178,500**	**164,488**	**– 82,245**	**– 25,039**	**26,530**	**– 17,089**	**697,033**

[1] In addition to the repayment of lease liabilities of the continuing operations (EUR 75.7 million), this also includes the repayment of lease liabilities of the discontinuing operations Gravis (EUR 6.5 million)
[2] Interest payments in connection with financial liabilities and leases from continuing and discontinuing operations amount to EUR 25.0 million. In addition, further interest payments for taxes, interest on arrears and the like totalling EUR 0.9 million are included in the item “interest paid” within cash flow from continuing operations and discontinuing operations
[3] This includes non-cash changes such as reclassifications, additions and disposals as well as other changes related to leases

Liabilities from financing activities for the period from 1 January 2023 to 31 December 2023 are as follows (table restated)

		Cash-effective changes					Non-cash changes		
In EUR thousand	1.1.2023	Repayment of financial liabilities	Raising financial debt	Repayment of lease liabilities [1]	Repay-ment of other financ. liabilities	Interest paid [2]	Interest expense	Other changes [3]	31.12.2023
Non-current financial liabilities	393,437		34,972					– 178,300	250,109
Current financial liabilities	113,455	– 113,500						178,536	178,491
Current financial liabilities from interest accruals	2,668					– 13,592	13,159		2,235
Liabilities from finance leases (incl. from discontinuing operations Gravis)	418,553			– 82,740		– 11,157	11,157	11,427	347,240
Non-current other financial liabilities	61,413				– 30,940		341		30,814
Total liabilities from financing activities	**989,526**	**– 113,500**	**34,972**	**– 82,740**	**– 30,940**	**– 24,749**	**24,657**	**11,663**	**808,888**

[1] In addition to the repayment of lease liabilities of the continuing operations (EUR 77.9 million), this also includes the repayment of lease liabilities of the discontinuing operations Gravis (EUR 4.8 million).
[2] Interest payments in connection with financial liabilities and leases from continuing and discontinuing operations amount to EUR 24.7 million. In addition, further interest payments for taxes, interest on arrears and the like totalling EUR 0.5 million are included in the item "interest paid" within cash flow from continuing operations and discontinuing operations
[3] This includes non-cash changes such as reclassifications, additions and disposals as well as other changes related to leases

33 Information on financial instruments

33.1 Disclosures pursuant to IFRS 7

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

We provide the following information on the financial instruments held by the Group as of 31 December 2024 and 31 December 2023:

Financial instruments by category as of 31 December 2024

In EUR thousand	Measurement category in accordance with IFRS 9	Carrying amount of balance sheet	Measurement			Fair value of financial instruments
		31.12.2024	Amortised acquisition costs	Fair value recognised in profit or loss	Fair value recognised through other comprehensive income	31.12.2024
Assets						
Cash/liquid assets	AC	181,590	181,590			–[1]
Trade accounts receivable		381,352				
At amortised cost	AC	381,352	381,352			–[1]
Other financial assets		178,324				
Lease receivables	n/a	26,059				
Other securities	n/a	3,851				
Non-derivative financial assets						
At amortised cost	AC	12,878	12,878			–[1]
Other financial assets						
At amortised cost	AC	46,746	46,746			–[1]
Other equity instruments						
At fair value through profit or loss	FVTPL	2,198		2,198		–[1]
At fair value through other comprehensive income	FVOCI	86,592			86,592	86,592
Equity and liabilities						
Lease liabilities	n/a	278,941				
Trade accounts payable	AC	316,858	316,858			
Financial liabilities		418,543	418,543			414,400
Financial liabilities from promissory notes	AC	414,817	414,817			
Other financial liabilities	AC	3,726	3,726			
Other financial liabilities		62,426				
At amortised cost	AC	54,684	54,684			
Obligations from earn-outs	AC	7,742	7,742			–[1]
Thereof aggregated by IFRS 9 measurement category						
Assets						
At amortised cost	AC	622,566	622,566			–[1]
At fair value through profit or loss	FVTPL	2,198		2,198		–[1]
At fair value through other comprehensive income	FVTOCI	86,592			86,592	86,592
Equity and liabilities						
At amortised cost	AC	797,827	797,827			414,400[1]

[1] No fair value was determined for the items, but the carrying amounts represent a reasonable approximation of the fair value

Financial instruments by category as of 31 December 2023 (restated)

In EUR thousand	Assessment category according to IFRS 9	Carrying amounts Balance sheet	Measurement			Fair value of financial instruments
		31.12.2023	Amortised acquisition costs	Fair value recognised in profit or loss	Fair value recognised through other com-prehensive income	31.12.2023
Assets						
Cash/liquid assets	AC	159,815	159,815			– [1]
Trade accounts receivable		357,498				
At amortised cost	AC	357,498	357,498			– [1]
Other financial assets		197,414				
Lease receivables	n/a	37,429				
Other securities	n/a	3,666				
Non-derivative financial assets						
At amortised cost	AC	21,955	21,955			– [1]
Other financial assets						
At amortised cost	AC	46,544	46,544			– [1]
Other equity instruments						
At fair value through profit or loss	FVTPL	2,027		2,027		– [1]
At fair value through other comprehensive income	FVOCI	85,793			85,793	85,793
Equity and liabilities						
Lease liabilities	n/a	347,240				
Trade accounts payable	AC	337,724	337,724			
Financial liabilities		430,835	430,835			
Financial liabilities from promissory notes	AC	428,600	428,600			419,039
Other financial liabilities	AC	2,235	2,235			
Other financial liabilities		95,095				
At amortised cost	AC	87,483	87,483			
Obligations from earn-outs	AC	7,612	7,612			– [1]
Thereof aggregated by IFRS 9 measurement category						
Assets						
At amortised cost	AC	585,812	585,812			– [1]
At fair value through profit or loss	FVTPL	2,027		2,027		– [1]
At fair value through other comprehensive income	FVTOCI	85,793			85,793	85,793
Equity and liabilities						
At amortised cost	AC	863,654	863,654			419,039 [1]

[1] No fair value was determined for the items, but the carrying amounts represent a reasonable approximation of the fair value

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

The fair values of 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, taking into account the respective interest parameters. Other equity instruments, at fair value through profit or loss, are not listed shares. Due to their insignificance, it is assumed that the fair value of these shares corresponds to amortised cost.

At fair value through other comprehensive income, the Group recognises the market value in an active market as the fair value. Other equity instruments relate to the investment in Ceconomy (carrying amount as of 31 December 2024: EUR 86.0 million) and securities to hedge pension obligations. The fair value of the current financial liabilities corresponds to the carrying amounts due to their maturity. The fair value of non-current financial liabilities exceeds the carrying amounts as of 31 December 2024 by EUR 0.8 million (prior year: EUR 9.6 million). This difference resulted from the assessment of the promissory note loans at fair value; this was determined on the basis of current estimates of the company's own credit risk and the interest rate level on the measurement date.

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

- Level 1:

Unchanged adoption of prices from active markets (Deutsche Börse AG, Frankfurt Stock Exchange) for identical financial assets or financial liabilities.

- 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 input factors not based on observable market data for the assessment of the financial asset or financial liability (unobservable input factors). As in the prior year, there were no transfers between the individual levels in the 2024 financial year. A transfer between the levels would have taken place at the end of the financial year.

Fair value hierarchy as of 31 December 2024

In EUR thousand	Total	Level 1	Level 2	Level 3
Assets				
Other equity instruments, at fair value through profit or loss	2,198	0	0	2,198
Other equity instruments, at fair value through other comprehensive income	86,592	86,592	0	0
Equity and liabilities				
Financial liabilities from promissory notes	414,400	0	414,400	0
Obligations from earn-outs within other financial liabilities	7,742	0	0	7,742

Fair value hierarchy as of 31 December 2023 (restated)

In EUR thousand	Total	Level 1	Level 2	Level 3
Assets				
Other equity instruments, at fair value through profit or loss	2,027	0	0	2,027
Other equity instruments, at fair value through other comprehensive income	85,793	85,793	0	0
Equity and liabilities				
Financial liabilities from promissory notes	419,039	0	419,039	0
Obligations from earn-outs within other financial liabilities	7,612	0	0	7,612

The following table shows the changes to level 3 instruments for the 2024 financial year:

In EUR thousand	1.1.2024	Additions	Disposals	31.12.2024
Assets				
Other equity instruments, at fair value through profit or loss	2,027	170	0	2,197
Equity and liabilities				
Obligations from earn-outs within other financial liabilities	7,612	130	0	7,742

There was no reclassification in level 3 in the 2024 financial year and there were no effects on earnings from market changes.

The following net gains/losses were recognised for the individual categories of financial instruments in the 2024 financial year and in the prior year:

Net gains/losses by measurement category 2024

	From Interest	From subsequent measurement			From disposals	Net result
In EUR thousand		At fair value through other comprehensive income	At fair value, recognised in the income statement	Value adjustment/ losses on receivables		
Assets measured at amortised cost (AC)	6,759	0		– 12,816		– 6,057
Assets measured at fair value through profit or loss (FVTPL)	0		– 3,309		1,318	– 1,991
Assets measured at fair value through other comprehensive income (FVTOCI)	0	8,698				8,698
Liabilities measured at amortised cost (AC)	– 15,801	0				– 15,801
Total	**– 9,042**	**8,698**	**– 3,309**	**– 12,816**	**1,318**	**– 15,151**

Net gains/losses by measurement category 2023 (restated)

	From Interest	From subsequent measurement			From disposals	Net result
In EUR thousand		At fair value through other comprehensive income	At fair value, recognised in the income statement	Value adjustment/ losses on receivables		
Assets measured at amortised cost (AC)	6,360	0		– 10,764		– 4,404
Assets measured at fair value through profit or loss (FVTPL)	– 357		– 3,547		1,556	– 2,348
Assets measured at fair value through other comprehensive income (FVTOCI)	0	16,869				16,869
Liabilities measured at amortised cost (AC)	– 13,447	0				– 13,447
Total	**– 7,444**	**16,869**	**– 3,547**	**– 10,764**	**1,556**	**– 3,330**

Net gains or losses from assets measured at amortised cost include changes in loss allowances, gains and losses from derecognition as well as cash inflows and reversals of impairment losses from receivables originally written off.

Net gains or losses from the category of financial liabilities measured at amortised cost mainly include interest expenses to banks.

Information on interest income and interest expenses for financial assets and financial liabilities not measured at fair value through profit or loss is based on the application of the effective interest method.

Offsetting of financial assets and liabilities 2024

31.12.2024 In EUR thousand	Gross amount before offsetting	Offsetting amounts	Net amount in the balance sheet	Fair value of financial collateral	Total-net amount
Financial assets					
Trade accounts receivable	502,615	121,263	381,352		381,352
Other financial assets	182,168	3,844	178,324		178,324
Total	**684,783**	**125,107**	**559,676**	**0**	**559,676**
Financial liabilities					
Trade accounts payable	438,121	121,263	316,858	4,018	312,840
Other financial liabilities	66,004	3,578	62,426		62,426
Other provisions	120,543	266	120,277		120,277
Total	**624,668**	**125,107**	**499,561**	**4,018**	**495,543**

Offsetting of financial assets and liabilities 2023 (restated)

31.12.2023 In EUR thousand	Gross amount before offsetting	Offsetting amounts	Net amount in the balance sheet	Fair value of financial collateral	Total-net amount
Financial assets					
Trade accounts receivable	472,545	115,047	357,498		357,498
Other financial assets	200,801	3,387	197,414		197,414
Total	**673,346**	**118,434**	**554,912**	**0**	**554,912**
Financial liabilities					
Trade accounts payable	452,771	115,047	337,724	4,018	333,706
Other provisions	114,966	3,387	111,579		111,579
Total	**567,737**	**118,434**	**449,303**	**4,018**	**445,285**

Trade accounts receivable from network operators (e.g. from bonuses, commissions) are netted against trade accounts payable and other liabilities to the same network operators in the 2024 financial year. As of 31 December 2024, the netting amount was EUR 121.3 million (31 December 2023: EUR 115.0 million). The conditions for offsetting are met – as the various claims and obligations to two network operators were assessed in the course of this process, with the result that, with insignificant exceptions, there is essentially a single large, credit service relationship with these network operators. Based on an agreement with a network operator to adjust payment conditions, monthly advance payments are made for the mobile services provided by the network operator. These are netted on the balance sheet date and offset in the following month. In addition to the netting amounts totalling EUR 125.1 million, there is a long-term security deposit of EUR 4.0 million. The acquisition of the Media Broadcast Group in 2016 also resulted in the assumption of obligations for semi-retirement and long-term work accounts, among other things. These obligations are offset against the fair values of the corresponding plan assets at each balance sheet date. For more information, please also refer to our references to 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 subject in particular to market risks, liquidity risks and default risks.

The target of financial risk management is to monitor these risks on an ongoing basis and to limit them through operational and financial activities.

The basic principles of the financial policy, the components of which are explained below, are determined by the Executive Board. In addition, certain financial transactions require the prior approval of the Executive Board.

The Group Treasury department provides services to the business divisions and coordinates additions to the financial markets. It also monitors and manages the market and liquidity risks associated with the Group's business divisions through regular internal risk reporting, which analyses risks according to degree and scale. The top priority for the Group Treasury department is the principle of risk minimisation; another important target is the optimisation of net interest income. Prudent liquidity management controlled by the Group Treasury department includes maintaining a sufficient reserve of liquid assets, the possibility of financing through an adequate amount of committed credit lines and the ability to close out open market positions. Liquidity risks are reduced by permanently monitoring the financial status and maintaining sufficient 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) and for regular internal risk reporting on these risks. Receivables from end customers are monitored by the Receivables Management department. One of its main objectives is to minimise expenses arising from defaults or loss allowances on receivables from end customers and sales partners.

The Group's capital risk management relates to the equity recognised in the consolidated balance sheet and the key figures derived from it.

The primary target of the Group's capital risk management is to monitor the key figures (financial covenants) stipulated in the loan agreements, the non-fulfilment of which could, under certain circumstances, result in the loans falling due immediately. The freenet Group controls capital risk management using the equity ratio and the leverage. The equity ratio represents the ratio of equity to total assets and was above the target of 25.0% as of 31 December 2024 (31 December 2024: 44.4%; prior year's reporting date: 42.1%). The leverage (31 December 2024: 0.9; prior year's reporting date: 1.2) is derived from the ratio of net financial liabilites to EBITDA generated in the last twelve months. Net financial liabilites are defined as financial liabilities from the balance sheet, less liquid assets and plus net lease liabilities.

As of 31 December 2024, all key figures in the covenants have been met. All other restrictions agreed in the loan agreements (so-called "undertakings" and "covenants") were also complied with as of the balance sheet date. The main financial covenants are defined in relation to the Group's debt.

In order to actively manage the capital structure, management can sell assets to reduce debt and take other actions such as issuing new shares.

The following information on the individual risks is based on information as submitted to the Executive Board.

33.3 Market risk

The activities of our Group are primarily exposed to financial risks from changes in interest rates and exchange rates.

33.3.1 Interest rate risk

The liabilities reported under financial liabilities result from five promissory note loans (reported as of 31 December 2024 with a total balance of EUR 418.4 million (prior year: EUR 430.8 million) – of which EUR 144.1 million is attributable to the tranches with variable interest rates). In addition, the Group has a revolving credit line totalling EUR 250.0 million (prior year: EUR 300.0 million), which has a term of five years and was again undrawn at the end of the year (an interest rate of 3.6% would have applied if it had been drawn as of 31 December 2024).

As of 31 December 2024, the Group had interest-bearing financial liabilities of EUR 418.5 million (prior year: EUR 430.8 million), of which EUR 144.2 million were subject to variable interest rates as of the reporting date. The Group is exposed to interest rate risks in this regard. Interest rate risks are not explicitly hedged; however, the balance of cash and cash equivalents (which are mainly invested at variable interest rates) acts as a natural hedge and reduces the interest rate risk from variable-interest financial liabilities accordingly.

Based on the daily liquidity planning available to it, the Group Treasury department continuously reviews the various investment options for cash and cash equivalents as well as the various disposition options with regard to financial liabilities. Changes in market interest rates could have an impact on the net interest income from primary variable-interest financial instruments and are included in the calculation of earnings-related sensitivities.

The Group uses a sensitivity analysis to present market risks, which shows the impacts of interest rate changes on earnings and equity.

The periodic impacts are determined by relating the hypothetical changes in the risk variables to the portfolio of financial instruments as of the reporting date.

Current and non-current financial liabilities as of 31 December 2024 include liabilities of EUR 418.5 million (prior year: EUR 430.8 million), thereof EUR 144.2 million (prior year: EUR 222.5 million) with variable interest rates. The variable-interest bank liabilities bore interest at 4.0% as of the reporting date. EUR 195.6 million of the current financial liabilities as of 31 December 2024 are reported under current liabilities. EUR 3.7 million thereof is accrued for expected payments of accrued interest, EUR 191.8 million of which is earmarked for the repayment of financial liabilities in 2025. As of 31 December 2024, the variable portion of the loans bears interest in a corridor of 3.6% to 4.3%. Based on market estimates, we expect a corridor of between 3.5% and 4.3% for the variable portion in 2025. This would result in interest payments totalling EUR 13.1 million on the total financial liabilities in 2025. From the net position of variable interest-bearing assets and liabilities (EUR 44.2 million) that were not assessed at fair value, a parallel shift in the yield curve upwards by 50 basis points would have a pre-tax earnings effect of EUR –0.2 million (prior year: EUR –0.6 million), while a shift in the yield curve downwards by 50 basis points would have a pre-tax earnings effect of EUR +0.2 million (prior year: EUR +0.6 million).

Interest rate risk is negligible for the other interest-bearing assets and liabilities.

Changes in interest rates only affect fixed-interest financial instruments if they are recognised at fair value. Financial liabilities of freenet are therefore not exposed to any Interest rate risk as they are recognised at amortised cost.

33.3.2 Foreign currency risk

The Group conducts transactions in foreign currencies to a limited scope. Currency hedging is generally carried out by concluding forward exchange transactions or, if necessary, by maintaining cash holdings in foreign currency.

33.3.3 Price risk

There are only a few assets or investments in the Group that are exposed to price risk (such as shares in Ceconomy).

IFRS 7 requires disclosures on how hypothetical changes in risk variables impacts the prices of financial instruments. In particular, stock market prices or indices are possible risk variables. If Ceconomy's share price had been 10% higher or lower as of 31 December 2024, the fair value would have been EUR 8.6 million higher or lower (31 December 2023: EUR 8.1 million higher or lower). Furthermore, the Group considers the price risk to be of negligible significance.

33.4 Liquidity risk

The Group's liquidity risk is that the company may not be able to fulfil its financial obligations, e.g. repayment of financial liabilities, payment of purchase obligations and obligations from leasing contracts.

Extensive financial planning tools are used throughout the Group to monitor and manage liquidity. Various planning horizons extending up to one year are considered. Short-term liquidity planning and management is carried out on a daily basis for the next three months in advance. This planning is updated daily by the Group Treasury department in coordination with Accounting and Controlling on the basis of actual data.

The Group continues to manage liquidity risks by maintaining adequate bank balances, credit lines with banks and by continuously monitoring the forecast and actual cash flows. The maturity profiles of financial assets and liabilities are also reconciled. The Group utilises a wide range of different financing instruments to reduce liquidity risk.

On the basis of several existing Group-internal cash pooling agreements in which the freenet Group's materiality companies participate, the need for and installation of cash and cash equivalents in the Group are managed centrally.

The Group expects to be able to fulfil its other obligations from operating cash flows and from the inflow of maturing financial assets.

As of the balance sheet date, the Group had not utilised the revolving credit line of EUR 250.0 million (prior year: EUR 300.0 million). The company is permitted to borrow outside of the credit agreements within narrow limits, for example to finance future strategic investments.

Securities (money market funds and bonds held in the custody account) can be liquidated within a short period of time. There is no intention to sell the investments. In the event of a necessary sale of these investments, liquidation at short notice may be more difficult as there is no organised capital market for these shares.

The Group's financial and operational room for manoeuvre is restricted by certain provisions of the loan agreements. These impose restrictions on the company, for example, in the event of changes to the Group's business activities, the implementation of structural measures within the Group under company law, the provision of collateral and with regard to any acquisitions and disposals of assets, in particular shareholdings. The following tables show the contractually agreed undiscounted interest and redemption payments of the Group's primary financial liabilities at the end of the 2024 and 2023 financial years:

Financial liabilities 31.12.2024

In EUR thousand	Carrying amounts	Cash flows 2025			Cash flows 2026			Cash flows 2027 and later		
	31.12.2024	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Trade accounts payable	316,858			316,858						
Financial liabilities (liabilities to banks)	418,543	6,567	6,527	195,567	4,474	4,669	123,141	4,996	2,129	99,835
Other non-derivative financial liabilities	62,426			40,657			7,742			14,027
Lease liabilities	278,491	8,280		77,513	5,836		66,594	9,727		134,384

Financial liabilities 31.12.2023

In EUR thousand	Carrying amounts	Cash flows 2024			Cash flows 2025			Cash flows 2026 and later		
	31.12.2023	Interest fixed	Interest variable	Repay-ment	Interest fixed	Interest variable	Repay-ment	Interest fixed	Interest variable	Repay-ment
Trade accounts payable	337,724			337,724						
Financial liabilities (liabilities to banks)	430,835	2,699	9,120	180,726	2,557	5,084	191,671	458	1,841	58,438
Other non-derivative financial liabilities	95,095			38,287			56,569			239
Lease liabilities	347,240	9,613		78,274	6,876		73,903	15,622		195,063

33.5 Default risk

The Group takes into account the probability of default at the time of initial recognition of assets and the existence of a significant increase in the default risk during the reporting periods. In order to assess whether the default risk has increased significantly, the default risk with regard to the asset on the reporting date is compared with the default risk at the time of initial recognition. Available, appropriate and reliable forward-looking information is taken into account. In this context, please refer to the explanations on the impairment model in accordance with IFRS 9 under Note 2.7.7, Impairment of financial assets, and Note 21, receivables, other assets and other financial assets.

Trade accounts receivable from end customers and lease receivables are the focus of the freenet Group's analysis of default risks. We refer here to our comments on Note 21, receivables, other assets and other financial assets. In our Group's bulk business, particular attention is paid to the creditworthiness of customers and sales partners. Credit checks are carried out on customers for material contractual customer areas before contracts are concluded.

In the ongoing contractual relationship, the implementation of a rapid and regular dunning and debt collection process with several debt collection companies in benchmarking and long-term debt collection monitoring as well as high-spender monitoring in our Group are key actions to minimise the risk of default.

There is also an ongoing dunning and collection process for receivables from dealers and franchise partners as well as other business customers. Credit limits are also set and monitored. If necessary, reaching the limit leads to a delivery block.

In addition, significant credit default risks relating to major customers (dealers and distributors in the Mobile Communications segment) are covered by trade credit insurance. In order to minimise the credit default risk, the Group has insured a certain proportion of these revenues. Every month, the Group Treasury department reports the current revenues of the respective major customer to the insurance company. In connection with this report, the insurance company calculates the sales volume to be insured. Risks relating to uninsured customers are limited by an internal limit system – as a rule, customers with a poor credit rating have to pay in advance or the business relationship does not materialise. Default risks vis-à-vis end customers are not covered.

When determining the recoverability of trade accounts receivable, every change in creditworthiness from the time the payment term was granted until the balance sheet date is taken into account. There is no significant concentration of credit default risk, as the customer base is broad and there are no correlations.

Appropriate loss allowances are recognised to take account of default risks. Receivables and other assets are derecognised if the Group considers the receivable to be uncollectible.

Securities and cash and cash equivalents are mainly invested with major German banks. The spread across various banks significantly limits the default risk. Installations are constantly monitored by the Group Treasury department with regard to their current and expected future returns.

34 Related party transactions

34.1 Overview

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

In EUR thousand	2024	2023
Revenue attributable to billing of services		
Joint ventures		
Antenne Deutschland GmbH & Co. KG, Garching	10,627	8,837
Associated companies		
Bayern Digital Radio GmbH, Munich	495	533
Non-consolidated companies		
Hessen Digital Radio GmbH, Frankfurt	1,232	1,120
Total	**12,354**	**10,490**

In EUR thousand	2024	2023
Expenses from the purchase of services		
Joint ventures		
Antenne Deutschland GmbH & Co. KG, Garching	0	8
Associated companies		
ad.audio GmbH, Hamburg	228	427
Bayern Digital Radio GmbH, Munich	555	561
Non-consolidated companies		
Hessen Digital Radio GmbH, Frankfurt	73	37
Total	**856**	**1,033**

As of 31 December 2024, there were the following material receivables from and liabilities to related parties:

In EUR thousand	31.12.2024	31.12.2023
Receivables from current transactions		
Joint ventures		
Antenne Deutschland GmbH & Co. KG, Garching	6	11
Total	**6**	**11**

In EUR thousand	31.12.2024	31.12.2023
Liabilities from current service transactions		
Associated companies		
ad.audio GmbH, Hamburg	0	15
Total	**0**	**15**

Workers’ representatives on the Supervisory Board were granted total benefits from their employment contracts totalling EUR 426 thousand in the 2024 financial year (prior year: EUR 445 thousand).

All transactions were based on market prices. There is no collateral.

34.2 Remuneration of key management personnel: Executive Board remuneration

Remuneration of the members of the Executive Board of the company as key management personnel in the reporting year and the prior year was made up as follows:

Expense 2024 according to IAS 24.17

In EUR thousand	Fixed benefits and fringe benefits	One-year variable benefits	Total benefits currently due	Share-based remuneration	Benefits after termination of the employment relationship	Total benefits
Christoph Vilanek	1,218	734	1,952	2,509	0	4,461
Ingo Arnold	637	367	1,004	1,491	100	2,595
Stephan Esch	519	294	813	1,291	0	2,104
Rickmann v Platen	516	340	856	1,405	100	2,361
Antonius Fromme	508	340	848	1,405	100	2,353
Nicole Engenhardt-Gillé	303	168	471	359	59	889
Total	**3,701**	**2,243**	**5,944**	**8,460**	**359**	**14,763**

Expenses 2023 (restated) in accordance with IAS 24.17

In EUR thousand	Fixed benefits and fringe benefits	One-year variable benefits	Total benefits currently due	Share-based remuneration	Benefits after termination of the employment relationship	Total benefits
Christoph Vilanek	1,015	781	1,796	3,705	0	5,501
Ingo Arnold	636	407	1,043	1,475	100	2,618
Stephan Esch	516	325	841	918	0	1,759
Rickmann v Platen	512	378	890	1,747	100	2,737
Antonius Fromme	508	378	886	1,742	100	2,728
Nicole Engenhardt-Gillé	303	186	489	304	59	852
Total	**3,490**	**2,455**	**5,945**	**9,891**	**359**	**16,195**

The share-based remuneration relates to Long-term variable benefits (LTIP). Please refer to our comments on the LTIP programmes in Note 25.1 (Programme 3), 25.2 (Programme 4) and 25.3 (Programme 5) of these Notes.

As of 31 December 2024, the provisions for the LTIP Programmes 3, 4 and 5 totalled EUR 29,765 thousand (prior year restated: EUR 32,294 thousand).

Executive Board benefits within the meaning of Section 314 (1) no. 6 HGB totalled EUR 98,739 thousand in 2024 (prior year: EUR 7,853 thousand). In addition to remuneration for short-term benefits, this includes share-based remuneration from the granting of the 2024/2027 tranche of the LTIP Programme 5 in the amount of EUR 2,795 thousand (prior year: share-based remuneration in the amount of EUR 1,908 thousand from the granting of the 2023/2026 tranche of the LTIP Programme 5). In 2024, the members of the Executive Board were granted a total of 102,775 virtual shares from the 2024/2027 tranche of LTIP Programme 5 (prior year: 76,716 virtual shares from the 2023/2026 tranche of LTIP Programme 5).

There are pension obligations of EUR 13,160 thousand (prior year: EUR 12,832 thousand) for former members of the Executive Board, which are offset by asset values from reinsurance policies totalling EUR 12,140 thousand (prior year: EUR 11,809 thousand). Total benefits for former members of the Executive Board and their surviving dependants amounted to EUR 181 thousand (prior year: EUR 193 thousand).

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

34.3 Remuneration of key management personnel: Supervisory Board remuneration

The remuneration of the Supervisory Board, which is regulated in the Articles of Association and will apply from 1 January 2021, is made up of three components:

- Base remuneration,
- Attendance fees and
- Remuneration depending on membership and chairmanship of Supervisory Board committees.

The members of the Supervisory Board receive a fixed base remuneration of EUR 50,000 from the company for each full financial year of membership of this body.

The Chairman of the Supervisory Board receives double and the Deputy Chairman one and a half times the base remuneration.

Each Supervisory Board member receives an additional attendance fee of EUR 1,000 for each meeting of the Supervisory Board or its committees that they have attended. Remuneration is only paid once for several meetings on one day.

Members of the Audit Committee receive additional annual remuneration of EUR 15,000 each for their membership of this committee. Members of other committees – with the exception of the mediation committee – receive additional annual remuneration of EUR 10,000 per committee for their membership of the committee. The committee chairperson receives twice this amount. Remuneration for chairmanship and membership of committees is only payable if the committees meet at least once in the relevant financial year to fulfil their duties.

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

The remuneration regulations applicable from 1 January 2021 stipulate that the total remuneration of a Supervisory Board member may not exceed EUR 160 thousand per year (maximum remuneration).

34.3.1 Remuneration for the 2024 and 2023 financial year

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

Individualised figures for the last two financial years are shown in the following tables. It should be Noted that the format of the figures may result in arithmetical rounding differences in the subtotals and final totals, as the figures have been rounded to one decimal place.

Remuneration for the 2024 financial year

In EUR thousand	Base remuneration	Attendance fees	Committee remuneration	Exceedance maximum remuneration	Total
Active members					
Knut Mackeprang [1]	75.0	17.0	20.0	0.0	112.0
Claudia Anderleit [1]	50.0	15.0	10.0	0.0	75.0
Marc Tüngler	100.0	18.0	60.0	– 18.0	160.0
Robert Weidinger	50.0	8.0	40.0	0.0	98.0
Sabine Christiansen	50.0	16.0	20.0	0.0	86.0
Theo-Benneke Bretsch [1]	50.0	6.0	10.0	0.0	66.0
Prof Dr Kerstin Lapotta	50.0	8.0	15.0	0.0	73.0
Thomas Karlovits	50.0	6.0	10.0	0.0	66.0
Miriam Wohlfarth	50.0	4.0	0.0	0.0	54.0
Frank Suwald [1]	50.0	7.0	15.0	0.0	72.0
Petra Winter [1]	50.0	8.0	15.0	0.0	73.0
Tobias Marx [1]	50.0	4.0	0.0	0.0	54.0
Total	**675.0**	**117.0**	**215.0**	**– 18.0**	**989.0**

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

Remuneration for the 2023 financial year

In EUR thousand	Base remuneration	Attendance fees	Committee remuneration	Total
Active members				
Knut Mackeprang [1]	75.0	10.0	20.0	105.0
Claudia Anderleit [1]	50.0	8.0	10.0	68.0
Marc Tüngler	100.0	11.0	40.0	151.0
Robert Weidinger	50.0	10.0	30.0	90.0
Sabine Christiansen	50.0	9.0	10.0	69.0
Theo-Benneke Bretsch [1]	50.0	7.0	10.0	67.0
Prof. Dr. Kerstin Lapotta	50.0	10.0	15.0	75.0
Thomas Karlovits	50.0	7.0	10.0	67.0
Miriam Wohlfarth	50.0	5.0	0.0	55.0
Frank Suwald [1]	31.2	6.0	9.3	46.5
Petra Winter [1]	31.2	6.0	9.3	46.5
Tobias Marx [1]	31.2	4.0	0.0	35.2
	618.6	**93.0**	**163.6**	**875.2**
Former members				
Thomas Reimann [1]	19.0	4.0	5.7	28.7
Bente Brandt [1]	19.0	4.0	5.7	28.7
Gerhard Huck [1]	19.0	2.0	0.0	21.0
	57.0	**10.0**	**11.4**	**78.4**
Total	**675.6**	**103.0**	**175.0**	**953.6**

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

Total benefits granted to members of the Supervisory Board within the meaning of IAS 24.17 and Section 314 (1) No. 6 HGB totalled EUR 989.0 thousand in the 2024 financial year (prior year: EUR 953.6 thousand).

35 Company acquisitions

On 21 December 2023, the Group concluded a purchase agreement for the acquisition of all shares and voting rights in SuperNova GmbH & Co. KG, Cologne (hereinafter referred to as SuperNova). The acquisition was completed on 4 January 2024, giving the Group control over this subsidiary. The initial consolidation in the freenet Group took place from 1 January 2024 for reasons of simplification. In the 2024 financial year, SuperNova was merged with SuperNova GmbH as part of the merger of its general partner with Super Nova GmbH, Cologne.

SuperNova's business activities essentially consist of advising wholesalers and retailers in the telecommunications industry, representing their interests vis-à-vis manufacturers and network operators and advising on and implementing marketing measures in the telecommunications sector.

A fixed cash purchase price of EUR 6,500 thousand was agreed.

The purchase price allocation carried out in these consolidated financial statements with regard to the acquisition of SuperNova in accordance with IFRS 3 is final in nature.

The following overview provides information on the assets and liabilities of SuperNova recognised at fair value at the time of initial consolidation:

Assets and liabilities of Super Nova at fair value as of 1 January 2024

Assets		Equity and liabilities	
In EUR thousand	1.1.2024	In EUR thousand	1.1.2024
Non-current assets		**Current liabilities**	
Intangible assets	1,171	Trade accounts payable	347
goodwill	5,247	Other liabilities and accruals and other financial liabilities	218
	6,418	Current income tax liabilities	558
Current assets			**1,123**
Trade accounts receivable	1,078		
Other receivables, other assets and other financial assets	111		
Cash and cash equivalents	16		
	1,205		
Total	**7,623**	**Total**	**1,123**

The purchase price allocation results in goodwill of EUR 5,247 thousand from the difference between the purchase price of EUR 6,500 thousand and the net assets at fair value of EUR 1,253 thousand. This goodwill is mainly attributable to future earnings opportunities in the mobile communications business, which largely relate to the economic benefits from the integration of the SuperNova business model into the freenet Group. The goodwill has been allocated to the "mobile communications" cash-generating unit and is tax-deductible. In our Segment reporting, SuperNova is categorised in the Mobile Communications segment. In addition to goodwill, intangible assets totalling EUR 1,161 thousand were recognised in the purchase price allocation. These are fully attributable to customer relationships with a useful life of 42 months. The subsequent amortisation of these intangible assets will result in scheduled amortisation of EUR 332 thousand per financial year. The fair value of the acquired receivables (including other receivables, other assets and other financial assets) amounted to EUR 1,188 thousand as of 1 January 2024 (gross receivables of EUR 1,189 thousand less loss allowances of EUR 1 thousand). No contingent liabilities or transactions were identified that are to be recognised separately from the acquisition of the assets and the assumption of the liabilities.

The purchase price allocation was based on a valuation-relevant planning horizon of 42 months. A capital value-oriented method, the multi-period excess earnings method, was used to determine the fair value of the intangible assets (customer relationships) recognised as part of the purchase price allocation. In accordance with IFRS 13, the fair values of the customer relationships were calculated using a discounted cash flow method with the help of Level 3 input factors (unobservable parameters). This valuation technique is based on a cash flow forecast that a hypothetical market participant would assume.

SuperNova's contribution to the Group's external revenues and EBITDA from the time of its initial consolidation was insignificant.

36 Discontinuing operations

Due to an unprofitable earnings situation and a lack of positive future prospects, Gravis-Computervertriebsgesellschaft mbH, Berlin (hereinafter referred to as "Gravis") ceased operations on 30 June 2024. With 37 stores in Germany and several online shops, Gravis was a retailer and service provider specialising in the Apple product range. Gravis also operated a certified technical and repair service as well as personnel training in the use of the products on offer.

The activities of Gravis and certain business transactions directly related to the closure of Gravis in other Group companies of the freenet Group represent the discontinuing operations of Gravis within the meaning of IFRS 5.13 and IFRS 5.32, as Gravis is a separate, material business division as part of the Mobile Communications segment.

In the statement of comprehensive income for the 2024 financial year and, due to the retrospective adjustment, also for the same period of the previous year, the profit or loss after taxes of the discontinuing operations Gravis is recognised as a separate amount in the line "Consolidated profit from discontinuing operations".

The profit for the period of this discontinuing operations for the 2024 financial year and the prior year 2023 is broken down as follows:

In EUR thousand	2024	2023
Revenues	70,087	244,352
Other operating income	7,346	2,139
Materials expenses	– 65,755	– 214,106
Personnel expenses	– 26,717	– 19,903
Other operating expenses	– 9,440	– 13,121
Depreciation, amortisation and impairment	– 29,936	– 6,553
Financial result	– 652	– 1,231
Income taxes	4,254	81
Result from discontinuing operations	**– 50,813**	**– 8,342**

The result from discontinuing operations is fully attributable to the shareholders of the parent company.

As of 31 December 2024, Gravis reported lease liabilities of EUR 7.5 million, while its lease assets have already been impaired to 0 as part of an impairment test carried out in accordance with IAS 36. In the future, the company will continue to try to reduce its lease liabilities, for example by handing over the rental locations to third parties, reaching agreements with the landlords or concluding subleases, which could lead to the recognition of future other operating income, which would then also represent part of the result from discontinuing operations.

EUR 15.7 million of the personnel expenses of the discontinuing operations for the 2024 financial year are characterised by restructuring expenses for severance payments to employees, while the depreciation, amortisation and impairment losses for the 2024 financial year are significantly influenced by impairment losses of EUR 28.0 million, which represent the measurement effect in accordance with IFRS 5.33(b)(ii). They are mainly attributable to lease assets (EUR 17.9 million) and Internally generated software (EUR 6.7 million).

37 Disclosures pursuant to Section 315e HGB

In accordance with Section 314 (1) No. 8 HGB, we declare that the Declaration of Conformity pursuant to Section 161 AktG was issued by the Executive Board and Supervisory Board of the company on 17 December 2024. It was made available to shareholders on the company's website at fn.de/declarationofconformity made permanently accessible.

A total fee of EUR 1,498 thousand within the meaning of Section 314 (1) no. 9 HGB has been calculated for the auditor KPMG for the 2024 financial year. Of this amount, EUR 1,200 thousand relates to auditing services and EUR 284 thousand to other assurance services (such as the audit of the sustainability report and the remuneration report). An additional EUR 14 thousand is included for other services (GAP analyses of the governance system).

In accordance with section 313 (2) to (3) HGB, we provide the following overview:

	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	100.00
freenet Logistik GmbH, Schleswig	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
SuperNova GmbH, Cologne (formerly: SuperNova Holding GmbH)	100.00
SuperNova GmbH & Co KG, Cologne [1]	100.00
freenet Shop GmbH, Oberkrämer	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, Munich	74.62
Taunus Beteiligungs GmbH, Cologne	100.00
Media Broadcast GmbH, Cologne	100.00
Field Service Germany FSD 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, Munich (associate)	45.00
Non-consolidated companies	
Hessen Digital Radio GmbH, Frankfurt	75.00

[1] First-time consolidation as of 1 January 2024 and accretion to SuperNova GmbH, Cologne, 2024

38 Events of material importance after the balance sheet date

There were no events of material importance after the balance sheet date for the freenet Group.

39 Development of intangible assets, goodwill and property, plant and equipment

Development of intangible assets, goodwill and property, plant and equipment as of 31 December 2024

In EUR thousand	Cost of purchased/manufactured goods							Depreciation, amortisation and impairment							Carrying amounts	
	1.1.2024	Additions consolidation circle	Additions	Reclassifi-cations	Disposals	Foreign currency	31.12.2024	1.1.2024	Additions [1]	Impair-ments losses [1]	Disposals	Foreign currency	31.12.2024	31.12.2024	1.1.2024
Intangible assets															
Internally generated software	205,713	0	23,540	0	12,474	0	216,779	135,910	16,266	7,094	12,313	0	146,957	69,822	69,803
Software, licenses and rights of use	90,176	9	1,550	50	17,743	0	74,042	41,774	28,258	9	17,736	0	52,305	21,737	48,402
Trademarks	341,368	0	0	0	0	0	341,368	336,512	673	0	0	0	337,185	4,183	4,856
Customer relationships	106,480	1,161	0	0	0	0	107,641	38,724	5,350	0	0	0	44,074	63,567	67,756
	743,737	**1,170**	**25,090**	**50**	**30,217**	**0**	**739,830**	**552,920**	**50,547**	**7,103**	**30,049**	**0**	**580,521**	**159,309**	**190,817**
Goodwill															
Goodwill	1,382,394	5,247	0	0	0	0	1,387,641	2,636	0	232	0	0	2,868	1,384,773	1,379,758
	1,382,394	**5,247**	**0**	**0**	**0**	**0**	**1,387,641**	**2,636**	**0**	**232**	**0**	**0**	**2,868**	**1,384,773**	**1,379,758**
Property, plant and equipment															
Land, property fixtures and buildings	45,487	0	42	430	311	0	45,648	19,828	1,292	156	286	0	20,990	24,658	25,659
Switches and networks	199	0	0	0	0	0	199	199	0	0	0	0	199	0	0
Technical equipment and machinery	228,402	0	7,085	906	14,641	– 29	221,723	161,927	18,302	255	14,469	– 15	166,000	55,723	66,475
Other operating and office equipment	46,050	0	10,294	3,066	12,356	– 6	47,048	15,937	12,927	3,345	12,171	– 6	20,032	27,016	30,113
Prepayments made and assets under construction	7,140	0	1,943	– 4,452	341	0	4,290	6	0	73	14	0	65	4,225	7,134
	327,278	**0**	**19,364**	**– 50**	**27,649**	**– 35**	**318,908**	**197,897**	**32,521**	**3,829**	**26,940**	**– 21**	**207,286**	**111,622**	**129,381**
Total	**2,453,409**	**6,417**	**44,454**	**0**	**57,866**	**– 35**	**2,446,379**	**753,453**	**83,068**	**11,164**	**56,989**	**– 21**	**790,675**	**1,655,704**	**1,699,956**

[1] Additions and impairments of EUR 83,574 thousand are attributable to continuing operations and EUR 10,658 thousand to discontinuing operations

Development of intangible assets, goodwill and property, plant and equipment as of 31 December 2023

In EUR thousand	Cost of purchased/manufactured goods						Depreciation, amortisation and impairment						Carrying amounts	
	1.1.2023	Additions	Reclassifica-tions	Disposals	Foreign currency	31.12.2023	1.1.2023	Additions [1]	Impair-ment [1]	Disposals	Foreign currency	31.12.2023	31.12.2023	1.1.2023
Intangible assets														
Internally generated software	186,152	23,308	0	3,747	0	205,713	124,227	15,126	0	3,443	0	135,910	69,803	61,925
Software, licenses and rights of use	93,317	1,658	0	4,799	0	90,176	16,050	30,100	423	4,799	0	41,774	48,402	77,267
Trademarks	341,368	0	0	0	0	341,368	237,374	99,138	0	0	0	336,512	4,856	103,994
Customer relationships	106,480	0	0	0	0	106,480	33,706	5,018	0	0	0	38,724	67,756	72,774
	727,317	**24,966**	**0**	**8,546**	**0**	**743,737**	**411,357**	**149,382**	**423**	**8,242**	**0**	**552,920**	**190,817**	**315,960**
Goodwill														
Goodwill	1,382,394	0	0	0	0	1,382,394	0	0	2,636	0	0	2,636	1,379,758	1,382,394
	1,382,394	**0**	**0**	**0**	**0**	**1,382,394**	**0**	**0**	**2,636**	**0**	**0**	**2,636**	**1,379,758**	**1,382,394**
Property, plant and equipment														
Land, property fixtures and buildings	45,316	242	0	71	0	45,487	18,740	1,147	0	59	0	19,828	25,659	26,576
Switches and networks	204	0	0	5	0	199	204	0	0	5	0	199	0	0
Technical equipment and machinery	221,032	10,746	2,449	5,846	21	228,402	147,707	19,123	741	5,740	96	161,927	66,476	73,325
Other operating and office equipment	42,940	12,630	622	10,145	3	46,050	13,090	12,819	41	10,016	3	15,937	30,112	29,850
Prepayments made and assets under construction	4,454	6,525	– 3,071	768	0	7,140	6	0	0	0	0	6	7,134	4,448
	313,946	**30,143**	**0**	**16,835**	**24**	**327,278**	**179,747**	**33,089**	**782**	**15,820**	**99**	**197,897**	**129,381**	**134,199**
Total	**2,423,657**	**55,109**	**0**	**25,381**	**24**	**2,453,409**	**591,104**	**182,471**	**3,841**	**24,062**	**99**	**753,453**	**1,699,956**	**1,832,553**

[1] Additions and impairments of EUR 184,955 thousand are attributable to continuing operations and EUR 1,357 thousand to discontinuing operations

Day of the installation

The Executive Board of freenet AG prepared the consolidated financial statements on 3 March 2025 and released them for submission to the Supervisory Board. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves the consolidated financial statements.

Büdelsdorf, 3 March 2025

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)

Responsibility statement and independent auditor’s reports

Responsibility statement of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Büdelsdorf, 3 March 2025

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)

Independent auditor's reports

Auditor's report on the consolidated financial statements and the group management report

"Independent Auditor's Report

To freenet AG, Büdelsdorf

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of freenet AG, Büdelsdorf, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including significant information on the accounting policies. In addition, we have audited the group management report of freenet AG for the financial year from 1 January to 31 December 2024.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with

Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recognition of revenue in the post-paid area of the Mobile Communications segment

Please refer to Section 2.1 in the notes to the consolidated financial statements for information on the accounting policies applied. Disclosures on revenue from the Mobile Communications segment and on contract liabilities can be found under Note 4 of the notes to the consolidated financial statements. Disclosures on the "consideration payable" and „consideration paid" are included under Note 21 of the notes to the consolidated financial statements.

The financial statement risk

The Group's revenue in financial year 2024 amounted to EUR 2.478 million; thereof EUR 1.592 million is attributed to revenue from the post-paid area of the Mobile Communications segment.

freenet AG recognises revenue from the post-paid area of the Mobile Communications segment in accordance with the fulfilment of the respective performance obligation by distributing the agreed consideration (the agreed transaction price) to the performance obligations over the entire contract term on the basis of the relative stand-alone selling prices.

freenet AG's management has presented the criteria for the recognition of revenue in a group-wide accounting policy.

Owing to the high transaction volume and the variety of the plan and contract arrangements offered to customers as well as the complexity of the underlying financial reporting requirements in the post-paid area of the Mobile Communications segment, freenet AG implemented IT applications and processes across the Group that are to ensure the correct recognition of revenue. This also includes the implementation of the allocation logic when applying the portfolio approach (IFRS 15.4). Setting up, updating, programming and managing the IT applications are carried out centrally by freenet DLS GmbH. Recording the relevant contract data and actual entry in the accounting-related IT systems is carried out locally at the subsidiaries of freenet AG.

There is the risk for the consolidated financial statements that the concluded contracts in the IT applications are not appropriately evaluated with regard to their entry in the accounts and that the recognition at the subsidiaries is therefore not appropriately undertaken. Further, there is the risk of inaccurate recognition of the services with regard to accounting judgements when applying the portfolio approach and subsequently in assessing the criteria for the recognition of revenue in the relevant period. This would result in revenue in the post-paid area of the Mobile Communications segment and contract liabilities to customers not being recognised and measured in the correct amount or the equivalent value of agency services in indirect sales being incorrectly determined and recognised when deriving the "consideration paid" and "consideration payable."

Our audit approach

First, we gained an understanding of the process used to record and recognise contracts in the post-paid area of the Mobile Communications segment. We evaluated the accounting policies used by the Group for the recognition of different contractual arrangements by assessing the group-wide accounting policies for compliance with IFRS 15. With regard to the IT applications in place, we evaluated whether the criteria for recognition of customer contracts defined therein as well as the automated entry routines are suitable and appropriate to ensure compliant recognition with the IFRSs.

Based on our understanding of the process, we evaluated the design, implementation and operating effectiveness of the internal controls implemented in the IT applications with regard to the correct recognition of the different contractual arrangements and the revenue recognition cut-off.

In order to assess the professional and appropriate application of the portfolio approach, we randomly selected contracts for each portfolio and analysed the portfolio allocation of these contracts to ensure the proper recognition of the portfolio.

We carried out a reconciliation of the contract parameters recorded in the IT applications with the underlying contracts by means of a random sample. For these contracts, we also examined the factual accuracy of the allocation into the respective contract portfolio. In addition, we verified the proper processing of the contracts in the IT applications by means of an additional random sampling of a contract.

Finally, we evaluated whether the findings of the IT applications were complete and accurately taken over in the financial accounting of the Group.

Our observations

The process of freenet AG with regard to the recognition of revenue from the post-paid area of the Mobile Communications segment is appropriate. The underlying assumptions regarding the recognition of revenue in the correct period in the post-paid area of the Mobile Communications segment are overall appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the Group non-financial statement contained in the "Group's non-financial statement" section of the group management report,
- the corporate governance statement referred to in the group management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to provide a basis for our opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „freenetag.zip" (SHA256-Hashwert: fc3381cc759431a3fbaedce4efefafddd6e0e2ccafbfd95b0f4e7c7fa9fac97a) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements at the Annual General Meeting on 8 May 2024. We were engaged by the Supervisory Board on 6 November 2024. We have been the auditor of the consolidated financial statements of freenet AG without interruption since financial year 2024.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Haiko Schmidt.

Hamburg, 4 March 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

[signature] Schmidt	[signature] Rienecker
Wirtschaftsprüfer	Wirtschaftsprüferin“
[German Public Auditor]	[German Public Auditor]

Assurance practitioner's report on non-financial Group statement

"Assurance report of the independent German Public Auditor on a limited assurance engagement in relation to the consolidated non-financial statement included in the group management report

To the freenet AG, Büdelsdorf

Assurance Conclusion

We have conducted a limited assurance engagement on the consolidated non-financial statement of freenet AG, Büdelsdorf, for the financial year from January 1 to December 31, 2024, included in section "Non-financial Group statement" of the group management report, prepared to fulfil the requirements of Sections 315b and 315c of the HGB [Handelsgesetzbuch: German Commercial Code] including the information contained in this consolidated non-financial statement to fulfill the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the "consolidated non-financial reporting").

Not subject to our assurance engagement were the external sources of documentation or expert opinions mentioned in Table 27 "Supplementary information, external sources of documentation and expert opinions" of the consolidated non-financial reporting which are marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying consolidated non-financial reporting for the financial year from January 1 to December 31, 2024 is not prepared, in all material respects, in accordance with Sections 315b and 315c HGB, the requirements of Article 8 of Regulation (EU) 2020/852 and the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the external sources of documentation or expert opinions mentioned in Table 27 "Supplementary information, external sources of documentation and expert opinions" of the consolidated non-financial reporting which are marked as unassured.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the consolidated non-financial reporting".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Emphasis of Matter – Principles for the preparation of the consolidated non-financial reporting

Without modifying our audit opinion, we refer to the disclosures in the consolidated non-financial reporting, which describe the principles for the preparation of the consolidated non-financial reporting. Accordingly, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent specified in Section "Consolidation and framework" of the consolidated non-financial reporting.

Responsibilities of the Executive Directors and the Supervisory Board for the consolidated non-financial reporting

The executive directors are responsible for the preparation of the consolidated non-financial reporting in accordance with the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a consolidated non-financial reporting in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the consolidated non-financial reporting) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the consolidated non-financial reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the consolidated non-financial reporting.

Inherent Limitations in Preparing the consolidated non-financial reporting

The applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in section "Gross GHG emissions in the Scope 1, 2 and 3 categories and total GHG emissions" of the consolidated non-financial reporting, including downstream leased assets in operating leases and the non-consideration of Scope 3 greenhouse gas emissions from investments in the determination of the Scope 3.15 category. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain. As further set forth in section "Disclosures in connection with specific circumstances" of the consolidated non-financial reporting, the quantification of the non-financial performance indicators for greenhouse gas emissions in the Scope 3.7 and Scope 3.11 categories are also subject to inherent uncertainties due to a high degree of measurement uncertainty.

These inherent limitations also affect the assurance engagement on the consolidated non-financial reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the consolidated non-financial reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the consolidated non-financial reporting has not been prepared, in all material respects, in accordance with the applicable German legal and other European requirements and the supplementary criteria presented by the company's executive directors, and to issue an assurance report that includes our assurance conclusion on the consolidated non-financial reporting.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the consolidated non-financial reporting, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the consolidated non-financial reporting.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we a.o.:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the consolidated non-financial reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the consolidated non-financial reportingabout the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the consolidated non-financial reporting, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the consolidated non-financial reporting.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the consolidated non-financial reporting.
- considered the presentation of the information in the consolidated non-financial reporting.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated non-financial reporting.

Restriction of Use/Clause on General Engagement Terms

This assurance report is solely addressed to freenet AG, Büdelsdorf.

The engagement, in the performance of which we have provided the services described above on behalf of freenet AG, Büdelsdorf, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 (www. kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations to EUR 4 million specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Hamburg, March 4, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schmidt	Strzalkowski
Wirtschaftsprüfer	Wirtschaftsprüfer“
[German Public Auditor]	[German Public Auditor]

Further information

Glossary

Adjusted EBITDA
EBITDA (“cf. EBITDA”) adjusted for one-off effects. One-off effects can be both expenses and income resulting from material one-off and/or regulatory effects (e.g. restructuring expenses). If there are no one-off effects in the reporting period, EBITDA corresponds to adjusted EBITDA.

Adjusted net financial liabilities
Net financial liabilities (see “Net financial liabilites”) less equity investments (see “Equity investments”).

Adjusted leverage ratio
Ratio of adjusted net financial liabilities (see “adjusted net financial liabilities”) to the EBITDA generated in the last twelve months (see “EBITDA”).

ARPU
Abbreviation for Average Revenue per User, i.e. the monthly average revenues (before VAT) per customer, i.e. the customer group-specific usage fee (e.g. postpaid service revenues) divided by the respective average customer base on the reporting date.

Broadcast
German: Rundfunk. Broadcasting refers to the real-time reception by an indefinite number of receivers of certain organised offerings in videos and/or sound according to a transmission schedule by means of telecommunications. Broadcasting includes, in particular, radio and television.

Bundle
German: bundle or package. In the context of mobile phone contracts, the term bundle is used when the contract is concluded together with (subsidised) hardware or another service component.

CAGR
Abbreviation for Compound Annual Growth Rate. The key figures represent the average annual growth rate of a variable under consideration (e.g. EBITDA).

CDP
Abbreviation for Carbon Disclosure Project. Initiative of institutional investors that aims to promote dialogue between investors and companies on Climate change issues. Companies provide information on their greenhouse gases emissions and climate protection strategies. The data is compiled and published annually.

CGU
Abbreviation for Cash Generating Unit. According to International Financial Reporting Standards (IFRS), a cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Churn rate
German: churn rate. The churn rate defines the number of customers recorded over a certain period of time who are no longer in a contractual relationship with freenet. This number is shown in relation to the corresponding customer base.

CLTV
Abbreviation for Customer Lifetime Value; key figures describe the value contribution of a customer relationship. The CLTV is made up of the historical customer value and the future, potential customer value. The value of a customer or customer group can be measured on the basis of quantitative and qualitative value components. Not only direct monetary factors (such as revenues), but also non-monetary factors (e.g. recommendations or loyalty) must be taken into account.

CO_2 equivalent
Greenhouse gases have different Global warming potentials (GWP). The climate impact of carbon dioxide (GWP of CO_2= 1) serves as a benchmark, i.e. the global warming potentials of other substances are measured relative to CO_2. The GWP value/CO_2 equivalent indicates the global warming potential of a substance and thus its contribution to warming the air layer near the ground.

Compliance
German: adherence. In the context of companies, this term stands for compliance with legal regulations, official requirements and internal company policies and should be seen as an essential component of management and Corporate culture.

Digital lifestyle
English term for the simplification of everyday life through technical aids based on the internet and/or smartphones.

EBIT
Earnings before interest and taxes (EBIT).

EBITDA
EBIT (see “EBIT”) plus depreciation, amortisation and impairment.

EBT
Earnings before income taxes.

Equity investments
Stock market value of Ceconomy AG on the reporting date. The stock market value is calculated by multiplying the closing price (Xetra) by the shares held by freenet AG in the company on the respective reporting date.

Equity ratio
Ratio of equity to total assets.

Fair Value
German: fair value. Fair value is a value concept for the assessment of assets or liabilities and is defined in accordance with IFRS as the price that would be paid in an orderly transaction between market participants on the measurement date on the sale of an asset or would be payable on the transfer of a liability.

Free cash flow
Cash flow from operating activities (excluding payments for transaction costs from the sale/acquisition of companies) less CapEx (see “Net investments (CapEx)”) and cash outflows for the repayment of lease liabilities.

Goodwill
German: Goodwill. If a company pays a purchase price for another company that is higher than the value of the tangible assets (property, land, machinery, inventories, etc.) of the company, this difference is offset on the assets side of the paying company’s balance sheet by introducing the intangible asset item goodwill.

Gross profit
Balance of revenues and cost of materials.

Gross profit margin
Ratio of gross profit to revenues.

IFRIC
Abbreviation for International Financial Reporting Interpretations Committee. The IFRIC is a group within the International Accounting Standards Committee Foundation. The IFRIC’s task is to publish interpretations of IFRS and IAS in cases where it becomes apparent that the standard can be interpreted differently or incorrectly or that new issues have not been sufficiently recognised in the previous standards.

IPTV
Abbreviation for Internet Protocol Television, transmission of television programmes and films using the internet protocol. In contrast to this are the broadcasting channels cable television, DVB-T2 or satellite.

Leverage
Ratio of net financial liabilites (see "Net financial liabilites") to the EBITDA generated in the last twelve months (see "EBITDA").

LTIP
Abbreviation for Long Term Incentive Programme. Remuneration component with long-term incentive effects for the Executive Board.

Mobile Communications Service Provider
Provider of mobile telephony services without its own mobile network, but which sells mobile telephony tariffs in its own name and for its own account.

Net financial liabilites
Non-current and current financial liabilities from the balance sheet, less liquid assets and plus net lease liabilities (see "Net lease liabilities").

Net interest income
Balance of "interest and similar expenses" and "interest and similar income".

Net investments (CapEx)
Investments in property, plant and equipment and intangible assets, less cash inflows from the disposal of property, plant and equipment and intangible assets.

Net lease liabilities
Non-current and current lease liabilities from the balance sheet less non-current and current Lease receivables.

No-Frills
No-frills tariffs are deliberately simple in structure and do not usually include subsidised devices. They are traditionally sold via direct sales (e.g. online) and not via specialised branches.

Other expenses/income
Includes other operating income, other own work capitalised, personnel expenses and other operating expenses.

OTT
Abbreviation for over-the-top content. Transmission of video and audio content via internet access. This can involve free and paid services

Postpaid
English term for mobile communications services billed at the end of the month (usually 24-month contracts).

Prepaid
English term for mobile communications services billed in advance.

Roaming
Refers to the ability of a mobile phone customer to receive or make calls, send and receive data or access other mobile phone network services in a network other than their home network. Roaming can extend across similar networks of different network operators (national roaming) or across national borders (international roaming).

RGU
Abbreviation for Revenue Generating Unit; at freenet, refers to paying freenet TV subscribers.

SIM
Abbreviation for Subscriber Identity Module. Chip card with processor and memory for mobile devices on which, the subscriber number assigned by the network operator is stored and which identifies the subscriber in the Mobile network.

TV customer base (B2C customers)
Customers of the freenet Group in the TV and Media segment who are freenet TV subscribers (RGU) (cf. "RGU") or waipu.tv subscribers (cf. "waipu.tv subscribers").

Unicast
In telecommunications, unicast is the addressing of a message to a single receiving device. The term unicast is particularly analogous to the term broadcast, which refers to real-time reception by an indefinite number of receiving devices.

VoD
Abbreviation for video-on-demand, the option of downloading digital videos on demand from an online service or watching them directly via streaming.

WACC
Abbreviation for weighted average cost of capital.

waipu.tv subscribers
Customers who have taken out one of waipu.tv's fee-based tariffs.

Financial calendar

Date	Event
5 March 2025	Conference call – 2024 financial year The results for the 2024 financial year were published on 4 March 2025 after close of trading (Xetra).
27 March 2025	Consolidated financial statements as of 31 December 2024
13 May 2025	Annual General Meeting Hamburg | Germany
22 May 2025	Conference Call – Q1 2025 Financial results The 2025 Quarterly Statement is expected to be published on 21 May 2025 after close of trading (Xetra).
7 August 2025	Conference Call – Q2 2025 Financial results The 2025 half-year report is expected to be published on 6 August 2025 after close of trading (Xetra).
6 November 2025	Conference Call – Q3 2025 Financial results The 2025 nine-month statement is expected to be published on 5 November 2025 after close of trading (Xetra).

All dates are subject to possible changes. The current status of the financial calendar (including conference call dates) can be found at fn.de/calendar.

Further information on freenet and the share is available at fn.de/investors.

The Annual report is also available in German. In case of doubt, the German version shall prevail.

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For more information on the 2024 financial year including statements from our Executive Board members, go to fn.de/24fy