# Consolidated financial statements

# Consolidated income statement

## 1 January to 31 December

| In EUR million/as indicated | Note | 2023 | 2022 |
|---|---|---|---|
| **Revenues** | 4 | **2,627.3** | **2,556.7** |
| Other operating income | 5 | 46.2 | 49.5 |
| Other own work capitalized | 6 | 24.5 | 25.0 |
| Cost of materials | 7 | – 1,676.2 | – 1,670.0 |
| Personnel expenses | 8 | – 239.1 | – 229.6 |
| Other operating expenses | 10 | – 282.5 | – 252.9 |
| thereof loss allowances on financial assets and contract assets | | – 12.8 | – 21.1 |
| thereof without loss allowances on financial assets and contract assets | | – 269.7 | – 231.8 |
| **EBITDA [1]** | | **500.2** | **478.7** |
| Depreciation, amortisation and impairment | 9 | – 254.1 | – 349.3 |
| **EBIT [2]** | | **246.1** | **129.4** |
| Result of equity-accounted investments | 17 | – 2.6 | – 2.0 |
| Interest and similar income | 11 | 6.4 | 6.4 |
| Interest and similar expenses | 12 | – 30.7 | – 23.7 |
| Other financial result | 12 | 0.5 | 3.8 |
| **Financial result** | | **– 26.4** | **– 15.4** |
| **EBT** | | **219.7** | **114.0** |
| Income taxes | 13 | – 63.4 | – 32.1 |
| **Consolidated profit** | | **156.3** | **81.8** |
| Consolidated profit attributable to shareholders of freenet AG | 24 | 154.6 | 79.3 |
| Consolidated profit attributable to non-controlling interests | 24 | 1.7 | 2.6 |
| **Earnings per share (EPS) basic and diluted (in EUR)** | 14.1, 14.2 | **1.30** | **0.67** |
| Weighted average number of shares outstanding in units, basic and diluted (in millions) | 24.1 | 118.9 | 118.9 |

[1] EBITDA is defined as earnings before interest and taxes (EBIT) plus depreciation and impairments.
[2] EBIT is defined as earnings before interest and taxes (EBIT).

# Consolidated statement of comprehensive income

## 1 January to 31 December

| In EUR million | Note | 2023 | 2022 |
|---|---|---|---|
| **Consolidated profit** | | **156.3** | **81.8** |
| 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 | | 17.1 | – 74.4 |
| Recognition of actuarial gains and losses from the accounting of pension plans in accordance with IAS 19 (2011) | 29 | – 8.4 | 33.2 |
| Income taxes recognised in other comprehensive income | | 2.3 | – 8.9 |
| **Other comprehensive income/not to be reclassified to the income statement in future periods** | | **11.0** | **– 50.1** |
| **Other comprehensive income** | | **11.0** | **– 50.1** |
| **Consolidated total comprehensive income** | | **167.3** | **31.7** |
| Consolidated total comprehensive income attributable to shareholders of freenet AG | | 165.6 | 29.2 |
| Consolidated comprehensive income attributable to non-controlling interests | | 1.7 | 2.6 |

# Consolidated balance sheet

## 31 December

**Assets**

| In EUR million | Note | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 15, 16, 37 | 190.8 | 316.0 |
| Lease assets | 2.5 | 293.6 | 350.5 |
| Goodwill | 15, 16 | 1,379.8 | 1,382.4 |
| Property, plant and equipment | 15, 16, 37 | 129.4 | 134.2 |
| Equity-accounted investments | 17 | 0.3 | 0.1 |
| Deferred income tax assets | 18 | 108.2 | 132.2 |
| Trade accounts receivable | 21 | 44.8 | 45.7 |
| Other receivables and other assets | 21 | 90.7 | 99.1 |
| Other financial assets | 21 | 126.7 | 118.1 |
| Contract acquistion costs | 19 | 282.9 | 274.8 |
| | | **2,647.1** | **2,853.1** |
| | | | |
| **Current assets** | | | |
| Inventories | 20 | 63.8 | 91.1 |
| Current income tax assets | 23 | 0.2 | 0.4 |
| Trade accounts receivable | 21 | 312.7 | 296.3 |
| Other receivables and other assets | 21 | 160.5 | 158.6 |
| Other financial assets | 21 | 70.7 | 51.2 |
| Liquid assets | 22 | 159.8 | 178.0 |
| | | **767.8** | **775.6** |
| | | | |
| **Total assets** | | **3,414.9** | **3,628.7** |

**Equity and liabilities**

| In EUR million | Note | 31.12.2023 | 31.12.2022 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 24.1 | 118.9 | 118.9 |
| Capital reserve | 24.2 | 567.5 | 567.5 |
| Accumulated other comprehensive income | 24.3 | – 161.5 | – 172.5 |
| Consolidated balance sheet result | 24.4 | 915.8 | 960.9 |
| **Equity attributable to shareholders of freenet AG** | | **1,440.6** | **1,474.7** |
| Equity attributable to non-controlling interests | 24.5 | – 3.8 | – 5.5 |
| | | **1,436.9** | **1,469.2** |
| | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 2.5, 28 | 269.0 | 336.5 |
| Other liabilities and accruals | 26 | 118.1 | 119.8 |
| Other financial liabilities | 26 | 56.8 | 86.7 |
| Financial liabilities | 28 | 250.1 | 393.4 |
| Pension provisions | 29 | 68.2 | 61.8 |
| Other provisions | 30 | 56.2 | 54.7 |
| | | **818.4** | **1,052.9** |
| | | | |
| **Current liabilities** | | | |
| Lease liabilities | 2.5, 28 | 78.3 | 82.0 |
| Trade accounts payable | 26 | 337.7 | 331.2 |
| Other liabilities and accruals | 26 | 443.8 | 457.8 |
| Other financial liabilities | 26 | 38.3 | 46.2 |
| Current income tax liabilities | 27 | 54.2 | 46.8 |
| Financial liabilities | 28 | 180.7 | 116.1 |
| Other provisions | 30 | 26.6 | 26.5 |
| | | **1,159.6** | **1,106.6** |
| | | | |
| **Total equity and liabilities** | | **3,414.9** | **3,628.7** |

# Consolidated statement of changes in equity

## 1 January to 31 December 2023

| In EUR million | Share capital | Capital reserve | Treasury shares | Accumulated other comprehensive income: Currency conversion differences | Change in fair value of investments in equity instruments | Revaluation reserve in accordance with IAS 19 |
|---|---|---|---|---|---|---|
| **As of 1.1.2023** | **118.9** | **567.5** | **0.0** | **0.8** | **– 166.9** | **– 6.4** |
| Dividend payment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Consolidated profit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in fair value of investments in equity instruments[1] | 0 | 0 | 0 | 0 | 16.9 | 0 |
| Recognition of actuarial losses/gains in accordance with IAS 19 (2011)[1] | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | – 5.8 |
| Foreign currency conversion[1] | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Subtotal: Consolidated total comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | 16.9 | – 5.8 |
| **As of 31.12.2023** | **118.9** | **567.5** | **0.0** | **0.8** | **– 150.0** | **– 12.3** |

[1] The amounts are netted with the income taxes recognised in other comprehensive income.

| | Consolidated balance sheet result | Equity attributable to shareholders of freenet AG | Equity attributable to non-controlling interests | Equity |
|---|---|---|---|---|
| | **960.9** | **1,474.7** | **– 5.5** | **1,469.2** |
| | – 199.7 | – 199.7 | 0.0 | – 199.7 |
| | 154.6 | 154.6 | 1.7 | 156.3 |
| | 0.0 | 16.9 | 0.0 | 16.9 |
| | 0.0 | – 5.8 | 0.0 | – 5.8 |
| | 0.0 | 0.0 | 0.0 | 0.0 |
| | 154.6 | 165.6 | 1.7 | 167.3 |
| | **915.8** | **1,440.6** | **– 3.8** | **1,436.9** |

# Consolidated statement of changes in equity

## 1 January to 31 December 2022

| In EUR million | Share capital | Capital reserve | Treasury shares | Accumulated other comprehensive income: Currency conversion differences | Accumulated other comprehensive income: Change in fair value of investments in equity instruments | Accumulated other comprehensive income: Revaluation reserve in accordance with IAS 19 |
|---|---|---|---|---|---|---|
| **As of 1 January 2022** | **128.1** | **737.5** | **– 164.6** | **0.8** | **– 93.7** | **– 29.5** |
| Dividend payment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisition of further interests in subsidiaries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjustment of obligations from earn-outs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisition of treasury shares | 0.0 | 0.0 | – 14.7 | 0.0 | 0.0 | 0.0 |
| Cancellation of treasury shares | – 9.2 | – 170.1 | 179.2 | 0.0 | 0.0 | 0.0 |
| Consolidated profit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in fair value of investments in equity instruments[1] | 0 | 0 | 0 | 0.0 | – 73.2 | 0.0 |
| Recognition of actuarial losses/gains in accordance with IAS 19 (2011)[1] | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 23.1 |
| Foreign currency conversion[1] | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Subtotal: Consolidated total comprehensive income | 0.0 | 0.0 | 0.0 | 0.0 | – 73.2 | 23.1 |
| **As of 31.12.2022** | **118.9** | **567.5** | **0.0** | **0.8** | **– 166.9** | **– 6.4** |

[1] The amounts are netted with the income taxes recognised in other comprehensive income.

For further explanations, see the notes to the consolidated financial statements, note 24.

| | Consolidated balance sheet result | Equity attributable to shareholders of freenet AG | Equity attributable to non-controlling interests | Equity |
|---|---|---|---|---|
| | **1,064.5** | **1,643.1** | **– 4.2** | **1,638.9** |
| | – 186.6 | – 186.6 | 0.0 | – 186.6 |
| | 3.9 | 3.9 | – 3.9 | 0.0 |
| | – 0.2 | – 0.2 | 0.0 | – 0.2 |
| | 0.0 | – 14.7 | 0.0 | – 14.7 |
| | 0.0 | 0.0 | 0.0 | 0.0 |
| | 79.3 | 79.3 | 2.6 | 81.8 |
| | 0.0 | – 73.2 | 0.0 | – 73.2 |
| | 0.0 | 23.1 | 0.0 | 23.1 |
| | 0.0 | 0.0 | 0.0 | 0.0 |
| | 79.3 | 29.2 | 2.6 | 31.7 |
| | **960.9** | **1,474.7** | **– 5.5** | **1,469.2** |

# Consolidated statement of cash flows

## 1 January to 31 December

| In EUR million | Note | 2023 | 2022 |
|---|---|---|---|
| **Earnings before interest and taxes (EBIT)** | | **246.1** | **129.4** |
| **Adjustments:** | | | |
| Depreciation, amortisation and impairments of non-current assets | 9 | 254.1 | 349.3 |
| Dividends received from equity investments | | 0.0 | 5.5 |
| Losses from the disposal of non-current assets | | 0.5 | 0.4 |
| Increase in networking capital not attributable to investing or financing activities | 20, 21, 26, 29, 30 | – 57.4 | – 31.2 |
| Cash inflows from the redemption of financial assets from leases | | 13.6 | 14.1 |
| Capitalization of contract acquisition costs | 19 | – 300.5 | – 299.9 |
| Amortization of contract acquisition costs | 19 | 292.4 | 276.2 |
| Taxes paid | 13, 18 | – 30.2 | – 29.1 |
| Income from interest and other financial result | 11, 12 | 4.6 | 0.8 |
| Interest paid | 11, 12 | – 25.3 | – 19.8 |
| **Cash flow from operating activities** | 32.1 | **398.0** | **395.7** |
| Cash outflows for investments in property and intangible assets | | – 55.6 | – 62.9 |
| Cash inflows from the disposal of property and intangible assets | | 2.9 | 2.9 |
| Cash outflows for the acquisition of subsidiaries | | 0.0 | – 10.0 |
| Cash inflows from the sale of equity-accounted companies | | 0.5 | 0.4 |
| Cash outflows into equity of equity-accounted investments | | – 2.8 | – 2.0 |
| Cash outflows to acquire other equity investments | | – 0.3 | – 0.2 |
| **Cash flow from investing activities** | 32.2 | **– 55.3** | **– 71.9** |
| Cash outflows to company owners and minority shareholders | | – 199.7 | – 186.6 |
| Cash outflows for the acquisition of treasury shares | | 0.0 | – 14.7 |
| Cash outflows for the acquisition of minority interests | | 0.0 | – 3.9 |
| Cash inflows from the assumption of financial liabilities | 28 | 35.0 | 0.0 |
| Cash outflows for the repayment of financial liabilities | 28 | – 113.5 | – 140.5 |
| Cash outflows for the repayment of lease liabilities | 28 | – 82.7 | – 86.4 |
| **Cash flow from financing activities** | 32.3 | **– 360.9** | **– 432.1** |
| **Net change in cash funds** | | **– 18.2** | **– 108.3** |
| Cash funds at the beginning of the period | | 178.0 | 286.3 |
| Cash funds at the end of the period | | 159.8 | 178.0 |

## Composition of cash funds

| In EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Liquid assets | 159.8 | 178.0 |
| **Cash funds** | **159.8** | **178.0** |

## Composition of free cash flow

| In EUR million | 2023 | 2022 |
|---|---|---|
| Cash flow from operating activities | 398.0 | 395.7 |
| Cash outflows for investments in property and intangible assets | – 55.6 | – 62.9 |
| Cash inflows from the disposal of property and intangible assets | 2.9 | 2.9 |
| Cash outflows for the repayment of lease liabilities | – 82.7 | – 86.4 |
| **Free cash flow** [1] | **262.6** | **249.2** |

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

# Notes to the consolidated financial statements

# Notes to the consolidated financial statements

**for 2023 financial year**

## 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 2023 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 2023. In addition, the provisions of commercial law to be applied 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 fair value measurement 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 2023 and their effects on the Group:

| Standard/Interpretation | | Effective date | Adopted by the EU Commission | Effects |
|---|---|---|---|---|
| IFRS 17 | Insurance contracts | 01.01.2023 | 19.11.2021 | No effects |
| IAS 12 | Amendments to IAS 12 – Deferred taxes relating to assets and liabilities arising from a single transaction | 01.01.2023 | 11.08.2022 | No material effects |
| IFRS 17 | Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information | 01.01.2023 | 08.09.2022 | No effects |
| IAS 1 | Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies | 01.01.2023 | 02.03.2022 | No material effects |
| IAS 8 | Amendments to IAS 8 – Definition of accounting estimates | 01.01.2023 | 02.03.2022 | No material effects |
| IAS 12 | Amendments to IAS 12 – International Tax Reform – Pillar 2 Model Provisions | 01.01.2023 | 08.11.2023 | No material effects |

The following table shows the new or amended standards (IAS/IFRS) and interpretations (IFRIC) that are not yet mandatory in the 2023 financial year and their effects 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 | 01.01.2024 | 19.12.2023 | No material effects |
| IAS 1 | Amendments to IFRS 1 – Classification of Liabilities as Current and Non-current | 01.01.2024 | 20.11.2023 | No material 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 36. Pursuant to 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 those 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 Holding GmbH (formerly: Stanniol GmbH für IT & PR), 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 2023.

The basis of consolidation was not expanded in the 2023 financial year.

## 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 its 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 effects of potential voting rights, rights from other contractual agreements and, if applicable, other facts and circumstances that indicate the possibility of control are 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 due to other shareholders 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 given, 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 interests. For each company acquisition, the Group decides on an individual basis whether the non-controlling interests in the acquired company are recognised at fair value or on the basis of the proportionate share of the net assets of the acquired company.

Acquisition-related costs are recognised as expenses 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 liabilities relating to the option obligation are recognised at the expense of the equity attributable to the shareholders of freenet AG. The initial measurement of the financial liability is carried out at the present value of the estimated repurchase amount at the expected exercise date and the subsequent measurement 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 investors in 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 net fair value of the acquiree over the cost of acquisition is recognised immediately in profit or loss.

Equity investments in associated companies and joint ventures are included in the consolidated financial statements using the equity method so that the measurements of the equity 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 associated company. 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 equity investments 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 associated companies or joint ventures.

If the Group loses control of an entity, the remaining interest is remeasured at fair value and the resulting difference 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.

## 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 previous year.

### 2.1. Recognition of revenue and expenses

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 granted. 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 with a large number of end customers, while the remaining revenues are generated with business customers.

In addition, we draw attention to the following with regard to revenue recognition (for a breakdown by business segment, see Note 3, Segment reporting):

Revenues in the mobile communications segment are generated from the provision of mobile communications 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. Revenue from the sale of mobile devices and accessories is recognised when the goods are delivered to the customer or distributor. Revenues are also recognised from the planning, construction, installation and maintenance of WiFi networks at schools.

The methodology for recognising revenue in accordance with IFRS 15 is based on a multi-step process. Firstly, the customer contract and the performance obligations contained therein must be identified. The agreed consideration (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). With the new regulations on revenue recognition, revenue recognition in many cases – particularly in the case of multi-component contracts with several different contractual services – no longer corresponds to the amount invoiced to the customer, meaning that changes may arise with regard to the amount and timing of revenue recognition as well as revenue adjustments due to contract modifications.

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 with the new customers acquired, the services received are deferred at their most probable value upon customer acquisition 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 when the service is provided to the customer. In the TV and media segment, time-based revenues from the delivery of hardware to end customers are also realised, although not to a significant extent at present.

## 2.2. Intangible assets

Goodwill is tested for impairment at least once a year and whenever there are indications of impairment and is measured 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, plant and equipment, and goodwill, and Note 16, Impairment testing of non-monetary assets in accordance with IAS 36. As part of the realignment of the brand strategy, the Executive Board of freenet AG decided in January 2022 to successively replace the “mobilcom-debitel” brand, which has been used since 2009, with the “freenet” brand. The “mobilcom-debitel” brand was recognised in the balance sheet with an indefinite useful life until 31 December 2021. As a result of the Executive Board resolution, 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.

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 at the balance sheet date of 31 December 2023, the remaining useful life of these trademarks is 86 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 category “Internally generated software”. 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 120 to 262 months. As at the balance sheet date of 31 December 2023, the remaining useful life of the recognised customer relationships is between 60 and 180 months.

Distribution rights are amortised on a straight-line basis over the expected term of the underlying contracts of 36 months. As at the balance sheet date of 31 December 2023, the remaining useful life of the recognised distribution rights is 21 months.

## 2.3. Property, plant and equipment

Property, plant and equipment is generally measured at the cost of purchased / manufactured goods, less scheduled straight-line depreciation and any impairments. The useful lives taken as a basis correspond to the expected useful life of the assets in the company. Residual values have been disregarded in the calculation of depreciation due to immateriality.

Residual carrying amounts and useful lives are reviewed at each balance sheet date and adjusted if necessary.

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 amount 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 assets are leased or purchased. Agreements that transfer the right to use assets for a certain fixed period in return for a payment or series of payments qualify as leases.

For leases for the rental of locations, 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. Fixed lease payments, variable index-based payments, reasonably certain renewal options, exercise prices of purchase options and payments from early termination of leases less lease incentives received are taken into account when determining the present value. The lease payments determined are calculated at the commencement date of the lease (commencement date) using the corresponding term-specific incremental borrowing rate. The lease liabilities are amortised 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 cost 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 lease is changed as a result, the right-of-use asset and the lease liability are adjusted in the same amount at the time of the change and an interest rate is recalculated at the time the term is adjusted. Lease modifications resulting from a change in an index-based instalment 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 lease assets:

| In EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Right-of-use assets, site leases | 151.9 | 175.9 |
| Right-of-use assets, shops/stores[1] | 83.7 | 101.2 |
| Right-of-use assets, co-location leases | 44.2 | 54.2 |
| Right-of-use assets, network infrastructure | 11.4 | 15.5 |
| Right-of-use assets, motor vehicles | 1.5 | 1.7 |
| Right-of-use assets, other | 0.9 | 2.0 |
| **Total** | **293.6** | **350.5** |

[1] As at 31 December 2023, this includes operating leases from the subleasing of shop space to franchise partners in the amount of EUR 32.1 million (31 December 2022: EUR 30.1 million).

A reconciliation of the right-of-use assets from 31 December 2022 to 31 December 2023 is only possible taking into account the disposals from 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 33.7 million in the 2023 financial year (31 December 2022: EUR 37.4 million). In the reporting year, amortisation of right-of-use assets is broken down as follows

| In EUR million | 2023 | 2022 |
|---|---|---|
| Site leases | 31.5 | 33.0 |
| Shops/stores | 20.0 | 20.5 |
| Co-location leases | 10.5 | 11.1 |
| Network infrastructure | 3.2 | 3.5 |
| Motor vehicles | 0.9 | 0.9 |
| Other | 1.7 | 3.2 |
| **Total** | **67.8** | **72.2** |

Other operating expenses include expenses for short-term leases (31 December 2023: EUR 0.7 million, 31 December 2022: EUR 1.0 million) and expenses for leases for low-value assets (31 December 2023: EUR 0.1 million, 31 December 2022: EUR 0.2 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 11.2 million in the reporting year (31 December 2022: EUR 8.8 million). We provide the following breakdown of the maturities of the lease liabilities as of 31 December 2023 and 31 December 2022:

| In EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| 1 year or less | 78.3 | 82.0 |
| More than 1 year up to and including 5 years | 231.6 | 261.7 |
| More than 5 years | 37.3 | 74.9 |
| **Total** | **347.2** | **418.6** |

In the 2023 financial year, total cash outflows from leases amounted to EUR 94.7 million (31 December 2022: EUR 96.4 million).

In the event of the exercise of extension options that are not currently recognised (due to an exercise that is not considered probable), cash outflows of EUR 431.9 million (previous year: EUR 431.9 million) would result in addition to the lease liabilities currently recognised. This 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 a lessor, the freenet Group is active in the subleasing of TV and media locations, 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 2023: EUR 37.4 million, 31 December 2022: EUR 44.8 million) in the lease is recognised in other financial assets. The receivables contained therein mainly relate to the subletting of locations in the TV and media segment. The corresponding interest income is recognised in the financial result and amounted to EUR 1.0 million in the 2023 financial year (previous year: EUR 1.1 million). Income from variable lease payments, which are not recognised in the measurement of the net investment, is immaterial.

The future (undiscounted) cash inflows from finance leases are due as follows on 31 December 2023 and 31 December 2022:

| 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** |

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

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 franchise partners. Lease income from operating leases totalling EUR 6.2 million (previous year: EUR 6.5 million) will be recognised in other operating income in the 2023 financial year.

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

| 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** |

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

## 2.6. Interests in associates and joint ventures

The carrying amount of the investment in associated companies and joint ventures is recognised in the separate financial statements or consolidated financial statements in accordance with IFRS of the associated company or joint venture concerned, which were 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 categorised as follows for measurement purposes:

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

The classification of a financial asset and a financial liability 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 classification of financial assets and financial liabilities is determined by management upon initial recognition.

### 2.7.2 Financial assets measured at amortised cost

The Group assigns 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 measures 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, collateral and other contractual assets, which are recognised under 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. Please refer to the comments on factoring in Note 33.6.

Other equity instruments

The company measures 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 at the balance sheet date, other equity 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 assigns 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 and for which the freenet Group irrevocably decided to recognise them in this category upon initial recognition. This category includes equity 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. A financial liability is recognised when freenet becomes a party to the contract. The financial liabilities existing on the balance sheet date are recognised in trade payable accounts, 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 purchase or sell the asset. Financial assets that are classified as debt instruments are recognised at fair value on additions. Transaction costs increase or decrease the initial value if the financial assets are not measured 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 financial assets are measured at fair value, income and expenses 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 as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial assets lead to cash flows at fixed points in time that exclusively represent repayments and interest payments on the outstanding nominal value.

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 the business model whose objective is both to collect contractual cash flows and to sell financial assets, and
- the contractual terms of the financial assets result in cash flows at fixed points in time that represent exclusively repayments of principal and interest on the outstanding nominal value.

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

Financial liabilities measured at amortised cost are initially recognised at the fair value of the consideration received less the transaction costs associated with the borrowing. In the subsequent period, the financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process. Non-current financial liabilities are recognised at amortised cost. Differences between historical cost and the repayment amount are recognised in accordance with the effective interest method. Current financial liabilities are recognised at their repayment or settlement amount. Loan liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability to a date at least twelve months after the balance sheet date. The measurement of financial instruments is based on future cash flows. Derivative financial instruments can therefore also be recognised as financial liabilities.

### 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. Accordingly, the credit losses expected over the term of all trade accounts receivable, lease receivables and contract assets are used upon initial recognition. Impairments of financial assets are based on assumptions regarding the default risk and 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.

No defaults have occurred on lease receivables in the past. The expected loss rates do not take historical default rates into account, 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.

The carrying amounts of receivables are reduced through the use of an allowance account. As soon as a reasonable estimate indicates that the receivable is no longer realisable, it is derecognised against the allowance account. Subsequent payments received on amounts previously derecognised are recognised in profit or loss against the impairments of 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, lease receivables and contract assets, for which the simplified impairment model is applied in each case. The expected credit loss approach uses a three-stage procedure to allocate loss allowances. In principle, all instruments are categorised in stage 1 upon additions. For these, 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 the risk provision into account. Significant indications of impairments include the following

- Significant deterioration in the expected performance and behaviour of the debtor
- Significant deterioration in the credit quality of other instruments of the same debtor
- Actual or expected deterioration in the economic, financial, regulatory or technological circumstances relevant to the debtor'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 amortisation payments
- An increased probability that the debtor will go into insolvency or other reorganisation proceedings

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. Spreading cash and cash equivalents across various major banks significantly reduces the default risk.

In the case of equity instruments, no impairment is recognised for expected credit losses. A significant or prolonged decline in fair value below cost is considered objective evidence of impairment. If no market prices are available, other valuation methods, such as the discounted cash flow method, are used to determine the need for impairment.

#### 2.7.8 Derecognition of financial assets

The freenet Group derecognises a financial asset when the contractual rights to cash flows from a financial asset expire or when it transfers the financial asset and substantially all the risks and rewards incidental to ownership of the asset to a third party. For details, please refer to the explanations in Note 33.6.

#### 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 a repayment 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 extinguish the associated liability at the same time as the asset is used.

### 2.8. Inventories

Inventories are measured 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 measured 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 translated into the functional currency at the exchange rate 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 2023 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 disposal of the subsidiary and reported cumulatively in equity.

## 2.10. Equity

Ordinary shares, capital reserves, reserves for changes in value, treasury shares, 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 buy-back programme, such as number, total amount and duration. The acquisition of treasury shares is valued at acquisition cost plus fees for each individual transaction.

## 2.11. Pension provisions

Pension provisions are recognised and measured 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 vested benefits 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 event of an overfunding of plans, the remeasurement component also includes the difference between the interest on the effects of the asset ceiling and the total change in net assets from the effects 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 maturity 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. Measurement is based on the best possible estimate of the short-term obligation as of the balance sheet date, taking into account discounting for long-term obligations.

If a number of similar obligations exist, the probability of a charge on assets is determined on the basis of the group of these obligations. A provision is also recognised as a liability if the probability of a charge on assets in relation to individual obligations contained in this group is low.

In accordance with IAS 16, the expected costs of asset retirement obligations for transmitters and leasehold improvements are included in the cost of these assets. Therefore, to the extent that an outflow of assets is probable, a provision is recognised for these obligations in the amount of the present value at the time they arise in accordance with IAS 37. Changes in the measurement of existing provisions, 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 negative-margin tariffs and vacancy costs.

There are partial retirement obligations within the meaning of the German Partial Retirement Act (AltTZG) of 23 July 1996 according to the block model. The partial retirement phase begins at the earliest after reaching the age of 55. During the partial retirement phase, the monthly part-time net salary is usually topped up to 85% (or 83% for contracts concluded after 1 October 2012) of the notional monthly full-time salary less statutory deductions. 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 receivables and other assets.

Provisions for obligations from long-term work accounts are measured 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 asset surplus is recognised under 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 2023 financial year.

In the LTIP programmes, an LTIP account is maintained for each beneficiary, to which a credit or debit in the form of virtual shares is made 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 payments depends, among other things, on the relevant share price at the time of payment. The provisions are measured 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 in 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 measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets on deductible temporary differences are recognised in the amount for which deferred tax liabilities exist. If the amount of deferred tax assets on deductible temporary differences exceeds this amount, they are only recognised to the extent that it is probable that these deferred tax assets will be utilised through future profits. 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 equity 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 probable that the temporary differences will not reverse 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 declarations, 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 recognition and measurement methods as well as forward-looking assumptions and estimates. The actual amounts may differ from the estimates. The significant estimates and related assumptions listed below, as well as the uncertainties associated with the accounting policies selected, are crucial to understanding the underlying risks of financial reporting and the effects that these estimates, assumptions and uncertainties could have on the consolidated financial statements.

The measurement of property, plant and equipment and intangible assets involves estimates to determine the fair value at the time of acquisition if they were acquired as part of a business combination. The expected useful life of these assets must also be estimated.

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 at 31 December 2023, there was a change in the assessment of the extension options originally taken into account for the Gravis stores, as the exercise of options was no longer considered sufficiently certain due to operational considerations. As a result, the lease assets were adjusted by the amount resulting from the remeasurement of the lease liabilities.

For the purpose of evaluating the subleases in the TV and media segment that relate exclusively to FM, the end of the lease term is determined separately for each location (investor locations until 31 July 2026, locations of Bayerische Medien Technik GmbH, Munich, until 30 June 2026, locations of other third parties until 31 December 2026).

The calculation of the incremental borrowing rate for discounting the lease liabilities 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 information on the forward-looking assumptions made as part of the tests for possible impairments of goodwill (carrying amounts as of 31 December 2023: EUR 1,379.8 million, previous year: EUR 1,382.4 million).

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, 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. Following amortisation of EUR 194.7 million in the previous year 2022, the other brand value was amortised on a scheduled basis in the amount of EUR 98.5 million until 30 June 2023 (carrying amount as of 31 December 2023: EUR 0 million).

A sensitivity analysis regarding the impairment test of the assets allocated to the cash-generating unit (CGU) "mobile communications" shows that the fair value less costs to sell would be approximately EUR 587 million lower or EUR 842 million higher if the weighted average cost of capital (WACC) were to increase or decrease by 1.0 percentage points, respectively, and approximately EUR 936 million lower or EUR 842 million higher if the EBIT recognised in the planning period were to decrease or increase by 10%, respectively (with a simultaneous increase in the WACC of 1.0 percentage points). EUR 842 million higher, and a reduction or increase of 10% in the EBIT recognised in the planning period would result in a reduction of around EUR 936 million (with a simultaneous increase in the WACC of 1.0 percentage points) or an increase of EUR 1,338 million (with a simultaneous reduction in the WACC of 1.0 percentage points), which would not result in any impairments of the assets allocated to this CGU, particularly in the case of the negative scenarios.

A sensitivity analysis of the impairment test for the assets allocated to the "TV" CGU shows that the fair value less costs to sell would be approximately EUR 141 million lower or EUR 187 million higher if the WACC were to increase or decrease by 1.0 percentage points, and approximately EUR 236 million lower (if the WACC were to increase by 1.0 percentage points) or EUR 316 million higher (if the WACC were to decrease by 1.0 percentage points). EUR 236 million lower (with a simultaneous increase in the WACC of 1.0 percentage points) or EUR 316 million higher (with a simultaneous reduction in the WACC of 1.0 percentage points), which would not result in any impairments of the assets allocated to this CGU, particularly in the case of the negative scenarios.

A sensitivity analysis regarding the impairment test of the assets allocated to the "Online" CGU shows that the fair value less costs to sell would be approximately EUR 8 million lower or EUR 11 million higher if the WACC were to increase or decrease by 1.0 percentage points and approximately EUR 13 million lower or EUR 18 million higher if the EBIT recognised in the planning period were to decrease or increase by 10% respectively (if the WACC were to increase by 1.0 percentage points) EUR 13 million lower (with a simultaneous increase in the WACC of 1.0 percentage points) or EUR 18 million higher (with a simultaneous reduction in the WACC of 1.0 percentage points), which would not result in any impairments to the assets allocated to this CGU, particularly in the case of the negative scenarios.

For the impairment tests carried out in December 2023 on the assets allocated to the CGUs "Mobile Communications", "TV" and "Online", a sensitivity analysis shows that there would have been no need for impairment in each case even if the WACC had increased by 2.0 percentage points and the EBIT recognised in the planning period had been reduced by 10% in each case.

The other equity instruments measured at fair value through profit or loss are not listed shares for which there is an active market. The fair value is determined using recognised actuarial methods. The underlying assumptions about future developments are subject to judgement.

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 impairments, based on the Group's past experience and forward-looking estimates at the end of the financial year.

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 probability that the final and non-cancellable commission will be received.

In the case of multi-component contracts, we draw attention to the following significant judgements, forward-looking assumptions and estimation uncertainties:

To measure the contractual performance obligations, the individual customer contracts are identified and summarised into portfolios on the basis of 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, a reallocation of the transaction prices takes place. The resulting net contract position of a contract (or after aggregation of a portfolio) is reversed pro rata over the underlying contract term depending on the respective performance dates or performance periods. The measurement of the respective net contract position is subject to certain assumptions. Future uncertain contractual events which are not within the sphere of influence of the freenet Group 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 merchandise vouchers.

Significant judgements, estimates and forward-looking assumptions are also made when accounting for multiple-element arrangements 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
- Assessment of whether there is a significant financing component
- judgements and forward-looking assumptions in determining whether certain cost items are incremental contract acquistion 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 provision 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 recognise the consideration payable to a customer

The recognition and calculation of provisions and accruals (e.g. for dealer commissions) are dependent on estimates. Provisions for litigation in particular are recognised based on the estimates of the lawyers representing the Group companies.

Provisions for obligations in connection with the dismantling of broadcasting facilities and leasehold improvements are recognised by the specialist departments (e.g. Real Estate Management) in the amount of the present value at the time they arise if an outflow of assets is probable.

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 2023.

Note 29 on pension provisions and similar obligations describes the forward-looking assumptions made with regard to the measurement of provisions for pensions 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 an increase in the actuarial interest rate by 1.0 percentage points would reduce the present value of funded and unfunded obligations by EUR 10.1 million, while a reduction in the actuarial interest rate by 1.0 percentage points would increase the present value of funded and unfunded obligations by EUR 12.5 million. Please refer to Note 29 for further sensitivity analyses relating to pension obligations.

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 effects on current and deferred and current income taxes in the period in which the taxation is finalised.

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 capitalised deferred taxes on loss carryforwards and the amount of loss carryforwards for which no deferred tax assets were recognised. A sensitivity analysis of the deferred income tax assets shows that the deferred income tax assets would be EUR 12.4 million higher or EUR 12.4 million lower in the event of a 10% increase or decrease in trade income or corporation tax income in the relevant planning period.

### 2.16. Non-current assets held for sale

Unless IFRS 5 provides for the application of other standards: Discontinued operations and non-current assets held for sale that are classified as held for sale in accordance with IFRS 5 are recognised at the lower of carrying amount and fair value less costs to sell if their carrying amount will most likely be realised through a sale. At the time of reclassification to discontinued operations and non-current assets held for sale, amortisation of the corresponding assets is discontinued.

The assets held for sale or the asset group held for sale are reclassified back to “continuing operations” if the criteria of IFRS 5 are no longer met. The assets or asset group are recognised at the lower of the carrying amounts adjusted for depreciation or revaluation that would have been recognised if the assets or asset groups had not been classified as “discontinued operations” and the recoverable amount at the date of reclassification. The adjustments to remeasure the asset group are recognised in the income statement as part of continuing operations.

### 2.17. Comparative figures

The comparability of these consolidated financial statements with the consolidated financial statements as of 31 December 2022 is not limited.

## 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 company's chief operating decision maker with regard to decisions on the allocation of resources to this segment and the assessment of its earnings power.

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 2023 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 tariffs of the network operators 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 lifestyle
  - "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 the provision of 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

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 revenue of EUR 41.8 million (previous year: EUR 35.2 million) reported for the "Other/Holding" segment for 2023 relates almost exclusively to operating activities - the gross profit of EUR 24.3 million (previous year: EUR 25.5 million) reported for the "Other/Holding" segment in 2023 relates almost exclusively to operating activities. The EBITDA of EUR -27.3 million (previous year: EUR -29.4 million) reported for the "Other/Holding" segment in 2023 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 previous year, the recognition and measurement of the allocated expenses and income for segment reporting purposes do not deviate from the recognition and measurement 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 dependence on individual customers.

## Segment report for the period from 1 January to 31 December 2023

| In EUR '000s | Mobile Communications | TV and Media | Other/ Holding | Elimination of intersegment revenues and expenses | Total |
|---|---|---|---|---|---|
| **Third-party revenues** | **2,268,745** | **333,636** | **24,940** | **0** | **2,627,321** |
| Intersegment revenue | 13,950 | 11,776 | 16,828 | – 42,554 | 0 |
| Total revenues | 2,282,695 | 345,412 | 41,768 | – 42,554 | 2,627,321 |
| | | | | | |
| **Cost of materials to third parties** | **– 1,545,400** | **– 113,959** | **– 16,808** | **0** | **– 1,676,167** |
| Intersegment cost of materials | – 26,852 | – 7,974 | – 653 | 35,479 | 0 |
| Total cost of materials | – 1,572,252 | – 121,933 | – 17,461 | 35,479 | – 1,676,167 |
| | | | | | |
| **Segment gross profit** | **710,443** | **223,479** | **24,307** | **– 7,075** | **951,154** |
| Other operating income | 46,197 | 684 | 4,015 | – 4,686 | 46,210 |
| Other own work capitalized | 16,399 | 6,343 | 1,708 | 0 | 24,450 |
| Personnel expenses | – 135,894 | – 61,033 | – 42,172 | 0 | – 239,099 |
| Other operating expenses | – 219,756 | – 59,321 | – 15,160 | 11,761 | – 282,476 |
| thereof loss allowances on financial assets and contract assets | – 12,317 | – 811 | 359 | 0 | – 12,769 |
| thereof without loss allowances on financial assets and contract assets | – 207,439 | – 58,510 | – 15,519 | 11,761 | – 269,707 |
| | | | | | |
| **Total overheads**[1] | **– 293,054** | **– 113,327** | **– 51,609** | **7,075** | **– 450,915** |
| thereof intersegment allocation | – 7,938 | – 1,152 | 2,015 | 7,075 | |
| | | | | | |
| **Segment EBITDA** | **417,389** | **110,152** | **– 27,302** | **0** | **500,239** |
| Depreciation, amortisation and impairment | | | | | – 254,131 |
| **EBIT** | | | | | **246,108** |
| Financial result | | | | | – 26,419 |
| Income taxes | | | | | – 63,231 |
| **Consolidated profit** | | | | | **156,458** |
| Consolidated profit attributable to shareholders of freenet AG | | | | | 154,779 |
| Consolidated profit attributable to non-controlling interests | | | | | 1,725 |
| | | | | | |
| **Net cash investments** | **26,334** | **23,072** | **3,299** | | **52,705** |

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

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

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

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

## 4. Revenues

A breakdown of revenues totalling EUR 2,628 million (previous year: EUR 2,557 million) by segment can be found in Note 3, Segment reporting.

Of the mobile communications segment's external revenues in the 2023 financial year totalling EUR 2,269 million (previous year: EUR 2,236 million), EUR 1,707 million (previous year: EUR 1,666 million) is attributable to service revenues (of which EUR 1,586 million (previous year: EUR 1.547 million) from postpaid and EUR 121 million (previous year: EUR 119 million) from no-frills and prepaid), EUR 463 million (previous year: EUR 483 million) from hardware revenues and EUR 99 million (previous year: EUR 87 million) from other revenues.

Of the TV and media segment's external revenues of EUR 334 million in the 2023 financial year (previous year: EUR 302 million), EUR 223 million (previous year: EUR 222 million) is attributable to the Media Broadcast Group and EUR 111 million (previous year: EUR 80 million) to EXARING.

We make the following disclosures pursuant to IFRS 15.116 b and IFRS 15.116 c:

In the 2023 financial year, revenues of EUR 39,775 thousand (previous year: EUR 28,516 thousand) were recognised that were included in the balance of contract liabilities to customers from contracts with customers as of 1 January 2023. In the 2023 financial year, revenues of EUR 30 thousand (previous year: EUR 32 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 performance obligations not or partially not fulfilled at the end of the reporting period (IFRS 15.120) is EUR 1,324.4 million (previous year: EUR 1,295.0 million). Of the outstanding performance obligations, EUR 920.6 million is attributable to 2024, EUR 376.6 million to 2025, EUR 26.8 million to 2026 and EUR 0.4 million to 2027. No use was made of the practical expedients pursuant to IFRS 15.121 for this disclosure.

## 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 in 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 include 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 '000s | 2023 | 2022 |
|---|---|---|
| Costs of purchased goods | 494,096 | 526,670 |
| Costs of purchased services | 1,182,071 | 1,143,345 |
| **Total** | **1,676,167** | **1,670,015** |

The costs of purchased goods consist mainly of the cost of mobile phones, computers/EDP products and bundles from the prepaid business.

The 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 disclosure pursuant to IFRS 15.127: In the 2023 financial year, contract acquistion costs of EUR 292,375 thousand (previous year: EUR 276,191 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 previous year, the contract acquistion costs amortised in 2023 relate almost exclusively to sales partner commissions.

## 8. Personnel expenses

Personnel expenses break down as follows:

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| Wages and salaries | 201,569 | 193,520 |
| Social security contributions and pension expenses | 37,530 | 36,108 |
| **Total** | **239,099** | **229,628** |

The Group employed an average of 3,686 employees in the 2023 financial year (previous year: 3,679). At the end of the financial year, the Group had 3,690 employees (previous year: 3,660 employees). As at 31 December 2023, this included 31 (previous year: 32) senior employees and 278 (previous year: 266) apprentices and students at universities of cooperative education.

The Group's employee incentive programmes resulted in personnel expenses in accordance with IFRS 2 of EUR 12,779 thousand (previous year: EUR 12,572 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 705 thousand (previous year: EUR 1,007 thousand), see also note 29.

Personnel expenses include employer contributions to social security totalling EUR 16,305 thousand (previous year: EUR 15,371 thousand) as expenses for defined contribution pension plans.

Social security contributions totalling EUR 0 thousand (previous year: EUR 189 thousand) were reimbursed as part of the short-time working allowance.

## 9. Depreciation, amortisation and impairment

The composition of depreciation and amortisation is shown in the following table:

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| Amortisation of intangible assets | 149,382 | 244,307 |
| Depreciation of lease assets | 67,819 | 72,189 |
| Depreciation of property, plant and equipment | 33,089 | 31,698 |
| Impairment of goodwill | 2,636 | 0 |
| Impairment of property, plant and equipment | 782 | 1,106 |
| Impairment of intangible assets | 423 | 0 |
| **Total** | **254,131** | **349,300** |

For information on the amortisation of lease assets, please refer to our comments in Note 2.5.

The impairments on goodwill relate to the “Narrowband” cash-generating unit. The goodwill attributable to the discontinued narrowband business model was impaired by EUR 2,636 thousand to EUR 232 thousand based on an impairment test of EUR 2,868 thousand.

The impairments of intangible assets relate to licences that are no longer used.

The impairments of property, plant and equipment mainly relate to radio infrastructure of the Media Broadcast Group that is no longer in use. In the previous year, the impairments of property, plant and equipment mainly related to buildings of the Media Broadcast Group that are no longer in use.

## 10. Other operating expenses

The other operating expenses mainly comprise marketing costs (EUR 119.3 million in 2023 compared to EUR 97.7 million in 2022), 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 2023 financial year include expenses from loss allowances on financial assets and contract assets totalling EUR 12.8 million (previous year: EUR 21.1 million). Of this, EUR 17.8 million (previous year: EUR 24.5 million) is attributable to impairment losses recognised in accordance with IFRS 9 for contracts capitalised in the current financial year, of which EUR 17.8 million (previous year: EUR 24.5 million) relates to trade receivables, other receivables and other financial assets. Of this, EUR -5.0 million (previous year: EUR -3.4 million) is attributable to the corrections to impairment losses recognised in accordance with IFRS 9 for contracts capitalised in previous years - these also relate entirely to trade accounts receivable, other receivables, other assets and other financial assets.

## 11. Interest and similar income

Interest and similar income consists of the following items:

| In EUR ’000s | 2023 | 2022 |
|---|---|---|
| Interest from banks, debt collection and similar income | 2,572 | 372 |
| Interest income from present value adjustments | 1,406 | 4,796 |
| Interest from lease receivables | 1,304 | 1,249 |
| Interest from tax refunds | 1,083 | 26 |
| **Total** | **6,365** | **6,443** |

For 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 2023 in the amount of EUR 1,406 thousand (previous year: EUR 4,796 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 '000s | 2023 | 2022 |
|---|---|---|
| Interest to banks and similar expenses | 13,430 | 10,990 |
| Interest from leases | 11,157 | 8,769 |
| Interest expense from pension obligations | 2,532 | 1,249 |
| Interest expense from tax back payments and similar expenses | 1,602 | 26 |
| Interest expense from present value adjustments | 1,534 | 2,006 |
| Other | 494 | 641 |
| **Total** | **30,749** | **23,681** |

The interest expense from present value adjustments for 2023 in the amount of EUR 1,534 thousand (previous year EUR 2,006 thousand) is mainly attributable to interest on provisions and other financial liabilities.

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 236 thousand (previous year: EUR 1,210 thousand) and in interest expense from present value adjustments of equity and liabilities in the amount of EUR 1,534 thousand (previous year: EUR 2,006 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 (previous year: EUR 3.8 million).

## 13. Income taxes

Income taxes paid or owed and deferred taxes are recognised as income taxes.

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| Current tax expense for the financial year | – 35,020 | – 36,934 |
| Tax income from previous years | – 2,053 | – 2,079 |
| Deferred tax expense due to the utilisation of deferred income tax assets | – 34,730 | – 45,609 |
| Deferred tax income relating to temporary differences | 8,436 | 52,490 |
| **Total** | **– 63,367** | **– 32,132** |

Additional disclosures on deferred taxes are included in Note 18, Deferred 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 66.6 million (previous year: EUR 34.5 million). The difference between this amount and the current tax expense from continuing operations of EUR 63.4 million (previous year: EUR 32.1 million) is shown in the following reconciliation:

| In EUR '000s/as indicated | 2023 | 2022 |
|---|---|---|
| Earnings before taxes from continuing operations (EBT) | 219,670 | 113,978 |
| Expected tax expense applying the tax rate of 30.30% (previous year: 30.30%) | – 66,560 | – 34,535 |
| Change in deferred tax assets on loss carryforwards and unrecognised deferred tax assets on loss carryforwards | 17,514 | 10,246 |
| Tax effect on non-deductible expenses due to trade tax additions | – 2,015 | – 1,978 |
| Tax effect of other non-deductible expenses | – 1,318 | – 1,142 |
| Tax effect from associated companies | – 788 | – 596 |
| Tax income from previous years | – 2,053 | – 2,079 |
| Tax income not recognised in profit or loss | – 9,040 | – 2,688 |
| Other effects | 893 | 640 |
| **Current tax expense from continuing operations** | **– 63,367** | **– 32,132** |
| Effective tax rate in % | 28.85 | 28.19 |

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 a reduction in the utilisation of deferred tax assets on loss carryforwards in the 2023 financial year compared to the previous year. This in turn is a consequence of the scheduled amortisation of the "mobilcom-debitel GmbH" trademark (please refer to Note 15 of these Notes) and the resulting reduction in deferred tax assets on loss carryforwards recognised for this trademark; the scheduled amortisation of this trademark described above covered almost 12 months in the previous year, but only 6 months in 2023, until the end of the amortisation period on 30 June 2023.

The "tax income not recognised in profit or loss" reported in 2023 is largely the result of a significant reduction in the tax deferral item for mobile phone subsidies in direct sales as a result of a tax audit.

A corporation tax rate of 15.0% (previous year: 15.0%) was applied to the Group companies in the 2023 financial year for the calculation of deferred and current income taxes. Furthermore, a solidarity surcharge of 5.5% (previous year: 5.5%) on corporation tax and an average trade tax multiplier of 414.80% (previous year: 413.71%) were applied. Deferred taxes in the 2023 financial year were calculated using an average tax rate of 30.30% (previous year: 30.30%).

The Group falls within the scope of the OECD Pillar Two model regulations. The Pillar Two legislation was published in the Federal Law Gazette in Germany, where freenet AG is based, on 27 December 2023 with the Minimum Tax Act (MinStG) and came into force on 1 January 2024. The Pillar Two 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. According to the legislation, 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%.

With regard to the Group companies based in Germany, freenet currently fulfils the requirements for the transitional regulation for subordinate international activities in accordance with section 83 MinStG and is therefore exempt from the minimum tax for the first five years (2024 to 2028) if these requirements are maintained. The conditions to be met for this include, firstly, that the Group may have companies in a maximum of six tax jurisdictions and, secondly, that the total value of the tangible assets of all business units in all tax jurisdictions (here currently: USA and Sweden) with the exception of the reference tax jurisdiction (here: Germany) does not exceed the amount of EUR 50 million. With regard to the business units in the USA and Sweden, freenet also assumes that it will be able to make use of temporary transitional regulations that exempt it from the minimum tax.

The Group is currently in the process of assessing the effects of Pillar Two for the period after the expiry of the respective temporary transitional arrangements.

The Group makes use of the exemption from recognising deferred taxes in connection with Pillar Two income taxes, which was the subject of the amendments to IAS 12 published in May 2023.

## 14. Earnings per share

### 14.1. Basic earnings per share

The 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. In future, there is the possibility of a reduction in basic earnings per share due to the possible utilisation of conditional capital. We refer here to our comments on Note 24.8.

| | 2023 | 2022 |
|---|---|---|
| Consolidated profit attributable to shareholders of freenet AG in EUR ’000s | 154,578 | 79,294 |
| Weighted average number of shares outstanding in units | 118,900,598 | 118,949,411 |
| **Earnings per share in EUR (basic)** | **1.30** | **0.67** |

### 14.2. Diluted earnings per share

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

There are no dilutive effects or potential dilutive effects as of 31 December 2023.

| | 2023 | 2022 |
|---|---|---|
| Consolidated profit attributable to shareholders of freenet AG in EUR ’000s | 154,578 | 79,294 |
| Weighted average number of shares outstanding | 118,900,598 | 118,949,411 |
| Weighted average number of shares outstanding plus potential dilutive shares in units | 118,900,598 | 118,949,411 |
| **Earnings per share in EUR (diluted)** | **1.30** | **0.67** |

## 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 37.

The amortisation of intangible assets on trademarks from the purchase price allocation in connection with the acquisition of the debitel Group in the 2008 financial year (see Note 9), which was still significant in the previous year, was written off in full in 2023.

The following table shows the carrying amounts of intangible assets from purchase price allocations:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Customer relationships | 67,756 | 72,504 |
| Trademarks | 4,856 | 103,994 |
| Software | 346 | 692 |
| Right-of-use assets | 134 | 160 |
| **Total** | **73,092** | **177,350** |

In addition to the intangible assets from the various purchase price allocations, other intangible assets amounting to EUR 117.7 million (31 December 2022: EUR 138.6 million) are reported as of 31 December 2023, including internally generated software in the amount of EUR 69.8 million (31 December 2022: EUR 61.9 million) and distribution rights in the amount of EUR 45.2 million (31 December 2022: EUR 70.8 million). Please also refer to our comments on Note 9, Depreciation, amortisation and impairments. The exclusive distribution right with Media-Saturn Deutschland GmbH resulted in carrying amounts of EUR 44.8 million as of 31 December 2023 (previous year: EUR 70.5 million). The carrying amounts were reduced solely by amortisation. As at 31 December 2023, there were impaired intangible assets in the amount of EUR 0.4 million (previous year: EUR 0.0 million).

Lease assets amounted to EUR 306.0 million as of 31 December 2023 (31 December 2022: EUR 350.5 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 '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Mobile communications | 1,122,814 | 1,122,814 |
| TV | 226,621 | 226,621 |
| Online | 28,807 | 28,807 |
| Other | 1,516 | 4,152 |
| **Total** | **1,379,758** | **1,382,394** |

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 in 2023. Please refer to our comments on Note 9.

EUR 63.4 million (31 December 2022: EUR 69.5 million) of the property, plant and equipment of EUR 129.4 million (31 December 2022: EUR 134.2 million) consists mainly of technical broadcasting infrastructure.

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

Goodwill of EUR 1,122.8 million (previous year: EUR 1,122.8 million) was allocated to the “Mobile Communications” CGU, which is allocated to the “Mobile Communications” segment. As at 31 December 2023, goodwill of EUR 226.6 million (previous year: EUR 226.6 million) was allocated to the “TV” CGU, which is identical to the “TV and media” segment, and goodwill of EUR 28.8 million (previous year: EUR 28.8 million) was allocated to the “Online” CGU. The “Online” CGU is part of the “Other/holding” segment.

The recoverable amount of the CGUs “Mobile Communications”, “TV” and “Online” was recognised as the fair value less costs to sell, calculated using the discounted cash flow method. The fair values were determined on the basis of a plan approved by management, which covers the period up to and including 2027. 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 2027), discounts have been assumed on the basis of growth assumptions, which also represent the growth rates used to extrapolate the free cash flow guidance.

The planning for the “Mobile Communications”, “TV” and “Online” CGUs is based on detailed assumptions derived from experience and future expectations regarding the key 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 2023 are shown in the following table.

| 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: Profit contribution from new customers and customer retention. On the other hand, there are costs for purchased services (in particular mobile network operators)<br>▪ 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<br>▪ Slightly growing customer base in the postpaid business<br>▪ Slight increase in postpaid ARPU<br>▪ Stable development of revenues and EBITDA<br>▪ Slight increase in revenues and earnings contributions from digital lifestyle revenues<br>▪ 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<br>▪ 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 following table shows the basic assumptions for 2022.

| 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 Communi-cations** | 1,122.8 | 5.49 | 0.50 | ▪ 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)<br>▪ 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<br>▪ Moderate increase in customer base in postpaid business<br>▪ Stable postpaid ARPU<br>▪ Slight increase in revenues and EBITDA<br>▪ Increasing revenues and earnings contributions from digital lifestyle revenues<br>▪ Rising revenues and gross profits at freenet Internet |
| **TV** | 226.6 | 7.12 | 1.00 | ▪ Revenues and gross profits of the individual end products, broken down by the respective sales markets | ▪ Increasing revenues, gross profits and EBITDA contributions<br>▪ Growing TV customer base |
| **Online** | 28.8 | 6.75 | 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 2023 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.

In the consolidated financial statements as of 31 December 2023, there is other goodwill for various CGUs in the amount of EUR 1.5 million (previous year: EUR 4.2 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 2.6 million based on current knowledge regarding the discontinuation of business operations. There were no other impairments of non-monetary assets (previous year: EUR 0).

## 17. Equity-accounted investments

| In EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Equity-accounted investments | 0.3 | 0.1 |
| **Total** | **0.3** | **0.1** |

Bayern Digital Radio GmbH, Munich, is included in the consolidated financial statements as of 31 December 2023 with a carrying amount of EUR 0.3 million (31 December 2022: EUR 0.1 million). The net profit for the year of this company amounts to EUR 0.2 million (previous year: EUR 0.1 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 30.30% (previous year: 30.30%), taking into account temporary differences.

The following amounts are recognised in the consolidated balance sheet:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Deferred income tax assets | 108,176 | 132,185 |
| **Total** | **108,176** | **132,185** |

Due to the expected utilisation of tax loss carryforwards, EUR 54.5 million (previous year: EUR 51.3 million) of the surplus of deferred income tax assets of EUR 89.9 million (previous year: EUR 116.1 million) recognised in the deferred income tax assets for freenet AG's corporate income tax and trade tax group is regarded as current and EUR 35.4 million (previous year: EUR 64.8 million) as non-current. An excess of deferred tax assets of EUR 18.3 million (previous year: EUR 16.0 million) is recognised for companies outside the corporate income tax and trade tax group of freenet AG, of which EUR 0 (previous year: EUR 1.6 million) is regarded as current.

The development of the recognised deferred tax assets and deferred tax liabilities for the 2023 financial year is shown in the following table:

| In EUR '000s | 01.01.2023 | Set off in other comprehensive income | Balance sheet reclassifications | Tax income and expenses | 31.12.2023 |
|---|---|---|---|---|---|
| Property, plant and equipment | 499 | 0 | 0 | – 539 | – 40 |
| Intangible assets | – 130,365 | 0 | 0 | 28,862 | – 101,503 |
| Lease assets | – 107,971 | 0 | 0 | 17,604 | – 90,367 |
| Other financial assets | – 23,243 | – 261 | 9 | – 554 | – 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 | 0 | – 21,546 | 105,016 |
| Pension provisions | 666 | 2,537 | 0 | – 920 | 2,283 |
| Other provisions | 2,408 | 0 | 0 | 39 | 2,447 |
| Other financial liabilities | 19,062 | 0 | 0 | 2,305 | 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 | 0 | – 13,180 | – 75,791 |
| **Total** | **132,185** | **2,276** | **9** | **– 26,294** | **108,176** |

Income tax income and expenses totalling a net expense of EUR 26,294 thousand (previous year: net income of EUR 6,880 thousand) are included in the consolidated income statement as deferred income taxes under "Income taxes". As in the previous year, they were exclusively attributable to continuing operations.

In the 2022 financial year, deferred tax assets and deferred tax liabilities developed as follows:

| In EUR '000s | 01.01.2022 | Set off in other comprehensive income | Tax income and expenses | 31.12.2022 |
|---|---|---|---|---|
| Property, plant and equipment | 392 | 0 | 107 | 499 |
| Intangible assets | – 179,259 | 0 | 48,894 | – 130,365 |
| Lease assets | – 123,774 | 0 | 15,803 | – 107,971 |
| Other financial assets | – 27,246 | 1,127 | 2,876 | – 23,243 |
| Contract acquistion costs | – 76,069 | 0 | – 7,196 | – 83,265 |
| Loss carryforwards | 291,663 | 0 | – 45,609 | 246,054 |
| Lease liabilities | 145,397 | 0 | – 18,835 | 126,562 |
| Pension provisions | 11,382 | – 10,051 | – 665 | 666 |
| Other provisions | 4,202 | 0 | – 1,794 | 2,408 |
| Other financial liabilities | 15,518 | 0 | 3,544 | 19,062 |
| Trade accounts payable, other liabilities | 129,828 | 0 | 13,828 | 143,656 |
| Financial liabilities | 682 | 0 | 51 | 733 |
| Trade accounts receivable, other assets | – 58,487 | 0 | – 4,124 | – 62,611 |
| **Total** | **134,229** | **– 8,924** | **6,880** | **132,185** |

The summarised net development of deferred taxes is shown in the following overview:

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| **As of 1.1.** | **132,185** | **134,229** |
| Set off in other comprehensive income | 2,276 | – 8,924 |
| Balance sheet reclassifications | 9 | 0 |
| Tax income and expenses | – 26,294 | 6,880 |
| **As of 31.12.** | **108,176** | **132,185** |

The existing tax loss carryforwards, which can be carried forward indefinitely, exceed the total of the forecast cumulative results for the following four financial years. For this reason, a deferred tax asset was only recognised in the consolidated balance sheet to the extent that the realisation of this asset is considered probable. The expected results are based on the corporate planning of earnings before taxes valid on the balance sheet date. As at 31 December 2023, deferred taxes recognised on loss carryforwards amounted to EUR 211,325 thousand (previous year: EUR 246,054 thousand). Of this item, EUR 136,433 thousand (previous year: EUR 149,177 thousand) is attributable to corporate income tax loss carryforwards and EUR 74,892 thousand (previous year: EUR 96,877 thousand) to loss carryforwards allocated to trade tax. Other loss carryforwards for which no deferred tax assets were recognised in the consolidated balance sheet relate to corporation tax in the amount of EUR 312 million (previous year: EUR 387 million) and trade tax in the amount of EUR 0 (previous year: EUR 9 million). As in the previous year, there are no unrecognised interest carryforwards in accordance with section 4h (1) sentence 2 EStG.

As at 31 December 2023, there are temporary outside basis differences (the net equity according to IFRS is higher than the corresponding carrying amounts of investments for tax purposes) in the amount of approximately EUR 29.0 million (previous year: approximately EUR 31.5 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 acquistion costs amounted to EUR 282,891 thousand as of 31 December 2023 (31 December 2022: EUR 274,802 thousand). They are mainly attributable to dealer commissions in the mobile communications segment and, to a lesser extent, to employee commissions.

In the 2023 financial year, there were new capitalisations with an equivalent value of EUR 300,464 thousand (previous year: EUR 299,940 thousand) with amortisation of EUR 292,375 thousand (previous year: EUR 276,191 thousand). These are exclusively scheduled amortisations - as in the previous year, there were no unscheduled impairments of contract acquisition costs in the financial year.

In the postpaid business, the amortisation period is almost exclusively 24 months. In the prepaid business, amortisation takes place over the imputed initial term, which is between 15 and 17 months. In 2023, 89% (2022: 91%) of the amortisation amount across the entire Group and all business areas was attributable to contract acquistion costs with an amortisation period of 24 months.

## 20. Inventories

Inventories are made up as follows:

| In EUR ’000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Mobile phones/Accessories | 38,764 | 52,128 |
| Computer/IT products | 11,781 | 25,433 |
| SIM cards | 6,449 | 6,643 |
| Bundles and vouchers | 16 | 16 |
| Other | 6,814 | 6,897 |
| **Total** | **63,824** | **91,117** |

The year-end inventories are impaired in the amount of EUR 5,066 thousand (previous year: EUR 6,116 thousand).

## 21. Receivables, other assets and other financial assets

Receivables, other assets and other financial assets are made up as follows:

| | 31.12.2023 | | |
|---|---|---|---|
| In EUR ’000s | Total | Non-current | Current |
| 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** |

| | 31.12.2022 | | |
|---|---|---|---|
| In EUR '000s | Total | Non-current | Current |
| Trade accounts receivable | 342,021 | 45,672 | 296,349 |
| Other non-derivative financial assets | 20,172 | 5,023 | 15,149 |
| | **362,193** | **50,695** | **311,498** |
| Lease receivables | 44,708 | 31,256 | 13,452 |
| Other financial assets | 34,037 | 11,457 | 22,580 |
| Other equity instruments | 70,378 | 70,378 | 0 |
| **Financial assets** | **511,316** | **163,786** | **347,530** |
| Other assets | 250,446 | 98,852 | 151,594 |
| Prepayments made | 7,281 | 271 | 7,010 |
| **Non-financial assets** | **257,727** | **99,123** | **158,604** |
| **Total receivables, other assets and other financial assets** | **769,043** | **262,909** | **506,134** |

The other equity instruments are made up as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Equity investment in CECONOMY | 80,801 | 60,601 |
| Eequity investments in MGI | 4,473 | 7,549 |
| Other equity investments | 2,007 | 1,696 |
| Other | 539 | 532 |
| **Total** | **87,820** | **70,378** |

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 equity investment in CECONOMY is reported as of 31 December 2023 with a carrying amount of EUR 80.8 million under other financial assets. It is subsequently recognised at fair value in other comprehensive income. The Group recognises the market value of EUR 2.48 (Xetra trading platform) on the balance sheet date as the fair value.

By contract dated 28 August 2020 and executed on 30 September 2020, the Group sold all shares in freenet digital GmbH and received 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. The equity investments in MGI are reported as of 31 December 2023 with a carrying amount of EUR 4.5 million under other financial assets. It is subsequently recognised at fair value in other comprehensive income. The Group recognises the market value of EUR 1.02 (Xetra trading platform) on the balance sheet date as the fair value.

Other equity investments are measured at fair value through profit or loss.

Trade accounts receivable are due from third parties and mainly relate to receivables from fee revenue, equipment sales and fixed-line and Internet services.

The total of trade accounts receivable and other non-derivative financial assets, less loss allowances recognised, amounted to EUR 383,119 thousand as of 31 December 2023 (previous year: EUR 362,193 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 251,238 thousand (previous year: EUR 257,727 thousand) are non-financial assets as of 31 December 2023.

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 350.7 million (previous year: EUR 329.7 million) due to existing trade credit insurance. In the case of other financial assets and other equity instruments, the maximum default risk corresponds to the carrying amounts recognised.

The loss allowances recognised as of the reporting date of 31 December 2023 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 2023:

**31 December 2023**

**Impairment losses recognized on receivables, other assets and other financial assets in accordance with IFRS 9**

| In EUR '000s | Balance sheet item | Carrying amount before loss allowance in EUR '000s | Loss allowance in EUR '000s | Carrying amount after loss allowance in EUR '000s | Expected loss rate (mathematical) in EUR '000s |
|---|---|---|---|---|---|
| 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 Assets (Level 1) | Other financial assets | 67,848 | – 2,252 | 65,596 | 3.3 |
| **Other financial assets** | | | | | |
| thereof lease receivables | 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 |

### 31 December 2022

**Impairment losses recognized on receivables, other assets and other financial assets in accordance with IFRS 9**

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

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

We provide the following information on the development of loss allowances in the 2023 financial year:

| In EUR '000s | Trade accounts receivable (simplified model) | Other financial assets 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 losses of 6,692, see table below)** | **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 EWB 3,358, see following table)** | **76,517** | **3,216** | **9,539** | **89,272** |

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

| In EUR '000s | Trade accounts receivable (simplified model) | Other financial assets Assets (Stage 1) | Other receivables and other assets (contract assets) | Total |
|---|---|---|---|---|
| **Loss allowances as of 31 December 2021 - calculated in accordance with IFRS 9 (thereof impairment losses 3,018, see table below)** | **110,370** | **1,014** | **12,887** | **124,271** |
| Net change in loss allowances in 2022 | – 16,978 | 129 | – 3,109 | – 19,958 |
| **Loss allowances as of 31 December 2022 - calculated in accordance with IFRS 9 (thereof impairment losses of 6,692, see table below)** | **93,392** | **1,143** | **9,778** | **104,313** |

We provide the following breakdown of non-current other financial assets:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Interest in CECONOMY AG | 80,801 | 60,601 |
| Lease receivables | 19,404 | 31,256 |
| Consideration payable under IFRS 15 (mobile communications/mobile phone upgrade option) | 13,986 | 11,458 |
| Interest in MGI | 4,473 | 7,549 |
| Other | 8,017 | 7,250 |
| **Total** | **126,681** | **118,114** |

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 '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Consideration payable under IFRS 15 (mobile communications/mobile phone upgrade option) | 32,558 | 22,580 |
| Lease receivables | 18,025 | 13,452 |
| Other | 20,150 | 15,149 |
| **Total** | **70,733** | **51,181** |

For information on lease receivables, please refer to our comments in Note 2.5.

We provide the following explanation of the "Consideration payable under IFRS 15", 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, other assets and other financial assets (insofar as it relates to mobile communications contracts without a mobile phone option): If freenet sells only the rate plan to the end customer while the independent dealer in indirect sales issues a discounted smartphone or other customer benefit to the end customer, freenet pays the dealer partial remuneration that exceeds the equivalent value of the pure brokerage service for the rate plan. 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 Payable to a customer".

We provide the following breakdown of non-current other receivables and other assets:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Contract assets from contracts with customers (mobile communications) | 37,177 | 36,647 |
| Consideration Payable in accordance with IFRS 15 (mobile communications/tariff) | 30,497 | 26,799 |
| Other assets from contracts with customers (TV) | 16,836 | 29,471 |
| Other | 6,210 | 6,206 |
| **Total** | **90,720** | **99,123** |

The current other receivables and other assets are made up as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Consideration Payable in accordance with IFRS 15 (mobile communications/tariff) | 79,142 | 71,094 |
| Contract assets from contracts with customers (mobile communications) | 64,237 | 72,136 |
| Other assets from contracts with customers (TV) | 10,376 | 8,290 |
| Other | 6,763 | 7,084 |
| **Total** | **160,518** | **158,604** |

Non-current trade accounts receivable break down as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Receivables from end customers with mobile phone option (mobile communications) | 44,487 | 45,148 |
| Other | 310 | 524 |
| **Total** | **44,797** | **45,672** |

Current trade accounts receivable are made up as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Receivables from network operators, dealers, distributors, hardware manufacturers (mobile communications) | 143,766 | 131,057 |
| Receivables from end customers with mobile phone option (mobile communications) | 81,998 | 66,843 |
| Receivables from end customers without mobile phone option (mobile communications) | 64,056 | 75,166 |
| Receivables from end customers (TV and media, and Other/Holding) | 3,619 | 2,143 |
| Other | 19,262 | 21,140 |
| **Total** | **312,701** | **296,349** |

## 22. Liquid assets

The composition of liquid assets is as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Cash at bank, cheques and cash in hand | 159,815 | 178,022 |
| **Total** | **159,815** | **178,022** |

## 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 previous 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. The 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 para. 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 para. 1 no. 8 AktG, the Executive Board may also use equity derivatives to acquire of 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 treasury shares.

### 24.2. Capital reserve

The capital reserves of freenet AG remained unchanged at EUR 567,465 thousand as of 31 December 2023. The main components of the reported capital reserve continue 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 associated 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 comprises actuarial losses/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 changes in fair value of investments in equity instruments. Please refer to Note 18 for information on income taxes netted in other comprehensive income.

### 24.4. Consolidated balance sheet result

The consolidated balance sheet result essentially consist of the cumulative consolidated profits attributable to the shareholders of freenet AG and the acquisitions of further non-controlling interests in EXARING AG in the 2022 and 2023 financial years.

### 24.5. Non-controlling interests

The equity attributable to non-controlling interests of EUR –3.8 million (31 December 2022: EUR –5.5 million) are attributable to the 25.38% of shares (31 December 2022: 25.38%) held by non-controlling interests in EXARING. The following information is provided on EXARING's assets and liabilities as of 31 December 2023, before consolidation of liabilities, expenses and income and including the effects of subsequent accounting for the purchase price allocation:

| **EXARING AG**<br>In EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Non-current assets | 55.0 | 45.9 |
| Current assets | 25.8 | 17.3 |
| **Total assets** | **80.8** | **63.2** |
| Non-current liabilities | 10.1 | 6.8 |
| Current liabilities | 30.7 | 22.0 |
| **Total liabilities** | **40.8** | **28.8** |
| **Net assets** | **40.0** | **34.3** |
| thereof Equity attributable to non-controlling interests | −3.8 | −5.5 |

EXARING AG's net income for the 2023 financial year amounts to EUR 5.7 million (previous year: EUR 11.2 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 2023 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 2023 financial year.

## 25. Employee incentive programmes

### 25.1. Programme 1

The Programme 1, which was granted to the members of the Executive Board in 2011, has been terminated by payment since 2015.

### 25.2. Programme 2

Programme 2, which was granted to the members of the Executive Board in 2014, was terminated in 2021 by payment.

### 25.3. Programme 3

Under 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 von Platen and Mr Fromme) target agreement was concluded in line with the term of the service contracts, which declares the target achievement from the respective annual variable remuneration for the financial years 2019 to 2023 (for Mr Vilanek), the financial years 2020 to 2024 (for Mr Esch), the financial years 2019 to 2021 (for Mr Arnold) and the financial years 2018 (pro rata from the appointment to the Executive Board, i.e. from 1 June 2018) to 2021 (pro rata until the end of the term of the service contract on 31 May 2021) (for Mr von Platen and Mr Fromme) as the target parameter. 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 Executive Board member as a positive amount depending on the achievement of targets per financial year as described in more detail below and is paid out after the other payment conditions (as described in more detail below) have been met, depending on further performance. Base amounts totalling EUR 1,650 thousand (thereof EUR 650 thousand for Mr Vilanek and EUR 250 thousand each for Mr Esch, Mr Arnold, Mr von 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 number of virtual shares to be cancelled 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 Executive Board members 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 achieved, the maximum number of virtual shares cancelled is doubled if the target is achieved by 105% or more, or set to zero if the target is achieved 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 holding period for the respective number of entries.

Regarding the holding period: the respective number of shares booked into the virtual LTIP account must generally be held by the Executive Board member 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 von 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).

Regarding the exercise period: The Executive Board member is entitled to demand payment of the payout amount within a period of two years after the end 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 Executive Board member 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 distributed in the period between the start of the holding period for the respective cancellation number and the date 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 later than 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 previous 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 adjusted accordingly.

The obligation from the LTIP programme was determined at fair value in accordance with IFRS 2 using a recognised valuation model. The key parameters included in this valuation model are the share price of freenet AG on the balance sheet date, 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 at 31 December 2023, a total of 764,100 virtual shares (31 December 2022: 355,539 virtual shares) were booked to the virtual accounts of the beneficiaries in Programme 3. Of the virtual shares existing as of 31 December 2023, 708,178 virtual shares are vested - these are all existing virtual shares for Mr Vilanek, Mr Arnold, Mr von Platen and Mr Fromme. Due to the aforementioned exercise conditions, Mr Esch’s 55,922 virtual shares are forfeitable. The EBT target for 2023 relevant to Mr Esch had not yet been finalised through the approval of the consolidated financial statements when these financial statements were prepared; nevertheless, it is assumed that the maximum number of shares for Mr Esch will be achieved and thus doubled accordingly, which has already been taken into account in the calculation of the provision. As at 31 December 2022, the total of 355,539 virtual shares under Programme 3 were forfeitable.

The development of the number of virtual shares in Programme 3 in the 2023 financial year and in the previous year 2022 is shown in the following overviews:

**PROGRAMME 3**

| | Number of virtual shares 01.01.2023 | Additions | Disposal by payout | Number of virtual shares 31.12.2023 | Provisions 31.12.2023 in EUR '000s |
|---|---|---|---|---|---|
| Christoph Vilanek | 146,924 | 232,828 | 0 | 379,752 | 11,257 |
| Ingo Arnold | 56,509 | 56,509 | 0 | 113,018 | 3,392 |
| Stephan Esch | 39,402 | 16,520 | 0 | 55,922 | 3,010 |
| Rickmann v. Platen | 56,352 | 56,352 | 0 | 112,704 | 3,081 |
| Antonius Fromme | 56,352 | 56,352 | 10,000 | 102,704 | 2,785 |
| **Total** | **355,539** | **418,561** | **10,000** | **764,100** | **23,525** |

**PROGRAMME 3**

| | Number of virtual shares 01.01.2022 | Additions | Disposal by payout | Number of virtual shares 31.12.2022 | Provisions 31.12.2022 in EUR '000s |
|---|---|---|---|---|---|
| Christoph Vilanek | 100,161 | 46,763 | 0 | 146,924 | 7,394 |
| Ingo Arnold | 38,523 | 17,986 | 0 | 56,509 | 2,567 |
| Stephan Esch | 21,416 | 17,986 | 0 | 39,402 | 2,173 |
| Rickmann v. Platen | 48,858 | 7,494 | 0 | 56,352 | 2,099 |
| Antonius Fromme | 48,858 | 7,494 | 0 | 56,352 | 2,099 |
| **Total** | **257,816** | **97,723** | **0** | **355,539** | **16,332** |

Of the personnel expenses of EUR 7,484 thousand recognised in 2023 (previous year: EUR 8,524 thousand), EUR 3,863 thousand (previous year: EUR 3,822 thousand) is attributable to Mr Vilanek, EUR 825 thousand (previous year: EUR 1,378 thousand) to Mr Arnold, EUR 837 thousand (previous year: EUR 1,160 thousand) to Mr Esch and EUR 982 thousand (previous year: EUR 1,082 thousand) to Mr von Platen and EUR 977 thousand (previous year: EUR 1,082 thousand) to Mr Fromme. Of the personnel expenses of EUR 7,484 thousand recognised in 2023 (previous year: EUR 8,524 thousand), EUR 7,193 thousand (previous year: EUR 8,524 thousand) is attributable to additions to provisions and EUR 291 thousand (previous year: EUR 0) to payments for exercises. The payments of EUR 291 thousand were made to Mr Fromme.

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. The additions in 2022 were made for the 2021 financial year. An addition of virtual shares to the virtual LTIP account for the 2023 financial year had not yet been made as of the reporting date. The EBT target for 2023 relevant to Mr Vilanek and Mr Esch had not yet been finalised by the time these financial statements were prepared by approving the consolidated financial statements as of 31 December 2023; nevertheless, it is assumed that this EBT target will be reached to the maximum extent possible and that the number of virtual shares for these Executive Board members will double accordingly (for Mr Vilanek for his last financial year 2023 benefiting from Programme 3 and for Mr Esch for the first four financial years 2020 to 2023 benefiting from Programme 3). The additions for the 2023 financial year are expected to amount to 83,156 virtual shares for Mr Vilanek and 87,904 virtual shares for Mr Esch (thereof 55,922 virtual shares due to the doubling of the number of shares relating to the 2020 to 2022 financial years and 31,982 virtual shares as double the number of shares relating to the 2023 financial year).

## 25.4. Programme 4

In Programme 4, in addition to the annual target agreement, a five-year target agreement was originally concluded with Mr von 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 von 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 von 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 von 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. The key parameters included in this valuation model are the share price of freenet AG on the balance sheet date, 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 for Mr von Platen and Mr Fromme as of 31 December 2023 amount to EUR 691 thousand each (previous year: EUR 492 thousand each). The personnel expenses recognised from this programme in 2023 for Mr von Platen and Mr Fromme amount to EUR 199 thousand each (previous year: EUR 87 thousand each).

## 25.5. Programme 5

Under Programme 5, new long-term variable salary components were granted to Executive Board members Arnold, von Platen and Fromme as part of the introduction of the new Executive Board remuneration system in the 2022 financial year, namely from 1 January 2022 to 31 December 2026 for Mr Arnold and from 1 January 2022 to 31 May 2026 for Mr von Platen and Mr Fromme respectively. Ms Engenhardt-Gillé was granted long-term variable salary components under this programme on the occasion of her first appointment to the Executive Board from 1 January 2023 for the period from 1 January 2023 to 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 Executive Board member 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 von 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 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 469 thousand for Mr Arnold, EUR 435 thousand for Mr von Platen, EUR 435 thousand for Mr Fromme and EUR 215 thousand for Ms Engenhardt-Gillé. The number of virtual shares credited to the Executive Board member's LTIP account in each 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 Executive Board member 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 payment amount per tranche is due for payment within six weeks of the Supervisory Board approving the consolidated financial statements.

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 reference indices is calculated 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 discretion following prior consultation with the Executive Board member 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). The key 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 “relative TSR” target, the estimate of the future development of the share prices relevant for the “relative TSR” target, 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 at 31 December 2023, a total of 135,685 virtual shares were booked as the initial number of virtual shares for the beneficiaries under Programme 5 (previous year: 58,969 virtual shares), thereof 43,799 (previous year: 20,647) for Mr Arnold, 40,646 (previous year: 19,161) for Mr von Platen, 40,646 (previous year: 19,161) for Mr Fromme and 10,594 (previous year: 0) for Ms Engenhardt-Gillé. In the 2023 financial year, Programme 5 resulted in personnel expenses of EUR 2,682 thousand (previous year: EUR 1,376 thousand), thereof EUR 832 thousand (previous year: EUR 482 thousand) for Mr Arnold, EUR 773 thousand (previous year: EUR 447 thousand) for Mr von Platen, EUR 773 thousand (previous year: EUR 447 thousand) for Mr Fromme and EUR 304 thousand (previous year: EUR 0) for Ms Engenhardt-Gillé. The provisions recognised as of 31 December 2023 amount to EUR 1,314 thousand (previous year: EUR 482 thousand) for Mr Arnold, EUR 1,220 thousand (previous year: EUR 447 thousand) for Mr von Platen, EUR 1,220 thousand (previous year: EUR 447 thousand) for Mr Fromme and EUR 304 thousand (previous year: EUR 0) for Ms Engenhardt-Gillé.

## 25.6. Other employee incentive programmes

As at 31 December 2023, the Group had two further employee incentive programmes, which are recognised with provisions totalling EUR 2,300 thousand (EUR 2,216 thousand and EUR 94 thousand). In the programme with the provision amount of EUR 2,216 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.

In addition to programmes 3 to 5, there was another employee incentive programme in the previous year 2022, which was recognised with a provision of EUR 4,613 thousand as of 31 December 2022. As part of the programme, employees were granted virtual company shares, which were earned in various tranches until 2023 and paid out in 2023 at a predetermined value per share, resulting in payments of EUR 4,613 thousand.

## 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:

| | 31.12.2023 | | |
|---|---|---|---|
| In EUR '000s | 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** |

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

As at 31 December 2023, there were liabilities to related parties, see note 34.

EUR 819,773 thousand (previous year: EUR 835,183 thousand) of the liabilities are due within the next twelve months. Liabilities totalling EUR 174,934 thousand (previous year: EUR 206,466 thousand) are due within one and five years. EUR 85 thousand (previous year: EUR 0 thousand) is due after more than five years.

Of the liabilities summarised under financial liabilities, EUR 376,011 thousand (previous year: EUR 377,348 thousand) are due within one year and EUR 56,808 thousand (previous year: EUR 86,658 thousand) are due between one and five years. As in the previous year, no liabilities are due after more than five years.

We provide the following breakdown of current trade accounts payable:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Liabilities to network operators, dealers, distributors, hardware manufacturers (mobile communications) | 191,550 | 187,837 |
| Liabilities to sales partners from contracts with customers | 52,838 | 46,143 |
| Obligations from distribution rights | 30,599 | 30,422 |
| Other | 62,937 | 66,782 |
| **Total** | **337,924** | **331,184** |

The current other financial liabilities are made up as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Personnel obligations | 19,094 | 19,495 |
| Refund liabilities | 11,601 | 19,936 |
| Other | 7,592 | 6,733 |
| **Total** | **38,287** | **46,164** |

The non-current other financial liabilities break down as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Obligations from distribution rights | 30,814 | 61,413 |
| Liabilities to sales partners from contracts with customers | 17,797 | 17,085 |
| Obligations from earn-outs | 7,612 | 7,515 |
| Other | 585 | 645 |
| **Total** | **56,808** | **86,658** |

The 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.

Due to the financing component, the non-current portion of the liability from distribution rights is recognised in other financial liabilities.

The current other liabilities and accruals break down as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Deferred income from bonuses and commissions received from network operators | 328,532 | 337,382 |
| Deferred income from customer credit balances, mobile communication | 28,140 | 35,000 |
| Liabilities from value added tax | 31,410 | 28,657 |
| Liabilities to customers from contracts with customers | 17,390 | 17,187 |
| Other | 38,290 | 39,609 |
| **Total** | **443,762** | **457,835** |

The non-current other liabilities and accruals break down as follows:

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Deferred income from bonuses and commissions received from network operators | 109,866 | 110,848 |
| Liabilities to customers from contracts with customers | 6,897 | 7,223 |
| Other | 1,363 | 1,737 |
| **Total** | **118,126** | **119,808** |

## 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 | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Non-current** | | |
| Liabilities from promissory note loans | 250.1 | 393.4 |
| | | |
| **Current** | | |
| Liabilities from promissory note loans | 180.7 | 116.1 |
| | | |
| **Total** | **430.8** | **509.5** |

During the 2023 financial year, two tranches of the existing promissory note loans from 2016 and 2018 with a total nominal amount of EUR 113.5 million were repaid as scheduled.

In October 2023, 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 with a term until December 2026. Both tranches have a variable interest rate with a margin of 1.25% (plus 6-month EURIBOR). The first tranche was paid out in December 2023 (for EUR 35.0 million); the second tranche (for EUR 65.0 million) will be paid out in May 2024. The liabilities from promissory note loans are all due to banks.

The Group's lease liabilities are broken down by lease category as follows:

| In EUR million | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Non-current** | | |
| Site leases | 150.7 | 190.2 |
| Shops/stores | 69.2 | 85.6 |
| Co-location leases | 39.8 | 50.1 |
| Motor vehicles | 3.9 | 2.5 |
| Network infrastructure | 5.2 | 0.0 |
| Other | 0.2 | 8.1 |
| | **269.0** | **336.5** |
| **Current** | | |
| Site leases | 41.4 | 42.6 |
| Shops/stores | 18.5 | 19.1 |
| Co-location leases | 12.1 | 11.7 |
| Motor vehicles | 3.8 | 3.4 |
| Network infrastructure | 2.3 | 1.3 |
| Other | 0.2 | 3.9 |
| | **78.3** | **82.0** |
| **Total** | **347.3** | **418.5** |

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 22,536 thousand (31 December 2022: EUR 22,257 thousand).

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

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Present value of funded obligations | 22,646 | 19,359 |
| Present value of unfunded obligations | 68,136 | 61,785 |
| **Present value of obligations** | **90,782** | **81,144** |
| Fair value of plan assets | – 22,536 | – 22,257 |
| Influence from the asset ceiling | 0 | 1,974 |
| **Net liability recognized** | **68,246** | **60,861** |
| thereof recognized in pension provisions | 68,246 | 61,785 |
| thereof reported under other non-current receivables and other assets | 0 | – 924 |

The fulfilment of these obligations is predominantly expected in the long-term. The development of the present value of funded and unfunded obligations is shown in the following table:

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| **As of 1.1.** | **81,144** | **116,302** |
| current service cost | 705 | 1,007 |
| gross interest expense | 3,351 | 1,557 |
| employee contributions | 3 | 3 |
| Settlement of pension obligations | – 10 | – 39 |
| Benefit payments from plan assets | – 178 | 0 |
| **Actuarial losses/gains (–)** | | |
| thereof due to experience adjustments | 992 | 212 |
| thereof due to demographic parameter adjustments | 0 | 0 |
| thereof due to financial parameter adjustments | 7,035 | – 35,602 |
| **Subtotal: Actuarial losses/gains (–)** | **8,027** | **– 35,390** |
| Payments made | – 2,260 | – 2,296 |
| **As of 31.12.** | **90,782** | **81,144** |

The weighted average remaining term of the performance obligations as of 31 December 2023 is 19.1 years (previous year: 18.7 years) for the freenet programme, 13.2 years (previous year: 13.1 years) for the debitel programmes and 7.2 years (previous year: 7.4 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 '000s | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Present value of funded obligation | 22,646 | 19,359 | 31,362 | 32,568 | 28,795 |
| Present value of unfunded obligation | 68,136 | 61,785 | 84,940 | 88,484 | 84,843 |
| Fair value of plan assets | – 22,536 | – 22,257 | – 20,037 | – 17,544 | – 14,851 |
| Influence from the asset ceiling | 0 | 1,974 | 0 | 0 | 0 |
| **Plan deficit** | **68,246** | **60,861** | **96,265** | **103,508** | **98,787** |
| Experience adjustments of plan liabilities | 992 | 212 | 9 | 35 | – 1,226 |
| Experience adjustments of plan assets | – 2,339 | – 219 | 113 | 285 | 53 |

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 22,536 thousand (31 December 2022: EUR 22,257 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 '000s | 2023 | 2022 |
|---|---|---|
| **As of 1.1.** | **22,257** | **20,037** |
| Interest on plan assets (through income statement, with standardised interest) | 980 | 310 |
| Differences between the expected and actual income from plan assets (recognised through other comprehensive income) | – 2,339 | – 219 |
| Benefit payments from plan assets | – 178 | |
| Employer contributions to plan assets | 1,816 | 2,129 |
| **As of 31.12.** | **22,536** | **22,257** |

The actual expenses from the plan assets amount to EUR 1,359 thousand (previous year income: EUR 91 thousand) and are calculated as the total of the calculated expenses or income/loss on plan assets and the actuarial gains or losses.

For the 2024 financial year, freenet expects payments into the plan assets of EUR 845 thousand and payments for pensions of EUR 7,851 thousand. For the 2023 financial year, freenet had expected payments into the plan assets of EUR 1,787 thousand and payments for pensions of EUR 2,922 thousand.

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

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| **As of 1.1.** | **60,861** | **96,265** |
| Current service cost | 705 | 1,007 |
| Net interest expense | 2,371 | 1,247 |
| Gains on the settlement of pension obligations | – 10 | – 39 |
| **Subtotal: amount recognised in the consolidated income statement** | **3,066** | **2,215** |
| Remeasurement | | |
| Experience-based gains (–)/losses (+) | 992 | 212 |
| Gains (–)/losses (+) due to financial parameter adjustments | 7,035 | – 35,602 |
| Income (–)/ expenses (+) on plan assets not already included in net interest income | 2,339 | 219 |
| Influence from the asset ceiling | – 1,974 | 1,974 |
| **Subtotal: remeasurements recognised through other comprehensive income** | **8,392** | **– 33,197** |
| Payments made | – 2,260 | – 2,296 |
| Employer contributions to plan assets | – 1,816 | – 2,129 |
| Employee contributions | 3 | 3 |
| **As of 31.12.** | **68,246** | **60,861** |

The following key actuarial assumptions were made:

| In % | 31.12.2023 | 31.12.2022 |
|---|---|---|
| Discount rate (freenet, debitel programmes) | 3.57 | 4.25 |
| Discount rate (Media Broadcast Group programmes) | 3.42 | 4.09 |
| Future salary increases (debitel programme) | 3.00 | 2.25 |
| 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 previous 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.

| 31.12.2023 | Change in present value of obligations | |
|---|---|---|
| In EUR '000s | 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 | |

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

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 2023, 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 '000s | 1.1.2023 | Utilization | Reversal | Interest | Addition | 31.12.2023 | Non-current | Current |
|---|---|---|---|---|---|---|---|---|
| **Other** | | | | | | | | |
| Contingent losses | 680 | 176 | 20 | 6 | 294 | **784** | 78 | 706 |
| Litigation | 10,916 | 3,421 | 3,604 | 0 | 1,189 | **5,080** | 0 | 5,080 |
| Asset retirement obligations | 39,717 | 532 | 2,978 | 368 | 2,576 | **39,151** | 35,204 | 3,947 |
| Storage costs | 313 | 59 | 37 | 15 | 58 | **290** | 290 | 0 |
| Other | 3,149 | 5 | 145 | 0 | 1,577 | **4,576** | 0 | 4,576 |
| | **54,775** | **4,193** | **6,784** | **389** | **5,694** | **49,881** | **35,572** | **14,309** |
| **Personnel** | | | | | | | | |
| Employee incentive programmes | 23,411 | 4,904 | 0 | 0 | 12,779 | **31,286** | 19,465 | 11,821 |
| Service anniversaries | 1,026 | 184 | 400 | 0 | 651 | **1,093** | 922 | 171 |
| Restructuring | 1,522 | 258 | 1,011 | 0 | 0 | **253** | 0 | 253 |
| Other | 392 | 179 | 110 | 14 | 103 | **220** | 220 | 0 |
| | **26,351** | **5,525** | **1,521** | **14** | **13,533** | **32,852** | **20,607** | **12,245** |
| **Total** | **81,126** | **9,718** | **8,305** | **403** | **19,227** | **82,733** | **56,179** | **26,554** |

The provisions for contingent losses at include expected vacancy costs for rented retail space and expected losses from negative-margin tariffs. An outflow of assets in the amount of EUR 706 thousand is expected for 2024.

The provisions for litigation relate to the expected costs from various lawsuits against Group companies and other outstanding disputes with third parties. The majority of this is attributable to litigation with former trading partners and customers as well as intellectual property matters. The Group anticipates a complete outflow of assets in 2024. 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 locations. The outflow of assets is expected to be EUR 2,457 thousand in 2024 and EUR 31,107 thousand in the years 2025 to 2031 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 amount to EUR 1,490 thousand in 2024 and EUR 4,097 thousand in the years 2025 to 2031 following the expected expiry of the underlying rental agreements.

Further details on the recognition of provisions for employee incentive programmes are documented in Note 25. Due to the reorganisation of individual areas, a provision for restructuring was recognised in 2022. A further outflow of assets is expected in full in 2024.

Anniversary provisions were recognised for which an outflow of assets of EUR 171 thousand is expected for 2024 and EUR 922 thousand for the years 2025 to 2043. The calculation of the anniversary provisions was based on an interest rate of 3.42% and an average term from the balance sheet date to payment of seven years.

As a result of the acquisition of the Media Broadcast Group, obligations for semi-retirement and long-term work accounts were also assumed. These obligations are offset against the fair values of the corresponding plan assets on each balance sheet date. As at 31 December 2023, the provisions before offsetting for long-term work accounts amounted to EUR 3,387 thousand (previous year: EUR 3,558 thousand) and for semi-retirement EUR 0 thousand (previous year: EUR 0 thousand).

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| **Long-term work accounts** | | |
| **Obligation as of 1.1.** | **3,558** | **4,328** |
| Payments from long-term work accounts | – 309 | – 531 |
| Personnel expenses | 75 | 164 |
| Interest income/interest expense | 63 | – 403 |
| **Obligation as of 31.12. Before netting** | **3,387** | **3,558** |
| | | |
| **Fair value of plan assets as of 1.1.** | **5,495** | **6,526** |
| Income/loss on plan assets | 505 | – 1,031 |
| **Plan assets as of 31.12.** | **6,000** | **5,495** |

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| **Semi-retirement** | | |
| **Obligation as of 1.1.** | **0** | **103** |
| Payments from semi-retirement accounts | 0 | – 103 |
| Personnel expenses | 0 | 0 |
| **Obligation as of 31.12. Before netting** | **0** | **0** |
| | | |
| **Fair value of plan assets as of 1.1.** | **1,021** | **1,026** |
| Loss on plan assets | 32 | – 5 |
| **Plan assets as of 31.12.** | **1,053** | **1,021** |

As at 31 December 2023, no provision amount remains as of 31 December 2022.

## 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 '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Maintenance, support and other obligations** | | |
| Due within one year | 44,771 | 41,327 |
| Due within one and five years | 127,624 | 127,471 |
| Due after more than five years | 31,199 | 62,734 |
| | **203,594** | **231,532** |
| **Order commitments** | | |
| Regarding intangible assets | 366 | 892 |
| Regarding property, plant and equipment | 2,803 | 4,899 |
| Regarding inventories, other supplies and services | 123,905 | 114,958 |
| | **127,074** | **120,749** |
| **Total** | **330,668** | **352,281** |

As in 2022, 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.

At the end of the financial year, order commitments totalled EUR 127,074 thousand (previous year: EUR 120,749 thousand). Of this, EUR 3,169 thousand (previous year: EUR 5,791 thousand) is attributable to the procurement of fixed assets. There are further purchase obligations totalling EUR 123,905 thousand (previous year: EUR 114,958 thousand). These are primarily obligations from the purchase of electricity for production at the various rental locations as well as broadband connections as part of media networks (audio and video transmission).

Other contingent liabilities consist of letters of comfort and rental guarantees and totalled EUR 38,069 thousand as of the balance sheet date (previous year: EUR 40,578 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 (continuing and discontinued operations).

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

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 receivables and other assets", "Other financial assets", "Inventories", "Trade accounts payable", "Other liabilities and deferrals", "Other financial liabilities", "Other provisions" and the change in other assets and liabilities not attributable to investing or financing activities.

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 the repayment of financial liabilities. Accordingly, "interest paid", "interest received", "cash inflows from the repayment of financial assets from leases" are included in the cash flow from operating activities 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

Compared to the same period of the previous year, the cash flow from operating activities increased by EUR 2.3 million to EUR 398.0 million in the 2023 financial year (previous year: EUR 395.7 million). The increase is mainly due to the EUR 21.5 million increase in EBITDA in this period, while the previous year's effect in connection with the dividend received from the equity investment in CECONOMY (2023: EUR 0; 2022: EUR 5.5 million) was not repeated. The EUR 10.5 million year-on-year increase in networking capital (net working capital) including contract acquisition costs also reduced the cash flow from operating activities. This was also due to the complete reduction in factoring of trade accounts receivable in the 2023 financial year.

### 32.2. Cash flow from investing activities

The cash flow from investing activities totalled EUR -55.3 million in the 2023 financial year compared to EUR -71.9 million in the prior-year period. This development is mainly due to the payment of EUR 10.0 million made to the former shareholders of The Cloud Group in the prior-year period of 2022. Net cash investments (CapEx) decreased by EUR 7.3 million compared to the prior-year period (EUR 60.0 million) to EUR 52.7 million, mainly due to the payments made in the previous year for the modernisation of the headquarters in Büdelsdorf (EUR 8.6 million). The investments were financed entirely from own funds.

## 32.3. Cash flow from financing activities

The cash flow from financing activities totalled EUR -360.9 million in the 2023 financial year (previous year: EUR -432.1 million). Payments in the 2023 financial year were mainly attributable to the dividend distribution of EUR 199.7 million (previous year: EUR 186.6 million), repayments of two promissory note loan tranches with a nominal value of EUR 113.5 million (previous year: EUR 140.5 million) and repayments of lease liabilities totalling EUR 82.7 million (previous year: EUR 86.4 million). In contrast, the Group received funds totalling EUR 35.0 million in the 2023 financial year in connection with the issue of a promissory note loan (previous year: EUR 0, see Notes to the consolidated financial statements, Note 28).

Free cash flow of EUR 262.6 million was generated in the 2023 financial year, which corresponds to an increase of EUR 13.3 million or 5.3% compared to the prior-year period (EUR 249.2 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 the continuing and discontinued operations. The derivation of this result from the consolidated income statement is shown below.

| In EUR ’000s | 2023 | 2022 |
|---|---|---|
| Earnings before income taxes | 219,670 | 113,978 |
| Financial result | 26,438 | 15,423 |
| **Earnings before interest and taxes (EBIT)** | **246,108** | **129,401** |

## 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 2023:

| | | Cash-effective changes | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| In EUR ’000s | 1.1. 2023 | Repayment of financial debt | Raising financial debt | Repayment of leasing liabilities | Repayment of other financial liabilities | Interest paid[1] | Interest expense | Other changes[2] | 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 | 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] Interest payments in connection with financial liabilities and leases amount to EUR 24,749 thousand. In addition, further interest payments for taxes, interest on arrears and the like totalling EUR 531 thousand are reported under “Interest paid” within cash flow from operating activities.
[2] 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 2022 to 31 December 2022 are as follows (table adjusted)

| | | Cash-effective changes | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| In EUR '000s | 1.1. 2022 | Repayment of financial debt | Admission of other financial Assoc. | Repayment of lease liabilities | Repayment of other financial liabilities | Interest paid[1] | Interest expense | Other changes[2] | 31.12.2022 |
| Non-current financial liabilities | 505,786 | | | | | | | – 112,349 | 393,437 |
| Current financial liabilities | 140,395 | – 140,500 | | | | | | 113,560 | 113,455 |
| current financial liabilities from interest accruals | 3,224 | | | | | – 10,268 | 9,712 | | 2,668 |
| liabilities from finance leases | 480,886 | | | – 86,433 | | – 8,769 | 8,769 | 24,100 | 418,553 |
| Non-current other financial liabilities | 0 | | 76,800 | | – 15,470 | | 83 | | 61,413 |
| **total liabilities from financing activities** | **1,130,291** | **– 140,500** | **76,800** | **– 86,433** | **– 15,470** | **– 19,037** | **18,481** | **25,311** | **928,113** |

[1] Interest payments in connection with financial liabilities and leases amount to EUR 19,037 thousand. In addition, further interest payments for taxes, interest on arrears and the like totalling EUR 735 thousand are reported under "Interest paid" within cash flow from operating activities.
[2] 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 that contain financial instruments.

We provide the following information on the financial instruments held by the Group as of 31 December 2023 and 31 December 2022:

### Financial instruments by category as of 31 December 2023

| In EUR '000s | Measurement category in accordance with IFRS 9 | Carrying amount of 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 comprehensive income | 31.12.2023 |
| **Assets** | | | | | | |
| Cash/liquid assets | AC | 159,815 | 159,815 | | | —[1] |
| Trade accounts receivable | | 357,498 | | | | |
| At amortised cost | AC | 236,519 | 236,519 | | | —[1] |
| At fair value through profit or loss | FVTPL | 120,979 | | 120,979 | | —[1] |
| Other financial assets | | 197,414 | | | | |
| Lease receivables | n/a | 37,429 | | | | |
| Non-derivative financial assets | | | | | | |
| At amortised cost | AC | 25,621 | 25,621 | | | —[1] |
| Other financial assets | | | | | | |
| At amortised cost | AC | 8,571 | 8,571 | | | —[1] |
| At fair value through profit or loss | FVTPL | 37,973 | | 37,973 | | |
| Other equity instruments | | | | | | |
| 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** | | | | | | |
| 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 | 95,095 | 95,095 | | | |
| At fair value through profit or loss | FVTPL | 0 | | 0 | | —[1] |

[1] No fair value was determined for the items, but the carrying amounts represent a reasonable approximation of the fair value. As a result, the aggregated fair values for the AC and FVTPL measurement categories are significantly lower than their aggregated carrying amounts in the balance sheet.

| In EUR '000s | Measurement category in accordance with IFRS 9 | Carrying amount of 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 comprehensive income | 31.12.2023 |
| **Thereof aggregated by IFRS 9 measurement category** | | | | | | |
| **Assets** | | | | | | |
| At amortised cost | AC | 431,772 | 431,772 | | | —[1] |
| At fair value through profit or loss | FVTPL | 160,979 | | 160,979 | | —[1] |
| At fair value through other comprehensive income | FVTOCI | 85,793 | | | 85,793 | 85,793 |
| **Equity and liabilities** | | | | | | |
| At amortised cost | AC | 865,091 | 865,091 | | | 419,039[1] |
| At fair value through profit or loss | FVTPL | 0 | | 0 | | —[1] |

[1] No fair value was determined for the items, but the carrying amounts represent a reasonable approximation of the fair value. As a result, the aggregated fair values for the AC and FVTPL measurement categories are significantly lower than their aggregated carrying amounts in the balance sheet.

## Financial instruments by category as of 31 December 2022

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

[1] No fair value was determined for the items, but the carrying amounts represent a reasonable approximation of the fair value. As a result, the aggregated fair values for the AC and FVTPL measurement categories are significantly lower than their aggregated carrying amounts in the balance sheet.

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

[1] No fair value was determined for the items, but the carrying amounts represent a reasonable approximation of the fair value. As a result, the aggregated fair values for the AC and FVTPL measurement categories are significantly lower than their aggregated carrying amounts in the balance sheet.

The non-financial assets represent that part of the balance sheet item “Other receivables and other assets” that does not fall within the scope of IFRS 7.

The non-financial liabilities represent the balance sheet item “Other liabilities and accruals”, which does not fall within the scope of IFRS 7.

The fair value of cash and cash equivalents, trade accounts receivable, other current financial assets and other current financial liabilities corresponds approximately to the carrying amounts. 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. The other equity instruments measured at fair value through profit or loss are not listed shares.

For other equity instruments, which are measured at fair value through other comprehensive income, the Group recognises the market value in an active market as the fair value. The other equity instruments relate to the equity investment in CECONOMY (carrying amount as of 31 December 2023: EUR 80.8 million) and MGI (carrying amount as of 31 December 2023: EUR 4.5 million) as well as securities to hedge pension obligations.

There are only insignificant differences between the carrying amounts of the financial instruments and the fair values due to the discounting carried out using the effective interest method and based on the current interest rate level. The fair value of 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 2023 by EUR 9,561 thousand (previous year: EUR 13,984 thousand). This difference resulted from the measurement 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 fair value of the other equity instruments that are not traded on the stock exchange is determined by the Group using recognised actuarial methods (discounted cash flow method or option pricing models). Specifically, the expected future cash flows from the financial instruments are determined on the basis of the relevant yield and forward curves and then discounted as of the reporting date. The market value confirmations received from the external contractual partners are periodically compared with the internally determined market values. The Group had no derivative financial instruments as of 31 December 2023.

The following overview shows the main parameters on which the measurement of financial instruments recognised at fair value and the measurement 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 measurement of the financial asset or financial liability (unobservable input factors). As in the previous year, there were no transfers between the individual levels in the 2023 financial year.

### Fair value hierarchy as of 31 December 2023

| In EUR '000s | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade accounts receivable, at fair value through profit or loss | 120,979 | 0 | 0 | 120,979 |
| Other financial assets, at fair value through profit or loss | 37,973 | 0 | 0 | 37,973 |
| 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 | 0 | 419,039 |

### Fair value hierarchy as of 31 December 2022

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

The following table shows the changes to level 3 instruments for the 2023 financial year:

| In EUR '000s | 1.1.2023 | Additions | Disposals | 31.12.2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade accounts receivable, at fair value through profit or loss | 114,071 | 6,908 [1] | | 120,979 |
| Other financial assets, at fair value through profit or loss | 24,501 | 13,472 [1] | | 37,973 |
| Other equity instruments, at fair value through profit or loss | 1,715 | 312 | 0 | 2,027 |
| **Equity and liabilities** | | | | |
| Financial liabilities from promissory notes | 492,908 | 37,728 | 111,597 | 419,039 |
| Other financial liabilities, at fair value through profit or loss | 2,675 | 0 | 2,675 | 0 |

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

There was no regrouping in level 3 in the 2023 financial year and there were no effects on Other comprehensive income.

The following net gains/losses were recognised for the individual categories of financial instruments in the 2023 financial year and in the previous year:

## Net gains/losses by measurement category 2023

| | From interest | From subsequent measurement | | From disposals | Net result |
|---|---|---|---|---|---|
| In EUR '000s | | At fair value through other comprehensive income | Value adjustment/losses on receivables | | |
| Assets measured at amortised cost (AC) | 6,365 | 0 | – 10,816 | | – 4,451 |
| Assets measured at fair value through profit or loss (FVTPL) | – 357 | | – 3,509 | 1,556 | – 2,310 |
| Assets measured at fair value through other comprehensive income (FVTOCI) | 0 | 16,869 | | | 16,869 |
| Liabilities measured at amortised cost (AC) | – 13,430 | 0 | | | – 13,430 |
| **Total** | **– 7,422** | **16,869** | **– 14,325** | **1,556** | **– 3,322** |

## Net gains/losses by measurement category 2022

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

Net gains 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 2023

| In EUR '000s | 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 | 86,120 | 3,387 | 82,733 | | 82,733 |
| **Total** | **538,891** | **118,434** | **420,457** | **4,018** | **416,439** |

### Offsetting of financial assets and liabilities 2022

| In EUR '000s | 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 | 441,250 | 99,229 | 342,021 | | 342,021 |
| Other financial assets | 172,852 | 3,557 | 169,295 | | 169,295 |
| **Total** | **614,102** | **102,786** | **511,316** | **0** | **511,316** |
| **Financial liabilities** | | | | | |
| Trade accounts payable | 430,413 | 99,229 | 331,184 | 4,021 | 327,163 |
| Other provisions | 84,683 | 3,557 | 81,126 | | 81,126 |
| **Total** | **515,096** | **102,786** | **412,310** | **4,021** | **408,289** |

In 2023, trade accounts receivable from network operator (e.g. from bonuses, commissions) are netted against trade accounts payable and other liabilities to the same network operator. As at 31 December 2023, the netting amounts to EUR 115,047 thousand (31 December 2022: EUR 99,229 thousand). The requirements for offsetting are met - as the various claims and obligations vis-à-vis two network operators were measured in the course of this process, with the result that, with insignificant exceptions, there is basically a single large, credit-side performance relationship with these network operators. Based on an agreement with a network operator to adjust payment terms, 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 118,434 thousand, there is a long-term security deposit of EUR 4,018 thousand. 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. Please also refer to our provisions in Note 30, Other provisions.

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

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

The aim of financial risk management is to monitor these risks on an ongoing basis and to limit them through operational and finance-oriented 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 by means of regular internal risk reporting, which analyses the degree and extent of risks. The top priority for the Group Treasury department is the principle of risk minimisation; another important goal is to optimise 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 from the default 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 objective of the Group's capital risk management is to monitor the key figures (financial covenants) stipulated in the loan agreements, failure to meet which could result in the loans falling due immediately under certain circumstances. 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 2023 (31 December 2023: 42.0%; previous year: 40.5%). The leverage (31 December 2023: 1.2, previous year: 1.5) 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 at 31 December 2023, all key figures of 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 equity and debt.

In order to actively manage the capital structure, management can sell assets to reduce debt and take other measures such as issuing new shares.

The following disclosures on the individual risks are based on information as presented 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 financial liabilities from promissory note loans (reported with a total balance of EUR 430.8 million as of 31 December 2023 (previous year: EUR 509.5 million) - of which EUR 222.4 million is attributable to the tranches with variable interest rates). In addition, the Group has a revolving credit line totalling EUR 300.0 million (previous year: EUR 300.0 million), which has a term of five years and was again undrawn at the end of the year.

As at 31 December 2023, the Group had interest-bearing financial liabilities of EUR 430.8 million (previous year: EUR 509.6 million), of which EUR 222.5 million were subject to variable interest rates as of the balance sheet 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 the 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 effects 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 effects of changes in interest rates on earnings and equity.

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

Liabilities of EUR 430.8 million (previous year: EUR 509.6 million) are reported under current and non-current financial liabilities in the balance sheet as of 31 December 2023, of which EUR 222.5 million (previous year: EUR 186.0 million) are subject to variable interest rates. The variable-interest bank liabilities bore interest at 5.3% as of the reporting date. EUR 180.7 million of the current financial liabilities as of 31 December 2023 are reported under current liabilities. EUR 2.2 million thereof is accrued for expected payments of accrued interest, EUR 178.5 million of which is earmarked for repayment of financial liabilities in 2024. As at 31 December 2023, the variable portion of the loans bears interest in a corridor of 4.9% to 5.5%. Based on market estimates, we expect a corridor of between 4.5% and 5.5% for the variable portion in 2024. This would result in interest payments of EUR 9.1 million on the total financial liabilities in 2024. From the net position of variable-interest assets and liabilities measured at fair value, a parallel shift in the yield curve upwards by 50 basis points would have a pre-tax earnings effect of EUR −0.6 million (previous year: EUR −0.4 million), while a shift in the yield curve downwards by 50 basis points would have a pre-tax earnings effect of EUR +0.6 million (previous year: EUR +0.4 million).

Money market funds are subject to marginal interest rate fluctuations, which means that price losses can generally occur. There is no significant risk as the money is invested in funds on a very short-term basis. There are no contractually fixed maturity or interest rate adjustment dates; a return results from the change in market value and any distributions. From the financial investments in money market funds and bonds recognised in the balance sheet under other receivables and other assets as well as other financial assets, a 5% upward change in the price of the acquired shares would have an equity effect of EUR 26 thousand (previous year: EUR 26 thousand), while a 5% downward change in the price would have an equity effect of EUR –26 thousand (previous year: EUR –26 thousand).

The interest rate risk can be disregarded 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. The financial liabilities of freenet are therefore not exposed to interest rate risk because they are recognised at amortised cost.

#### 33.3.2. Foreign currency risk

The Group conducts a small number of transactions in foreign currencies. 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 equity investments in the Group that are exposed to price risk (such as interests in CECONOMY AG).

Overall, the Group considers the price risk to be negligible.

### 33.4. Liquidity risk

The Group's liquidity risk is that the company may not be able to fulfil its financial obligations, e.g. the repayment of financial liabilities, payment of purchase obligations and obligations from leases.

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 appropriate bank balances, credit lines with banks and by continuously monitoring 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 intra-group cash pooling agreements in which the major companies of the freenet Group participate, the need for and investment of liquid funds in the Group are controlled 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 at the balance sheet date, the Group had not utilised the revolving credit line of EUR 300.0 million (previous year: EUR 300.0 million). The company is authorised to borrow outside 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 equity investments. In the event of a necessary sale of these equity investments, short-term liquidation 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 principal payments of the Group's primary financial liabilities at the end of the 2023 and 2022 financial years:

### Financial liabilities 31.12.2023

| In EUR '000s | Carrying amounts | Cash flows 2024 | | | Cash flows 2025 | | | Cash flows 2026 and later | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12. 2023 | Interest fixed | Interest variable | Repayment | Interest fixed | Interest variable | Repayment | Interest fixed | Interest variable | Repayment |
| 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 |
| Other financial liabilities | 0 | | | 0 | | | 0 | | | 0 |

### Financial liabilities 31.12.2022

| In EUR '000s | Carrying amounts | Cash flows 2023 | | | Cash flows 2024 | | | Cash flows 2025 and later | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12. 2022 | Interest fixed | Interest variable | Repayment | Interest fixed | Interest variable | Repayment | Interest fixed | Interest variable | Repayment |
| Trade accounts payable | 331,184 | | | 331,184 | | | | | | |
| Financial liabilities (liabilities to banks) | 509,560 | 4,592 | 7,521 | 116,123 | 3,306 | 5,011 | 178,482 | 3,015 | 2,591 | 214,955 |
| Other non-derivative financial liabilities | 132,822 | | | 46,164 | | | 55,574 | | | 31,084 |
| Lease liabilities | 418,553 | 8,496 | | 82,008 | 6,794 | | 76,378 | 14,587 | | 260,167 |
| Other financial liabilities | 0 | | | 0 | | | 0 | | | 0 |

### 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, we 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.

When analysing default risks, the freenet Group focuses on trade accounts receivable from end customers and lease receivables. We refer here to our comments on Note 21, Receivables, other assets and other financial assets. Particular attention is paid to the creditworthiness of customers and sales partners in our Group's bulk business. For significant contract customer areas, credit checks are carried out on customers 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 measures for minimising the default risk.

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 sector) 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. The risks associated with uninsured customers are 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. Default risks vis-à-vis end customers are not covered.

When determining the recoverability of trade accounts receivable, every change in creditworthiness from the date on which 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. The investments are constantly monitored by the Group Treasury department with regard to their current and expected future returns.

### 33.6. Transfer of financial assets

For some time now, the freenet Group has been offering its end customers the opportunity to select higher-quality mobile phones for an additional monthly fee with the so-called mobile phone option. These mobile phone option contracts continue to be recognised as follows: freenet has an unconditional claim to payment from the mobile phone option after the mobile phone has been handed over to the customer. freenet recognises a receivable in the amount of the cash value of the additional monthly premiums to be paid by the customer over the term of the contract for the higher-value mobile phone upon conclusion of the contract and handover of the mobile phone. With the increasing willingness of customers to pay more for high-quality smartphones, the proportion of the postpaid customer base that has chosen such a mobile phone option has steadily increased in recent financial years. As a result, the accrued receivables from mobile phone options recognised in non-current and current trade accounts receivable have also risen steadily. For the freenet Group, this has meant an increasing capital commitment for years: Today's high-quality smartphones are more expensive to purchase than earlier mobile phones, and while the cash outflows for the procurement of these devices take place before or when the contract with the end customers is concluded, the incoming payments from the mobile phone option are spread over the 24 months of the contractual relationship with the end customers.

Against this backdrop, factoring agreements were concluded with two banks in 2014 and 2019. The factoring agreement from 2014 was terminated at the end of 2023, meaning that only one factoring agreement will be continued in future. These are framework agreements with an unlimited term. Mobile phone option receivables can be sold on a quarterly basis. The bank purchases the receivables with a fixed del credere discount and also charges freenet financing interest and fees. The relevant risks (such as essentially the bad debt risk) and opportunities are transferred to the bank so that the receivables sold are fully derecognised. The freenet Group continues to bear the late payment risk and is also responsible for the collection and administration of the receivables sold (so-called "servicing").

A total of EUR 0.4 million (previous year: EUR 1.2 million) was recognised as an expense from the quarterly sales made in the reporting year (nominal volume 2023: EUR 0 million previous year: EUR 47.7 million). Thereof, EUR 0 million (previous year: EUR 0.6 million) relates to the default risk assumed by the bank (del credere discount and fees) and EUR 0.4 million to interest expenses from the late payment risk (previous year: EUR 0.6 million). As at the balance sheet date, receivables totalling EUR 0 million (previous year: EUR 25.3 million) had been sold and derecognised but not yet paid. The expenses expected from the late payment risk and servicing in the amount of EUR 0 thousand (previous year: EUR 10 thousand) are realised over the remaining term of the receivables (six months). The maximum risk of loss for the Group is EUR 0 million (previous year: EUR 0.4 million).

The bank automatically assigns the newly defaulted receivables in the past financing period to freenet at a fixed price of one euro each month. The repurchase has no effects on the allocation of the bad debt risk or on the liquidity of the freenet Group.

In the financial year, the sale of receivables to collection agencies generated income totalling EUR 1.6 million (previous year: EUR 2.3 million). All significant opportunities and risks associated with the ownership of these receivables were transferred to the buyer.

## 34. Related party transactions

### 34.1. Overview

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

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| **Revenue attributable to billing of services** | | |
| **Joint ventures** | | |
| Antenne Deutschland GmbH & Co. KG, Garching | 8,837 | 7,507 |
| **Associated companies** | | |
| Bayern Digital Radio GmbH, Munich | 533 | 580 |
| **Non-consolidated companies** | | |
| Hessen Digital Radio GmbH, Frankfurt | 1,120 | 1,249 |
| **Total** | **10,490** | **9,336** |

| In EUR '000s | 2023 | 2022 |
|---|---|---|
| **Expenses from the purchase of services** | | |
| **Joint ventures** | | |
| Antenne Deutschland GmbH & Co. KG, Garching | 8 | 147 |
| **Associated companies** | | |
| ad.audio GmbH, Hamburg | 427 | 163 |
| Bayern Digital Radio GmbH, Munich | 561 | 676 |
| **Non-consolidated companies** | | |
| Hessen Digital Radio GmbH, Frankfurt | 37 | 58 |
| **Total** | **1,033** | **1,044** |

As at 31 December 2023, there were the following significant receivables from and liabilities to related parties

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Receivables from current service transactions** | | |
| **Joint ventures** | | |
| Antenne Deutschland GmbH & Co. KG, Garching | 11 | 59 |
| **Total** | **11** | **59** |

| In EUR '000s | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Liabilities from current service transactions** | | |
| **Associated companies** | | |
| ad.audio GmbH, Hamburg | 15 | 0 |
| **Total** | **15** | **0** |

In the 2023 financial year, the employee representatives on the Supervisory Board were granted total benefits from their employment contracts totalling EUR 445 thousand (previous year: EUR 432 thousand).

All transactions were based on market prices. There is no collateral.

## 34.2. Executive Board remuneration

The remuneration of the members of the Executive Board consists of an annual fixed salary, annual variable benefits and long-term variable benefits (LTIP). There are also pension commitments. The annual variable remuneration results from an annual target agreement. The Supervisory Board determines the specific performance criteria relevant for this target agreement and, in the case of several strategic targets, their weighting before the start of the financial year for that financial year, taking into account the respective corporate planning. For each performance criterion, there is a target achievement corridor ranging from a quantitatively defined minimum to a quantitatively defined maximum. Between the minimum and maximum values, a quantified value is also defined as 100% target achievement. Target achievement is possible in the corridor between 0 and 150%. The achievement of the respective defined targets is determined by the Supervisory Board after approval of the consolidated financial statements for the past financial year. Taking into account the weighting of the individual performance criteria and the actual target achievement, the respective payout amount for the one-year variable benefits for the past financial year is calculated. The current Executive Board remuneration system, which was approved by the Annual General Meeting in 2022, provides for a weighting of 40% for the EBITDA target, 30% for the customer base target and a total of 30% for the strategic targets set at a number of one to three. The weighting of the strategic objectives can deviate from this and be between 20% and 50% – in this case, the weighting of the EBITDA and customer base performance criteria (while maintaining the ratio to each other) changes accordingly.

With regard to the long-term variable benefits (LTIP), please refer to our comments on the LTIP programmes in notes 25.3 (Programme 3), 25.4 (Programme 4) and 25.5 (Programme 5) of these notes. The remuneration of the members of the company's Executive Board was made up as follows in the reporting year and the previous year:

### Executive Board benefits 2023 in accordance with IAS 24

| In EUR '000s | Fixed benefits | One-year variable benefits | Subtotal | Long-term variable benefits (LTIP)[1] | Total benefits[2] |
|---|---|---|---|---|---|
| Christoph Vilanek | 1,015 | 781 | 1,796 | 3,863 | 5,659 |
| Ingo Arnold | 636 | 407 | 1,043 | 1,657 | 2,700 |
| Stephan Esch | 516 | 325 | 841 | 837 | 1,678 |
| Rickmann v. Platen | 512 | 378 | 890 | 1,954 | 2,844 |
| Antonius Fromme | 508 | 378 | 886 | 1,949 | 2,835 |
| Nicole Engenhardt-Gillé | 303 | 186 | 489 | 304 | 793 |
| **Total** | **3,490** | **2,455** | **5,945** | **10,564** | **16,509** |

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

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

[1] This relates to variable remuneration under the LTIP programme, including non-cash benefits and payments measured in accordance with IFRS 2 in the financial year.
[2] The amount of total benefits in the table above does not include current and past service costs totalling EUR 359 thousand (previous year: EUR 300 thousand).

On the occasion of the extension of the service contract (with Mr Vilanek, granted in April 2018, and with Mr Esch, granted in March 2019) and the appointment to the Executive Board (for Mr von Platen and Mr Fromme in each case as of 1 June 2018, for Mr Arnold as of 1 January 2019), agreements were concluded with the aforementioned members of the Executive Board on the service contracts granting new LTIPs. Please refer to Note 25.3 of these Notes for information on this LTIP programme, also known as “Programme 3”.

On the occasion of the extension of the service contracts from 1 June 2021 (grant date December 2021), Mr von Platen and Mr Fromme were granted further LTIPs; please refer to note 25.4 of these notes for this “Programme 4”.

As part of the introduction of the new Executive Board remuneration system in the 2022 financial year, Programme 5 granted the Executive Board members Mr Arnold, Mr von Platen and Mr Fromme new long-term variable salary components with effect from 1 January 2022. For this reason, the Programme 4 granted to Mr von Platen and Mr Fromme in the previous year was limited exclusively to the target achievement period from 1 June 2021 to 31 December 2021. Ms Engenhardt-Gillé was granted long-term variable salary components under Programme 5 on the occasion of her first appointment to the Executive Board from 1 January 2023. Please refer to Note 25.5 of these Notes for information on Programme 5.

In the 2023 financial year, cash payments of EUR 291 thousand were made to Mr Fromme from Programme 3 due to exercises. There were no cash payments from the LTIP programmes in the previous year 2022.

As at 31 December 2023, the provisions for the LTIP programmes for Mr Vilanek amounted to EUR 11,257 thousand (previous year: EUR 7,394 thousand), for Mr Arnold EUR 4,706 thousand (previous year: EUR 3,049 thousand), for Mr Esch EUR 3,010 thousand (previous year: EUR 2,173 thousand), for Mr von Platen EUR 4,992 thousand (previous year: EUR 3,038 thousand), for Mr Fromme EUR 4,696 thousand (previous year: EUR 3,038 thousand) and for Ms Engenhardt-Gillé EUR 304 thousand (previous year: EUR 0).

In 2023, Executive Board benefits within the meaning of section 285 no. 9 HGB totalled EUR 7,853 thousand (previous year: EUR 7,000 thousand). This includes remuneration with a long-term incentive effect for the 2023 financial year from the granting of the 2023/2026 tranche of Programme 5 in the amount of EUR 1,908 thousand (EUR 576 thousand for Mr Arnold, EUR 534 thousand for Mr von Platen, EUR 534 thousand for Mr Fromme and EUR 264 thousand for Ms Engenhardt-Gillé and for the previous year 2022 remuneration with a long-term incentive effect from the granting of the 2022/2025 tranche of Programme 5 in the amount of EUR 1,499 thousand (EUR 525 thousand for Mr Arnold, EUR 487 thousand for Mr von Platen and EUR 487 thousand for Mr Fromme).

In November 2004, Mr Esch was granted an indirect pension commitment. In fiscal year 2009, Mr Vilanek was granted an indirect pension commitment on the occasion of his appointment as Chairman of the Executive Board as of 1 May 2009. freenet AG took over the pension commitment granted to Mr Preisig from the former debitel AG on 1 September 2008. In February 2014, adjustments were made to the pension commitments of Mr Vilanek, Mr Preisig and Mr Esch. Mr von Platen, Mr Fromme, Mr Arnold and Ms Engenhardt-Gillé were granted defined contribution benefit commitments on the occasion of their appointment to the Executive Board (for Mr von Platen and Mr Fromme as of 1 June 2018, for Mr Arnold as of 1 January 2019 and for Ms Engenhardt-Gillé as of 1 January 2023), whereby the pension benefits are reinsured by a life insurance policy.

As at 31 December 2023, the defined benefit obligation (DBO) for Mr Vilanek amounted to EUR 5,246 thousand (previous year: EUR 4,427 thousand) and for Mr Esch to EUR 4,567 thousand (previous year: EUR 3,829 thousand). The DBO for Mr Preisig, Mr Spoerr, Mr Krieger and Mr Berger as former members of the Executive Board totalled EUR 12,832 thousand as of 31 December 2023 (previous year: EUR 11,103 thousand). Due to the type of commitment selected, there are no defined benefit obligations for Mr von Platen, Mr Fromme, Mr Arnold and Ms Engenhardt-Gillé.

Total current service costs of EUR 359 thousand (previous year: EUR 300 thousand) were recognised under personnel expenses for the Executive Board members from the pension commitments. For 2023, EUR 100 thousand (previous year: EUR 100 thousand) of this was attributable to Mr Arnold, EUR 100 thousand (previous year: EUR 100 thousand) to Mr von Platen, EUR 100 thousand (previous year: EUR 100 thousand) to Mr Fromme and EUR 59 thousand (previous year: EUR 0) to Ms Engenhardt-Gillé. The expenses for Mr von Platen, Mr Fromme, Mr Arnold and Ms Engenhardt-Gillé relate to amounts paid into a provident fund for the defined contribution benefit commitments granted. This remuneration is not included in the “Executive Board benefits 2023” and “Executive Board benefits 2022” tables above.

In 2023, as in the previous year, no past service costs were recognised from the pension commitments for the members of the Executive Board.

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. 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:

- a 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 their membership of this body.

The Chairman of the Supervisory Board receives double and the Deputy Chairman one and a half times the base remuneration.

In addition, each member of the Supervisory Board receives an attendance fee of EUR 1,000 for each meeting of the Supervisory Board or its committees that they have attended. Several meetings on one day are remunerated only once.

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 an 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 2023 and 202 financial years 2

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 2023 financial year

| In EUR '000s | 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.

### Remuneration for the 2022 financial year

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

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

## 35. Company acquisitions

On 21 November 2023, the Group concluded a purchase agreement for the acquisition of all shares and voting rights in Super Nova GmbH & Co. KG, Cologne (hereinafter: Super Nova). The acquisition was completed on 4 January 2024, giving the Group control over this subsidiary. The initial consolidation in the freenet Group was carried out from 1 January 2024 for reasons of simplification.

Super Nova'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.

Since the date of the acquisition of Super Nova is prior to the preparation of these consolidated financial statements, but the initial accounting of the business combination is not complete at the time of preparation of the consolidated financial statements, the freenet Group makes use of the simplification provision of IFRS 3.B66. In particular, the disclosures on acquired receivables, the amounts recognised at the time of acquisition for each main group of acquired assets and assumed liabilities, contingent liabilities, the total amount of goodwill and transactions that are to be reported separately from the acquisition of assets and the assumption of liabilities cannot be made due to a lack of valid data at the time of acquisition.

We expect goodwill, which is essentially attributable to future earnings opportunities in the sale of wireless services contracts of the freenet Group. The expected goodwill will be allocated to the mobile communications cash-generating unit. In our segment reporting, Super Nova will be allocated to the mobile communications segment.

The most recent Super Nova balance sheet available to the Group is dated 31 March 2023, prepared at carrying amounts in accordance with the German Commercial Code (HGB). This is presented as follows:

| Assets | | Equity and liabilities | |
|---|---|---|---|
| In EUR '000s | 31.3.2023 | In EUR '000s | 31.3.2023 |
| **Non-current assets** | | **Equity** | **298** |
| Intangible assets | 13 | | |
| Property, plant and equipment | 214 | | |
| | **227** | | |
| **Current assets** | | **Current liabilities** | |
| Inventories | 306 | Trade accounts payable | 17 |
| Trade accounts receivable | 81 | Other liabilities and accruals and other financial liabilities | 364 |
| Other receivables, other assets and other financial assets | 762 | Current income tax liabilities | 1,313 |
| Cash and cash equivalents | 690 | Financial liabilities | 74 |
| | **1,839** | | **1,768** |
| **Total** | **2,066** | **Total** | **2,066** |

## 36. Disclosures pursuant to section 315e HGB

The average number of employees in the Group (section 314 (1) no. 4 HGB) was stated in Note 8 to the consolidated financial statements.

With regard to the disclosures on the remuneration of the executive bodies (section 314 (1) no. 6 HGB), please refer to Note 34. Pursuant to 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 6 December 2023. It was made available to shareholders on the company's website at https://www.freenet.ag/binaries/_ts_1702285322448/content/assets/freenetgroup/pdf/ir-englisch/entsprechenserklarung/2023/declaration_of_conformity_dec_2023.pdf made permanently accessible.

For the auditor PwC Germany and the entire PwC network, a total fee within the meaning of section 314 (1) no. 9 HGB of EUR 1,400 thousand has been calculated for the 2023 financial year. Thereof, EUR 1,324 thousand relates to auditing services (of which EUR 1,306 thousand relates to the ongoing audit for 2023) and EUR 76 thousand to other assurance services (such as the audit of the remuneration report, plausibility assessments regarding the covenants for the loan agreements and the achievement of Executive Board targets for the past financial year).

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

| | Share in capital in % |
|---|---|
| **Fully-consolidated companies** | |
| freenet Cityline GmbH, Hamburg | 100.00 |
| freenet.de GmbH, Hamburg | 100.00 |
| 01019 Telefondienste GmbH, Hamburg | 100.00 |
| 01024 Telefondienste GmbH, Hamburg | 100.00 |
| 01050.com GmbH, Hamburg | 100.00 |
| freenet Datenkommunikations GmbH, Hamburg | 100.00 |
| freenet DLS GmbH, Büdelsdorf | 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 Holding GmbH, Oberkrämer (formerly: Stanniol GmbH für IT & PR) | 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 Deutschland 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 |

## 37. Events of material importance after the balance sheet date

With regard to the acquisition of Super Nova, please refer to Note 35. There were no further events of material importance after the balance sheet date for the freenet Group.

## 38. Development of intangible assets, goodwill and property, plant and equipment

Development of intangible assets, goodwill and property, plant and equipment as of 31 December 2023

| In EUR '000s | Cost of purchased/manufactured goods | | | | | |
|---|---|---|---|---|---|---|
| | 1.1.2023 | Additions | Reclassi-fications | Disposals | Foreign currency | 31.12.2023 |
| **Intangible assets** | | | | | | |
| Internally generated software | 186,152 | 23,308 | 0 | 3,747 | 0 | 205,713 |
| Software, licenses and rights of use | 93,317 | 1,658 | 0 | 4,799 | 0 | 90,176 |
| Trademarks | 341,368 | 0 | 0 | 0 | 0 | 341,368 |
| Customer relationships | 106,480 | 0 | 0 | 0 | 0 | 106,480 |
| | **727,317** | **24,966** | **0** | **8,546** | **0** | **743,737** |
| **Goodwill** | | | | | | |
| Goodwill | 1,382,394 | 0 | 0 | 0 | 0 | 1,382,394 |
| | **1,382,394** | **0** | **0** | **0** | **0** | **1,382,394** |
| **Property, plant and equipment** | | | | | | |
| Land, property fixtures and buildings | 45,316 | 242 | 0 | 71 | 0 | 45,487 |
| Switches and networks | 204 | 0 | 0 | 5 | 0 | 199 |
| Technical equipment and machinery | 221,032 | 10,746 | 2,449 | 5,846 | 21 | 228,402 |
| Other operating and office equipment | 42,940 | 12,630 | 622 | 10,145 | 3 | 46,050 |
| Prepayments made and assets under construction | 4,454 | 6,525 | – 3,071 | 768 | 0 | 7,140 |
| | **313,946** | **30,143** | **0** | **16,835** | **24** | **327,278** |
| **Total** | **2,423,657** | **55,109** | **0** | **25,381** | **24** | **2,453,409** |

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

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

| Depreciation, amortisation and impairment | | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|
| 1.1.2023 | Additions | Impairment losses | Disposals | Foreign currency | 31.12.2023 | 31.12.2023 | 1.1.2023 |
| | | | | | | | |
| 124,227 | 15,126 | 0 | 3,443 | 0 | 135,910 | 69,803 | 61,925 |
| 16,050 | 30,100 | 423 | 4,799 | 0 | 41,774 | 48,402 | 77,267 |
| 237,374 | 99,138 | 0 | 0 | 0 | 336,512 | 4,856 | 103,994 |
| 33,706 | 5,018 | 0 | 0 | 0 | 38,724 | 67,756 | 72,774 |
| **411,357** | **149,382** | **423** | **8,242** | **0** | **552,920** | **190,817** | **315,960** |
| | | | | | | | |
| 0 | 0 | 2,636 | 0 | 0 | 2,636 | 1,379,758 | 1,382,394 |
| **0** | **0** | **2,636** | **0** | **0** | **2,636** | **1,379,758** | **1,382,394** |
| | | | | | | | |
| 18,740 | 1,147 | 0 | 59 | 0 | 19,828 | 25,659 | 26,576 |
| 204 | 0 | 0 | 5 | 0 | 199 | 0 | 0 |
| 147,707 | 19,123 | 741 | 5,740 | 96 | 161,927 | 66,476 | 73,325 |
| 13,090 | 12,819 | 41 | 10,016 | 3 | 15,937 | 30,112 | 29,850 |
| 6 | 0 | 0 | 0 | 0 | 6 | 7,134 | 4,448 |
| **179,747** | **33,089** | **782** | **15,820** | **99** | **197,897** | **129,381** | **134,199** |
| **591,104** | **182,471** | **3,841** | **24,062** | **99** | **753,453** | **1,699,956** | **1,832,553** |

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

## Day of the installation

The Executive Board of freenet AG prepared the consolidated financial statements on 22 February 2024 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, 22 February 2024

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) |