

CEO Letter

Dear shareholders,

We can look back on a successful 2023 financial year. At EUR 500.2 million, our EBITDA is half a billion euros for the first time! This means that we have met our guidance for the past year, which we raised during the year (EUR 495 to 505 million). At EUR 262.6 million (guidance: EUR 260 – 270 million), the free cash flow, which is relevant for our dividend amount, forms a financially strong basis for distribution. Following last year's record dividend (EUR 1.68 per share), we are recommending a further dividend increase of 5.4% to EUR 1.77 per share to the Annual General Meeting after this very successful year.

“We are generating EBITDA of half a billion euros for the first time!”

In our core business of mobile communications, we continue to defend our position in a largely saturated mobile communications market for private customers with growth to 7.4 million postpaid customers. We are growing on the customer side thanks to our strong marketing and sales expertise and continue to claim a relevant market share for ourselves in the private customer segment. The positioning of our freenet brand last summer with the claim “freenet, get set, go!”, which summarises our identity in three apt words, will continue to help us in the future. The alignment of our products with our umbrella brand “freenet” not only creates greater identification among customers and employees, but also promotes synergies in marketing and sales. This is already reflected in our brand awareness: compared to the start of the campaign, twice as many Germans now know freenet! To ensure that everyone in the country knows our company soon, we are now also an advertising partner in Bundesliga football stadiums and a sponsor of the 2024 European Handball Championship in our own country – in line with the motto “We have the nets, you have the goals!”.

“Our waipu.tv product delivers linear television the way it should be watched in 2024 – and is therefore establishing itself on the German market.”

Our TV product waipu.tv, which focuses on IPTV – the future of linear television – generated impressive growth. waipu.tv reached its first milestone shortly after the start of the past year when we welcomed our one millionth customer to the platform. At the end of the year, we recorded an increase of almost 400 thousand customers, bringing the total number of waipu.tv subscribers to around 1.4 million. By the end of 2024, we want to have around 2 million customers in order to reach a

critical mass in the following years that will make us even more relevant for content providers! We are ideally positioned to get there: Our waipu.tv product delivers linear television the way it should be watched in 2024 – fully digital, fully flexible and full of content. And at an attractive price. That is our recipe for success. In the coming years, we believe that even more TV consumers will understand this. Especially because the abolition of the ancillary cost law (“Nebenkostenprivileg”) from mid-2024 means that over 12 million TV households will no longer be obliged to watch cable TV, but will finally be free to decide how they want to watch TV. However, they can also opt for freenet TV – our second TV product that can be received via antenna. We recently launched the freenet TV hybrid stick. This makes it possible to receive terrestrial and Internet television at the same time – even with older TV models. It should now be clear that freenet has become an integral part of the German TV market.

“Assisted personalised shopping will fundamentally change the sales approach in our shops.”

The capital market also finds the combination of a stable mobile communications business as the basis for a strong dividend yield and the TV segment as a growth driver attractive. Last year, our share outperformed the MDAX benchmark index four times (!) over with a 32% increase in value including dividends. We also performed more than three times better in our telecommunications sector, clearly outperforming the industry.

Our corporate strategy is simple and clear: we are defending our market position in mobile communications and growing in the TV business and with digital lifestyle products. With our strong brands, we are very well positioned for the coming years. We are focussing on what we do best: the sale of subscription models. Where we see synergies: in the dovetailing of our own offline and online sales channels. That's why we put a lot of conceptual work into harmonising the two sales interfaces last year. The result is a further fusion of the two worlds, so that in future the customer will receive exactly the same offer in the freenet shop as on the website – only with direct advice on site in the shop. We call this Assisted Personalised Shopping – APS for short – and it simplifies the freenet world not only for our customers, but especially for our shop employees. Many tedious processes have been reviewed and automated, giving employees more time for real advice. The concept will now be rolled out to all shops in the course of 2024.

“2024 will be a transition year for more growth in the future.”

Of course, this task is not a sure-fire success - nor is the goal of attracting as many cable TV customers as possible to freenet TV or waipu.tv. We have to invest a lot of financial resources. 2024 should therefore be seen as a transitional year for more growth in the future – with correspondingly high marketing expenditure to further increase our brand awareness and intensive sales efforts. This may have an effect on the exemplary linear growth path of recent years. As a result, we expect stable business results for the current year without significant earnings growth. Our ambition for 2025 to achieve EBITDA of at least EUR 520 million and our high dividend payout power remain unaffected by this, as our guidance shows. The dividend per share should therefore remain at least stable.

“Our ESG strategy puts people at the centre of everything we do.”

We also want our employees to participate in freenet’s success and for their commitment to continue to pay off. As in the previous year, we have once again increased the minimum wage at freenet: since October 2023, it has been over EUR 14 per hour. This puts us 15% above the statutory minimum wage and increases the minimum income at freenet to around EUR 30 thousand per year. In times of sharply rising prices, we are thus giving lower income groups in particular and employees who are partly dependent on commission some security, combined with tangible recognition for their consistently outstanding commitment. In July last year, we also paid an inflation compensation bonus to all employees.

However, we not only aim to pursue economic goals, we also want to be successful in the area of sustainability. To this end, Nicole Engenhardt-Gillé joined freenet AG as its first Executive Board member at the beginning of 2023. With the newly created “ESG and Human Resources” department, she assumes overall responsibility for the company’s continued environmental and social orientation. Under her aegis, an ESG strategy was formulated in cooperation with various specialist departments and the implementation of the strategy was anchored centrally in an ESG management team, which was also newly created.

The guiding principle of the strategy is that people are always at the centre of our actions and that we shape our business activities in such a way that they are environmentally responsible, socially just and economically profitable. We also have high standards of transparency in this respect and will provide regular updates on our goals, measures and progress. After all, investing in human capital is just as important as investing in our business. Ultimately, our employees are the key to our long-term business success.

Finally, we would like to emphasise that we look forward to welcoming you again at our Annual General Meeting in Hamburg in May. It was good for us to hear your questions, suggestions and opinions directly and to be able to answer your questions in person. We greatly appreciate your loyalty to our company and hope that you will continue to support us in the future.

Sincerely



Christoph Vilanek (CEO)



Christoph Vilanek,
CEO

Report of the Supervisory Board

Dear Shareholders,

2023 was a successful financial year for the company with an increase in many financial and non-financial key performance indicators, in which the Supervisory Board worked closely and trustfully with the Executive Board. In addition to the economic success, the expansion of the Executive Board with the establishment of an Executive Board department for Human Resources and ESG has increased the Supervisory Board's focus on HR and sustainability issues. The content of the Supervisory Board's work was also characterised by personnel changes: Following the Annual General Meeting in May 2023, newly elected employee representatives joined the Supervisory Board.

Provision of information to the Supervisory Board

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

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

There was also a regular exchange of information between the Chairman of the Supervisory Board and the Chairman of the Executive Board and the other members of the Executive Board, including on issues relating to strategy and current business developments, through personal meetings and telephone calls. The Chairman of the Supervisory Board kept the other members of the Supervisory

Board informed of the content of these discussions by reporting at the meetings.

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

The Chairman of the Supervisory Board was also available for discussions with investors on matters specific to the Supervisory Board. However, discussions between him and investors did not take place in 2023 due to a lack of topics relevant to the Supervisory Board.

Topics in the Supervisory Board plenum

In the 2023 financial year, the Supervisory Board held a total of six meetings, four of which were held in person and two of which were held as virtual meetings via video conference. No resolutions were passed by written procedure.

The plenary meetings regularly discussed current business developments, the market and competitive situation, the financial and earnings position and the financing situation of the company as well as the development of the Group companies and the Group's equity investments.

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

Meeting contents in detail

At the first meeting in February 2023, we discussed the extension of the appointment of the CEO and long-term succession planning for this position following preparations by the Personnel Committee. As a result, the Supervisory Board extended Christoph Vilanek's appointment by three years until the end of 2026. If a succession plan is agreed before then, the appointment will run until at least the end of 2025.

The focus of our regular balance sheet meeting in March 2023 was on the annual and consolidated financial statements as of 31 December 2022. The results of the 2022 audit of the consolidated and annual financial statements were discussed together with the representatives of the auditor – PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH WPG), Frankfurt/Main. After completing its own audit, the Supervisory Board raised no objections to the auditors' findings and followed the recommendation of the Audit

Committee by approving the annual and consolidated financial statements. The annual financial statements were thus adopted.

Another topic was the audit of the non-financial statement as of 31 December 2022, which is also our responsibility. The audit was conducted by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, and was closely monitored by the Audit Committee. Based on the audit procedures performed and the audit evidence obtained, no matters came to the auditor's attention that caused it to believe that the disclosures in the non-financial statement were not prepared, in all material respects, in accordance with the legal requirements. At the proposal of the Audit Committee, the Supervisory Board endorsed the audit findings of Grant Thornton AG Wirtschaftsprüfungsgesellschaft.

Other topics discussed at the meeting on 22 March 2023 included preparations for the Annual General Meeting in May 2023 as well as determining target achievement and setting the target values for the short-term variable Executive Board remuneration.

At the meeting in person following the virtual Annual General Meeting on 17 May 2023, the Supervisory Board was reconstituted with a new composition due to the election of new employee representatives to the Supervisory Board. At the same time, some of the Supervisory Board committees were reappointed. The Supervisory Board also approved the return to the statutory regulation of the overall fulfilment of the gender quota in accordance with the German Stock Corporation Act (AktG) for future Supervisory Board elections.

In a virtual meeting in July 2023, we discussed the market prospects of the investment in EXARING AG in light of the imminent abolition of the ancillary cost law ("Nebenkostenprivileg") in the cable TV sector and gave our approval for a loan to EXARING AG for investments in customer growth.

At the meeting in September 2023, Nicole Engenhardt-Gillé, the Executive Board member in office since January 2023, reported in detail on her areas of responsibility for HR and ESG, in particular on the ESG structure in the company and the ESG reporting required in future.

On 6 December 2023, the Supervisory Board discussed the planning for the 2024 financial year presented by the Executive Board, which it acknowledged and approved. The Supervisory Board subsequently took the performance criteria for the short-term variable remuneration of the members of the Executive Board from the planning. We also passed a resolution on the submission of the annual declaration of compliance with the German Corporate Governance Code. In this context, the Supervisory Board dealt intensively with the independence of the shareholder representatives, taking into account that the term of office of Supervisory Board members Marc Tüngler and Robert Weidinger will reach twelve years in 2024. As a result, the Supervisory Board assessed all six shareholder

representatives as independent of the company and the Executive Board within the meaning of the German Corporate Governance Code. Further details can be found in the corporate governance declaration on the company's website.

At the same meeting, following preparations by the Audit Committee, the Supervisory Board discussed the selection process for a new auditor for the 2024 financial year and followed the preference and recommendation of the Audit Committee by proposing a new auditing firm as auditor for resolution at the 2024 Annual General Meeting.

The full Supervisory Board dealt with the audit of the annual and consolidated financial statements as of 31 December 2023 at its meeting on 20 March 2024. The details of this are the subject of the separate section "Audit of the annual and consolidated financial statements for the 2023 financial year" in this report.

Work in the committees of the Supervisory Board

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

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

Presidium

The Executive Committee met once in virtual form in 2023 and dealt with the effects of current market developments in the German mobile communications market on the company.

Personnel Committee

The members of the Personnel Committee met once in person and twice virtually in 2023. The focus of the Personnel Committee was on preparing the resolutions of the full Supervisory Board on the extension of the appointments of CEO Christoph Vilanek and Executive Board member Stephan Esch.

The Personnel Committee also determined whether and to what extent the parameters for the variable remuneration of the members of the Executive Board for 2022 had been achieved, set new parameters for the target agreements for the 2023 financial year and proposed these to the Supervisory Board for resolution.

Audit Committee

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

Key topics for the committee were the invitation to tender and the process for selecting potential auditors to succeed PwC GmbH WPG, whose audit mandate has reached its maximum term. The committee members analysed the various applicants and their offers and proposed two possible audit firms to the Supervisory Board for resolution, along with a preference for submission to the Annual General Meeting.

The committee also dealt with the non-audit services provided by the auditor.

For the audit of the non-financial statement 2023, it recommended that the Supervisory Board commission Grant Thornton AG Wirtschaftsprüfungsgesellschaft, whose audit of the non-financial statement was closely monitored by the Audit Committee. The committee received reports directly from the responsible managers in the areas of compliance and internal auditing. The status of the internal control system, risk management and fraud management was also presented to the committee.

The work of the Audit Committee focussed on supporting the audit of the annual financial statements. To this end...

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

Mediation Committee

As in previous years, the Mediation Committee did not have to be convened in 2023.

Nomination Committee

The Nomination Committee, which is responsible for proposing candidates to the Annual General Meeting for election to the Supervisory Board, was not active in 2023 due to the lack of upcoming elections.

Sustainability expertise on the Supervisory Board

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

Individualised disclosure of meeting attendance

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

Figure 1: Meeting attendance by Supervisory Board members in 2023

Meeting attendance by Supervisory Board members in 2023

	Supervisory Board			
	6.2.	22.3.	17.5.	31.7.
Date of meeting in 2023	6.2.	22.3.	17.5.	31.7.
Meeting format	🖥️	👥	👥	🖥️
Shareholder representatives				
Marc Tüngler	🖥️	👥	👥	🖥️
Sabine Christiansen	🖥️	👥	👥	🖥️
Thomas Karlovits	🖥️	👥	👥	🖥️
Prof Dr Kerstin Lopatta	🖥️	👥	👥	🖥️
Robert Weidinger	🖥️	👥	👥	🖥️
Miriam Wohlfarth	🖥️	👥	☒	🖥️
Employee representatives				
Claudia Anderleit	🖥️	👥	☒	🖥️
Theo-Benke Bretsch	🖥️	👥	👥	🖥️
Knut Mackeprang	🖥️	👥	👥	🖥️
Tobias Marx (since 17.5.)			👥	🖥️
Frank Suwald (since 17.5.)			👥	🖥️
Petra Winter (since 17.5.)			👥	🖥️
Bente Brandt (until 17.5.)	🖥️	👥		
Gerhard Huck (until 17.5.)	🖥️	👥		
Thomas Reimann (until 17.5.)	🖥️	👥		

🖥️ virtual

👥 in-person

☒ excused

■ non-incumbent

Onboarding process and support for training measures

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

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

In addition, information events are organised for the members of the Supervisory Board to provide a deeper insight into the topics that are important for understanding the business model and the challenges faced by freenet AG. Two information events were held in 2023, at which the Supervisory Board dealt in depth with the management of the offering for end customer products in the mobile communications and Internet segments on the one hand and the Media Broadcast GmbH business area on the other.

The members of the Supervisory Board took part in further training measures on their own responsibility.

Efficiency and self-assessment of the Supervisory Board

In accordance with recommendation D.12 of the German Corporate Governance Code, the Supervisory Board should regularly assess how effectively it (and its committees) fulfils its duties overall. The Supervisory Board did not carry out such a self-assessment in the 2023 financial year after one female candidate and two new candidates joined the Supervisory Board on the employee side. It is planned that a self-assessment will be carried out when the new members who joined the Supervisory Board in 2023 have been members for one year. In this respect, a self-assessment will take place in summer or autumn 2024.

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

Audit of the annual and consolidated financial statements for the 2023 financial year

The annual financial statements for the financial year from 1 January 2023 to 31 December 2023 and the management report of freenet AG prepared by the Executive Board in accordance with the provisions of the German Stock Corporation Act (AktG) and the German Commercial Code (HGB) were audited by PwC GmbH WPG. The audit assignment was awarded by the Chairman of the Audit Committee in accordance with the resolution of the

Supervisory Board		Steering committee	Personnel committee			Audit committee				Meetings attended	Number of meetings	Percentage	
19.9.	6.12.	11.12.	20.1.	15.3.	15.12.	21.2.	2.5.	2.8.	7.11.				
											10	10	100%
											9	9	100%
											7	7	100%
											10	10	100%
											10	10	100%
											5	6	83%
											8	9	89%
											7	7	100%
											10	10	100%
											4	4	100%
											6	6	100%
											6	6	100%
											4	4	100%
											4	4	100%
											4	4	100%
Total:												98%	

Annual General Meeting on 17 May 2023. The auditor issued an unqualified audit opinion. The consolidated financial statements of freenet AG as of 31 December 2023 were prepared in accordance with Section 315e HGB on the basis of the International Financial Reporting Standards (IFRS). The auditor also issued an unqualified audit opinion on these consolidated financial statements and the Group management report.

The audit opinion of the auditor, PwC GmbH WPG, was signed by Thorsten Dzulko as the responsible auditor. Thorsten Dzulko is responsible for auditing the financial statements of the company and the Group for the first time. PwC GmbH WPG has been the company's auditor since the audit of the annual financial statements for the 2014 financial year.

The audit was reported on and discussed by the Audit Committee on 21 February 2024 and at the Supervisory Board meeting on 20 March 2024. Representatives of the auditor took part in the negotiations on the annual financial statements and consolidated financial statements in both committees. They reported on the key findings of the audits and were available to the Audit Committee and the Supervisory Board for additional questions and information. Following the final results of its review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, the Supervisory Board raised no objections and approved the results of the audit by the auditor.

The Supervisory Board followed the recommendation of the Audit Committee and approved the annual financial statements and consolidated financial statements at its meeting on 20 March 2024. The annual financial statements are thus adopted. At its meeting on 20 March 2024, the Supervisory Board also examined the Executive Board's proposal for the appropriation of net retained profits and discussed it with the auditor. The Supervisory Board then endorsed the Executive Board's proposal, following the recommendation of the Audit Committee.

Audit of the non-financial group statement for the 2023 financial year

The non-financial statement prepared by the Executive Board as part of the management report of freenet AG and the Group management report for the financial year from 1 January 2023 to 31 December 2023 was audited by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf. The audit included all mandatory disclosures under the EU Taxonomy. The audit engagement was awarded on the basis of the Supervisory Board's resolution of 6 December 2023. Following the audit of the non-financial group statement, the auditor came to the conclusion that no matters have come to his attention that cause him to believe that the non-financial group statement of the company has not been prepared, in all material respects, in accordance with the legal requirements and the EU Taxonomy Regulation as well as the interpretation by the legal representatives presented in the non-financial group statement (limited assurance engagement). The audit procedures and the audit result were reported on at the Audit Committee meeting on 21 February 2024. The

Supervisory Board endorsed the auditor's findings on the recommendation of the Audit Committee.

Audit of the remuneration report

The uniform and separate report prepared jointly by the Executive Board and Supervisory Board on the remuneration granted and owed to each individual current or former member of the Executive Board and Supervisory Board was formally and materially audited by the auditor PwC GmbH WPG. The audit assignment was awarded after preparation by the Audit Committee on the basis of a resolution passed by the Supervisory Board on 6 December 2023. The auditor reported to the Supervisory Board on the results of the audit at the meeting on 20 March 2024. In the auditor's opinion, the remuneration report, including the related disclosures, complies in all material respects with the accounting provisions of Section 162 AktG.

Changes to the Supervisory Board and Executive Board

The mandates of the employee representatives on the Supervisory Board ended at the end of the Annual General Meeting on 17 May 2023. Bente Brandt, Gerhard Huck and Thomas Reimann left the Supervisory Board at the same time.

We would like to thank Bente Brandt, Gerhard Huck and Thomas Reimann for their constructive cooperation and support of the company in recent years. My colleagues on the Supervisory Board join me in wishing all three of them all the best and every success in the tasks that lie ahead of them.

In addition to the existing members Claudia Anderleit, Theo-Benneke Bretsch and Knut Mackeprang, the Group's employees elected Petra Winter, Tobias Marx and Frank Suwald as new members of the Supervisory Board.

Nicole Engenhardt-Gillé has been appointed as the Executive Board member responsible for Human Resources and ESG since 1 January 2023. There were no other changes to the composition of the Executive Board in the 2023 financial year.

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

Büdelsdorf, 20 March 2024

For the Supervisory Board



Marc Tüngler
Chairman of the Supervisory Board

freenet share

Development of the share in the market environment

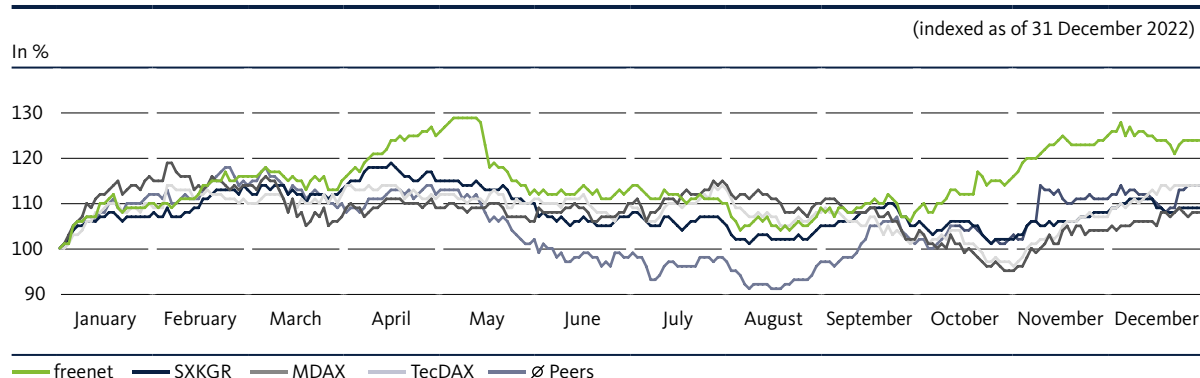
The 2023 stock market year continued to be influenced by the prevailing economic and geopolitical crises worldwide. Despite this, energy prices and therefore inflation rates in Germany gradually fell over the course of the year. The ECB's key interest rate hikes also paused as a result, suggesting that they would tend to move sideways in the foreseeable future. Buoyed by these trends, the leading benchmark indices in Germany closed up to 20% higher than at the end of the previous year. The German MDAX (+8%) and TecDAX (+14%) indices, which are relevant for freenet as comparative indices, and the SXKGR sector index (+9%), which tracks the 32 largest European telecommunications companies, also developed positively. These indices are so-called performance indices, which reflect the total of share price changes and dividend payments (total shareholder return, TSR). freenet achieved a TSR of 32% with a share price increase of 24% and a record dividend of EUR 1.68 per share. The company therefore performed three times better than its benchmark indices in 2023 and significantly better than the average of its listed competitors (+14%).

Development of the share in the 2023 financial year

Over the full year 2023, the freenet share achieved a TSR of 32% and was thus significantly higher than in the previous year (-6%). In the first third of the year, the share rose from its low for the year of EUR 20.63 (previous year: EUR 18.81) at the beginning of the year to its high for the year of EUR 26.42 (previous year: EUR 26.79) shortly before the Annual General Meeting in May. After the Annual General Meeting and thus the expiry of the authorisation to pay the dividend for the 2022 financial year, the share price fell only insignificantly this year (including the dividend discount). A decline in the share price only materialised over the course of the following ten weeks. At the beginning of August, the share reached its new low for the year of EUR 21.22 before rising to EUR 25.34 (previous year-end: EUR 20.42) over the course of the next few months. The average closing price for the year was EUR 23.46 (previous year: EUR 22.67) with an average trading volume of 296 thousand shares (previous year: 479 thousand shares) per trading day on Xetra.

Table 1: Information on the freenet AG share

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

Figure 2: Performance of freenet share vs. benchmark indices in 2023**Figure 3: Performance of freenet share in 2023 (Xetra)**

Shareholder structure at the end of the year

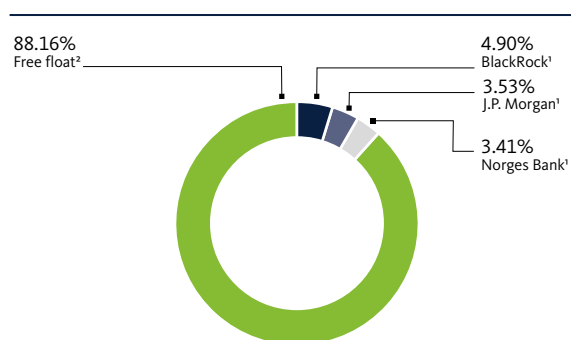
As at 31 December 2023, freenet AG's shareholder base consisted of 112 thousand shareholders (end of previous year: 110 thousand). Around half of the market capitalisation (49%; end of previous year: 51%) continues to be held by institutional investors, most of whom are based in North America (30%; end of previous year: 34%) and continental Europe (30%; end of previous year: 24%). The other part of the market capitalisation is mainly attributable to private investors (44%; end of previous year: 43%), almost all of whom (98%; end of previous year: 98%) are registered in Germany.

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

At the end of 2023, there were a total of three shareholders (end of previous year: four) whose (aggregated) voting rights were above the reporting thresholds (in accordance with the German Securities Trading Act). The largest shareholder was the asset manager BlackRock Inc. with 4.90% (end of previous year: 5.74%), followed by J.P. Morgan with 3.53% (end of previous year: 3.07%) and Norges Bank with 3.41% (end of previous year: 3.15%). Dimensional Holdings Inc. (previous year-end: 3.24%) fell below the reporting threshold of 3% again on 12 January 2023. Amundi exceeded the reporting threshold (3.08%) on 19 January 2023, but fell below it again on 4 October 2023 (2.62%). There were no further breaches of the reporting threshold during the year. The remaining 88.16% (previous year-end: 84.80%) were in free float (in accordance with the WpHG).

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

Figure 4: Shareholder structure of freenet AG as of 31 December 2023 (according to WpHG)



¹ incl. attributions according to the German Securities Trading Act (WpHG)
² Free float according to WpHG

Recommendations from analysts

In 2023, internationally operating investment houses, banks and brokers (so-called sell-side analysts) regularly published studies and recommendations on freenet AG.

A total of 17 analysts published regular studies on the freenet share in the past year (previous year: 15). Accordingly, two investment houses initiated coverage and started with a Buy recommendation for the freenet share. On the reporting date of the year under review, 13 analysts recommended buying the share (end of previous year: twelve), four analysts recommended holding the share (end of previous year: two) and no analysts recommended selling the share (end of previous year: one). The main arguments in favour of the Buy recommendation are the robustness and crisis resistance of the business model, from which a stable dividend payout power is derived, as well as the dynamic growth of waipu.tv, which should ensure increasing earnings contributions in the future. The main argument in favour of the Hold recommendation is the dependence on network operators in the mobile business. In a year-end comparison, one analyst upgraded the recommendation from Sell to Hold in view of the anticipated decline in the customer base in the mobile business, which did not materialise. One analyst downgraded his recommendation from Buy to Hold in view of the sharp rise in the share price at the end of the year and the resulting decline in the potential for further share price growth. The recommendations of the other analysts remained unchanged compared to the end of the year.

Figure 5: Overview of analyst recommendations as of 31 December 2023

Research institute	Year-end 2022	△	Year-end 2023	Year-end 2022	△	Year-end 2023
Bank of America	Buy	→	Buy	28.00 EUR	↑	34.00 EUR
Barclays	Buy	→	Buy	27.50 EUR	↑	35.00 EUR
Berenberg	Buy	→	Buy	27.00 EUR	↑	30.00 EUR
Citi	Buy	→	Buy	25.00 EUR	↑	28.50 EUR
Deutsche Bank	Buy	→	Buy	27.00 EUR	↑	30.00 EUR
DZ Bank	Buy	→	Buy	28.00 EUR	↑	30.00 EUR
Exane BNP Paribas	Buy	→	Buy	27.00 EUR	↑	30.00 EUR
Goldman Sachs	Buy	↓	Hold	30.00 EUR	↓	29.50 EUR
Hauck & Aufhäuser	Buy	→	Buy	30.00 EUR	↑	31.00 EUR
HSBC	Buy	→	Buy	27.50 EUR	↑	31.00 EUR
Kepler Cheuvreux	n.a.	n.a.	Buy	n.a.	n.a.	28.00 EUR
LBBW	Buy	→	Buy	24.60 EUR	↑	27.50 EUR
M.M. Warburg	Buy	→	Buy	25.00 EUR	↑	28.30 EUR
ODDO BHF	Hold	→	Hold	25.00 EUR	↑	27.00 EUR
Redburn	Sell	↑	Hold	15.60 EUR	↑	25.14 EUR
Société Générale	n.a.	n.a.	Buy	n.a.	n.a.	30.70 EUR
UBS	Hold	→	Hold	21.00 EUR	↑	24.00 EUR

Almost all 17 analysts increased their share price targets compared to the end of the previous year. On average, the target price rose by EUR 3.51 to EUR 29.39 at the end of the year (previous year: EUR 25.88). The average target price thus rose by 13.6% (previous year: 11.0%) year-on-year, reflecting the increased credibility of the growth ambitions in the TV segment and the high stability of the mobile communications business. The highest target price was EUR 35.00 (previous year-end: EUR 30.00), while the lowest target price was EUR 24.00 (previous year-end: EUR 15.60).

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

Capital market presence

freenet AG and its executive bodies are committed to communicating with investors and analysts transparently, with integrity, promptly and on an equal footing. In this regard, important information such as corporate news, ad hoc announcements, voting rights announcements, company presentations, financial reports and relevant data on publications and the Annual General Meeting are made available at fn.de/investors.

The past year was characterised by an equal mix of virtual and physical meetings with analysts and investors. Virtual roadshows and conferences have now become a standard format for dialogue with investors. The more efficient organisation of time and the awareness of all equity investments for the environmentally friendly aspects are the drivers for this. In total, freenet took part in around 40 capital market events (conferences / roadshows / field trips) with almost 300 investor contacts in the past year. In addition, there were a number of investor contacts outside of capital market events.

As part of the publication of the quarterly results, conference calls were organised in the form of webcasts in which the Executive Board provided detailed information on freenet's development. The conference calls are also available as recordings at fn.de/investors.

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

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

Distributions to shareholders

At the Annual General Meeting on 17 May 2023, a resolution was passed with a majority of 99.84% to distribute a dividend of EUR 1.68 per share for the 2022 financial year (previous year: EUR 1.57). The distribution therefore totalled EUR 199.7 million (previous year: EUR 186.6 million) and was made from the tax contribution account in accordance with Section 27 of the German Corporation Tax Act (Körperschaftsteuergesetz). The dividend was therefore paid out without deduction of capital gains tax and solidarity surcharge.

For the future, the Executive Board remains committed to its dividend policy, which provides for a constant distribution of 80% of the free cash flow.

Based on the free cash flow generated, the Executive Board and Supervisory Board intend to propose to the Annual General Meeting on 8 May 2024 that a dividend of EUR 1.77 per share be distributed for the 2023 financial year. The dividend would be paid out on 14 May 2024.

The upcoming dividend payment will be made from the tax contribution account, i.e. the payment will be made without deduction of capital gains tax and solidarity surcharge. Domestic investors who acquired freenet shares after 31 December 2008 will realise a capital gain subject to withholding tax in the event of a sale. In the opinion of the German tax authorities, the distributions in this case reduce the taxable acquisition costs of the shares and thus lead to a higher capital gain – and therefore to an implicit subsequent taxation of the dividends.