freenet GROUP

TWENTY

H1 21

HALF-YEAR REPORT AS OF 30 JUNE 2021

CONTENTS

OVERVIEW OF KEY FINANCIALS[1] GROUP

OPERATIONS

In EUR millions/as indicated	1st half 2021	1st half 2020 restated[2]	Q2/2021	Q1/2021	Q2/2020 restated[2]
Revenue	1,239.0	1,271.0	619.9	619.2	622.1
Gross profit	424.3	425.7	210.3	214.0	212.5
EBITDA	222.3	213.9	113.5	108.8	109.7
EBIT	109.0	135.4	40.0	69.0	70.5
EBT	92.8	112.1	32.6	60.1	59.8
Consolidated profit	82.5	109.3	32.8	49.8	58.1
Thereof from discontinued operations	—	11.0	—	—	5.5
Earnings per share in EUR[3]	0.74	0.88	0.34	0.40	0.47
Thereof from discontinued operations	—	0.09	—	—	0.05

BALANCE SHEET

In EUR millions/as indicated	30.6.2021	30.6.2020	30.6.2021	31.3.2021	30.6.2020
Total equity and liabilities	3,942.7	4,721.2	3,942.7	4,242.8	4,721.2
Equity	1,628.3	1,350.7	1,628.3	1,833.1	1,350.7
Equity ratio in %	41.3	28.6	41.3	43.2	28.6

FINANCES AND INVESTMENTS

In EUR millions	1st half 2021	1st half 2020	Q2/2021	Q1/2021	Q2/2020
Free cash flow (without Sunrise contribution)[4]	112.2	100.3	52.7	59.5	47.4
Depreciation, amortisation and impairment	113.3	78.5	73.5	39.8	39.2
Net investments (CAPEX)	19.4	17.3	10.8	8.6	9.5
Net debt	841.9	1,891.5	841.9	691.9	1,891.5
Leverage	1.9	4.4	1.9	1.6	4.4

SHARE

As indicated	30.6.2021	30.6.2020	30.6.2021	31.3.2021	30.6.2020
Closing price Xetra in EUR	19.92	14.32	19.92	20.41	14.32
Number of issued shares in '000s	128,061	128,061	128,061	128,061	128,061
Market capitalisation in EUR millions	2,551.0	1,833.8	2,551.0	2,613.7	1,833.8

EMPLOYEES

	30.6.2021	30.6.2020	30.6.2021	31.3.2021	30.6.2020
Employees	3,812	4,014	3,812	3,909	4,014

MOBILE COMMUNICATIONS SEGMENT

CUSTOMER FIGURES [5]

In millions	1st half 2021	1st half 2020	Q2/2021	Q1/2021	Q2/2020
Postpaid	7.113	6.939	7.113	7.099	6.939
Net change	0.035	0.037	0.014	0.021	0.014
freenet FUNK and freenet Flex	0.078	0.042	0.078	0.068	0.042
Net change	0.021	0.008	0.010	0.011	0.007

OPERATIONS

In EUR millions	1st half 2021	1st half 2020	Q2/2021	Q1/2021	Q2/2020
Revenue	1,099.9	1,136.8	551.1	548.7	554.2
Gross profit	325.7	326.1	161.8	163.9	160.8
EBITDA	183.3	182.6	91.5	91.7	91.0

ARPU

In EUR	1st half 2021	1st half 2020	Q2/2021	Q1/2021	Q2/2020
Postpaid	17.9	18.3	18.0	17.8	18.1

TV AND MEDIA SEGMENT

CUSTOMER FIGURES[5]

In '000s	1st half 2021	1st half 2020	Q2/2021	Q1/2021	Q2/2020
freenet TV subscribers (RGU)	845.0	1,005.0	845.0	868.3	1,005.0
Net change	– 56.8	– 16.1	– 23.2	– 33.6	– 11.9
waipu.tv subscribers	644.6	504.1	644.6	611.7	504.1
Net change	72.1	95.8	32.9	39.2	51.7

OPERATIONS

In EUR millions	1st half 2021	1st half 2020	Q2/2021	Q1/2021	Q2/2020
Revenue	138.8	125.9	69.3	69.5	65.2
Gross profit	89.8	81.1	44.0	45.8	43.1
EBITDA	47.0	36.5	25.0	22.0	20.9

[1] Unless indicated otherwise, key financials are defined in the "Corporate management" section of the 2020 Annual Report.
[2] Retrospective restatement of comparatives for the first half of 2020 and second quarter of 2020 due to discontinued Sunrise operations in accordance with IFRS 5.
[3] Basic and diluted.
[4] H1/20 free cash flow adjusted for dividend from Sunrise (Q2/20: 46.0 million euros) and corresponding interest payments on the syndicated bank loan (H1/20: approx. 5.6 million euros).
[5] At the end of the period.

TO OUR SHARE-HOLDERS

TO OUR SHAREHOLDERS

Ingo Arnold (CFO)

Stephan Esch (CTO)

Christoph Vilanek (CEO)

Antonius Fromme (CCE)

THE EXECUTIVE BOARD

OF FREENET AG

Rickmann v. Platen (CCO)

REPORT OF THE EXECUTIVE BOARD

Dear shareholders, business partners, customers and friends of the freenet Group,
In our most recent Annual Report, we highlighted how our solid, resilient business model has enabled us to record consistently positive results despite COVID-19 restrictions. Other key success factors that once again proved their worth and continue to do so during the ongoing crisis include:

- the largely subscription-based revenue and margins in our business areas of Mobile Communications, Digital Lifestyle and TV and Media;
- our indispensable services and devices relating to the Internet, TV and radio consumption and mobile digital interaction;
- our comprehensive, flexible and intelligently interconnected sales structures, and, last but not least,
- our flat hierarchies with digitalised processes, and communication and decision-making channels.

Our interim results after the first half of the current year look very similar to those of 31 December 2020. As in the previous year, we remain resolutely on course, even though COVID-19 will likely remain a key issue for society in the longer term:

- Revenue totalled 619.9 million euros in the second quarter of this year compared to 622.1 million euros in Q2/2020. Overall, the Group generated revenue of 1,239.0 million euros in the first six months of the year – a decline of 2.5 per cent compared to the prior-year period. This reduction was primarily due to a decline in low-margin hardware revenue in the Mobile Communications segment.
- At 113.5 million euros, EBITDA improved considerably in Q2/2021 (109.7 million euros in Q2/2020). EBITDA for the first half of the year came to 222.3 million euros – an increase of 8.4 million euros or 3.9 per cent compared to 2020.
- Free cash flow amounted to 52.7 million euros in the second quarter and 112.2 million euros in the first half of 2021. This represents a year-on-year increase of around 11.9 per cent (excluding the positive amount from the Sunrise dividend in 2020).
- Our subscriber base (including freenet FUNK & Flex) also continued on its positive trajectory, growing by 33,200 customers in the second quarter to 8.681 million at the end of June – an increase of 71,100 since the beginning of the year and 190,400 year-on-year.

As a result, the first half of the financial year has been completed more than successfully and the prospects for the second half of the year have prompted us as the Executive Board to increase the guidance for EBITDA and free cash flow. EBITDA is now expected to be in a range between 430 and 445 million euros (previously: 415 to 435 million euros). In line with this, free cash flow is forecast to be between 215 and 230 million euros (previously: 200 to 220 million euros). For all other financial and non-financial performance indicators, the forecast for the full year remains unchanged.

The much-hoped-for improvement in external conditions in the second half of the year will additionally help us to reliably generate our new target figures as well. The majority of freenet's own shops and stores, as well as other important points of sale such as MediaMarkt and Saturn, were closed throughout the first quarter and for several weeks in the second quarter. Although we were able to acquire half of our new customers in the Mobile Communications business via our non-retail-based channels, and three-quarters of retained customers were retained by our own efforts via what are known as our "captive channels" during this time, store closures – and the closure of GRAVIS stores in particular – somewhat restricted the positive performance overall, namely sales of smartphones, iPads, notebooks and related accessories. The ongoing vaccination program and progress towards herd immunity also make us optimistic about the second half of the year and give us cause to hope that we will be spared from further store closures.

Regardless of this, we are working to continually optimise the scope and quality of our products and services. We are making increased use of artificial intelligence, machine learning, chat bots, self-help and digital interaction in order to understand and serve our customers' needs as effectively as possible. Weekly business magazine WirtschaftsWoche recently reaffirmed our success among our customers and our pioneering position in the sector. In its survey of 100,000 consumers, the magazine identified Germany's best companies for customer service from a field of 650 firms – with freenet named in the telecommunication sector's top three as it earned a (shared) second place.

Given our consistent customer focus, we are both relaxed and self-confident about a recent legislative initiative, the Telecommunications Modernisation Act, which is designed to implement the European Electronic Communications Code (EECC) that came into force at the end of 2018. The aim of the Telecommunications Modernisation Act is to promote a variety of products and services, customer communications and consumer rights. Although we cannot predict how the market and our competitors will actually react to these changes in the industry's legislative framework, we know that freenet customers already have the best possible choice, with complete flexibility in designing the terms and duration of their contracts as well as various options for contacting us. After all, lasting customer satisfaction is essential for us and our business. We also go to great lengths to ensure that we can support our partner store operators and specialist retailers in their customer contact and service efforts as effectively as possible. Our hard work in this area is also earning well-deserved plaudits, with readers of the Telecom Handel trade journal voting mobilcom-debitel Germany's best mobile network operator at the end of June. It is highly gratifying to achieve this top ranking for a multichannel strategy that is particularly relevant for customers, validating our approach of making our distribution and customer contact options as flexible as possible – and not just during the coronavirus pandemic.

The TV and Media segment also delivered good news on several occasions. As the operator of waipu.tv, EXARING AG added additional attractive channels and broadcasters in the first half of the year. Media Broadcast at the start of the year signed a long-term service contract with public broadcaster NDR for their analogue radio, DAB-Plus and DVB-T2 transmission systems, followed by a similar agreement with WDR in February. In April, an agreement was signed with Germany's largest broadcaster to transmit matches in the first and second Bundesliga divisions from 36 stadiums using fibre optic and satellite technology. In June, Media Broadcast successfully carried out the world's first live TV broadcast via a 5G campus network at the German national football team's Euro 2020 base in Herzogenaurach. The broadcast relied on the portable 5G Blue Box, which is specially designed for such applications and can be installed anywhere in the country within a very short space of time. During the second quarter, the freenet subsidiary also completed its expansion of the second nationwide DAB+ multiplex.

We therefore believe that we have laid the foundations for a successful second half of the year and a generally positive 2021 despite the coronavirus pandemic. While we cannot predict how external factors will actually develop, we know that we, the management and all employees of the freenet Group, are very much looking forward to working more "normally" again soon: exchanging views openly and constructively in person, interacting harmoniously at our various sites, or being able to advise and support our customers face-to-face in shops and electronics stores – for the benefit of our customers, our employees, our business partners and our shareholders.

Christoph Vilanek   Ingo Arnold   Stephan Esch

Antonius Fromme   Rickmann v. Platen

THE FREENET SHARE

- German equity indices defy coronavirus pandemic in the first half of 2021
- freenet shares record a gain of 25 per cent
- The company distributes a dividend of 1.65 euros per share

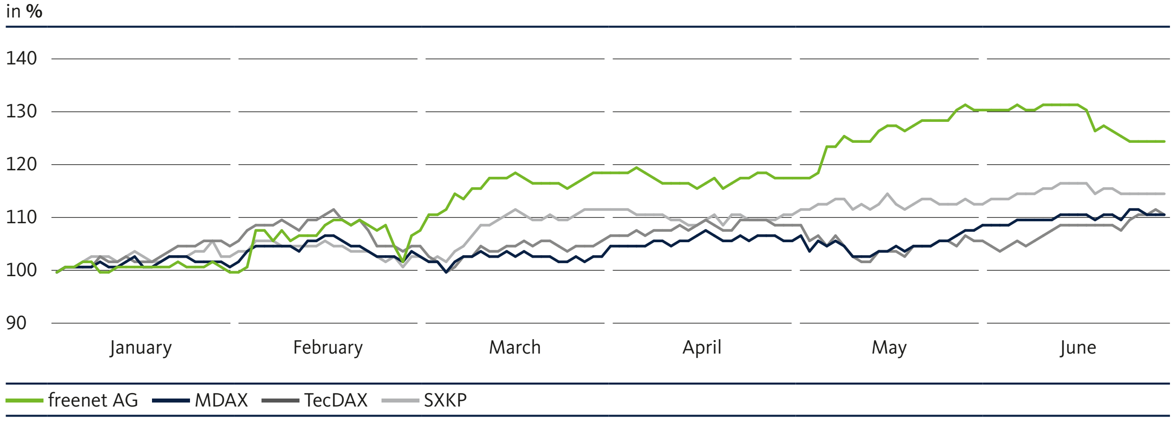
GENERAL CAPITAL MARKET ENVIRONMENT

The coronavirus pandemic and all of its associated restrictions continued to dominate the headlines in the first half of 2021. Reactions to the third wave of infections at the start of the year were the main talking points on the markets, while the vaccination program's sluggish start and increasing supply bottlenecks in the technology sector in particular provided further sources of irritation. Inflation fears and speculation about lasting supply chain disruption also simmered, and there were increasing signs that central bank monetary policy would shift towards a turnaround in interest rates.

By contrast, the quarterly results of numerous companies were surprisingly positive, prompting many of them to maintain their financial outlook for the full year. Equity indices performed well in light of these results to end the first half of the year in more forgiving territory. Both the MDAX and the TecDAX, where freenet AG is listed, ended the first half of 2021 up 11 per cent. As the trend barometer for European telecommunications stocks, the SXKP Index recorded an even more encouraging gain of 15 per cent in the first and second quarters, as did the leading German DAX index, which rose by 13 per cent. In this environment, German mobile communications stocks once again proved crisis-proof and resilient, with share price rises of up to 26 per cent compared to their 2020 closing prices.

Figure 1: Performance of the freenet share vs. indices

(indexed; 100 = Xetra closing price on 31 December 2020)



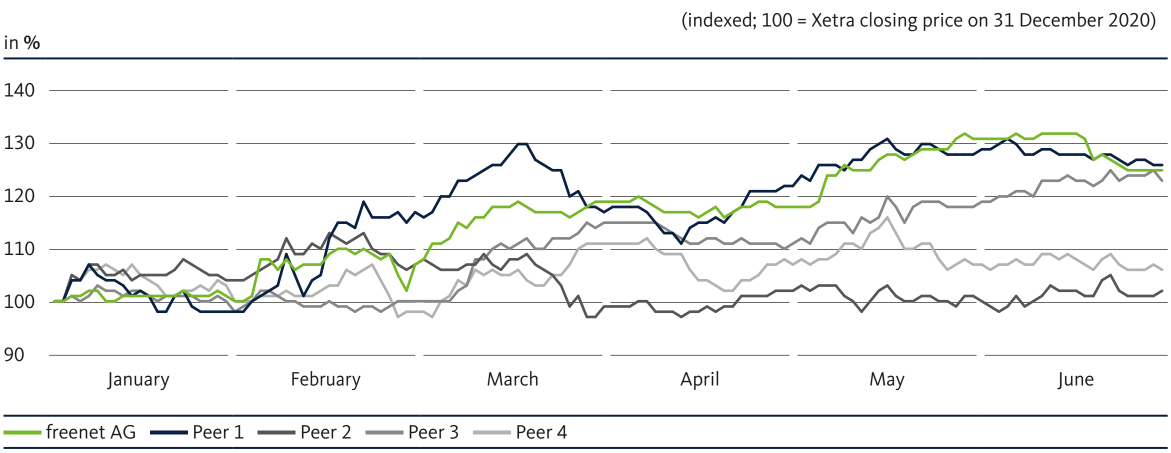
FREENET SHARE PERFORMANCE

The freenet share performed well, rising by 25 per cent in the first six months of the year to close at 19.92 euros on 30 June 2021. After making a modest start to the new year, the stock recovered from its previous annual low at 15.85 euros at the start of February and continued to gain momentum as the year went on. Shortly before the Annual General Meeting and the distribution of the dividend, the shares reached a half-year high of 21.05 euros on 15 June 2021. This encouraging performance during the period under review was due to a number of factors:

- the Group's positive first-quarter results and the associated confirmation of its positive financial outlook for the 2021 financial year,
- the announcement and approval by the Annual General Meeting to distribute a dividend of 1.50 euros per share for the 2020 financial year as well as a special dividend of 15 euros per share, and
- the (second) 2021 share buyback program launched in February 2021 with a total volume of up to 135 million euros that is scheduled to run until 31 December 2021.

The freenet share's performance reflects the strategic decisions made by management and the Group's corresponding operating performance, particularly during the coronavirus pandemic, thus demonstrating the resilience of our business model perceived by the capital market.

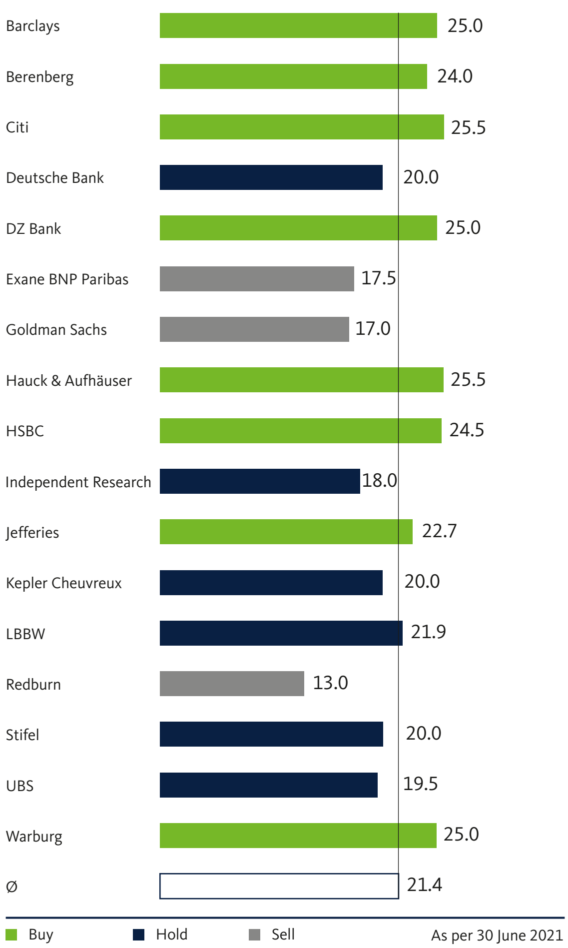
Figure 2: Performance of the freenet share vs. peers



ANALYSTS' RECOMMENDATIONS

At present, a total of 17 independent banks and investment funds regularly publish commentaries, valuations and recommendations for the freenet share. Three analyst firms ceased coverage of the share during the current financial year, while two new analysts published their initial assessment of the company. The number of buy recommendations increased to eight compared to 31 December 2020, with six hold recommendations and three sell recommendations. The target prices per share range from 13.00 euros to 25.50 euros, with an average target price of 21.40 euros as of 30 June 2021.

Figure 3: Current recommendations for the freenet share (target prices in euro)



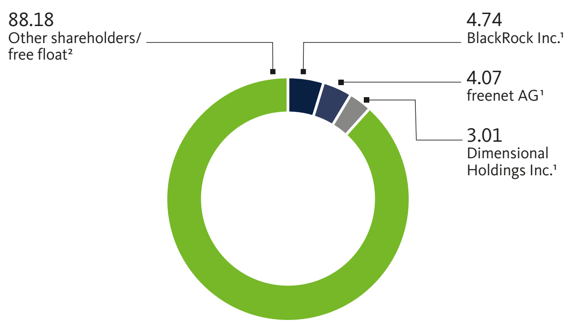
The latest analyst assessments and recommendations have been published at https://www.freenet-group.de/investor/share/.

CHANGES IN THE FREENET GROUP SHAREHOLDER STRUCTURE

The following chart shows the voting rights last reported by shareholders in accordance with Sections 33 and 34 of the German Securities Trading Act (WpHG), based on freenet AG's current share capital.

Figure 4: Shareholder structure of freenet AG on 30 June 2021

in %



[1] Incl. attributions according to the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).
[2] The free float (according to Deutsche Börse AG) amounts to 88.18 per cent.

At 4.74 per cent, US asset manager BlackRock Inc. from Wilmington, Delaware, was the largest shareholder in freenet AG as of 30 June 2021. On 14 June 2021, another American investor – Dimensional Holdings Inc. from Austin, Texas – announced that it had exceeded the 3-per-cent threshold. The proportion of treasury shares held by freenet AG was 4.07 per cent as of 30 June 2021. The company announced that it had exceeded the reporting threshold of 3 per cent on 8 March 2021. A total of 88.18 per cent of shares were held by institutional or retail investors whose equity interest in each case was less than three per cent of freenet AG's share capital (free float according to Deutsche Börse AG's definition). During the period under review, Flossbach von Storch AG announced that it had fallen below the 10, 5 and 3-per cent reporting thresholds, while the Flossbach von Storch SICAV fell below the 5 and 3-per-cent reporting thresholds.

All voting rights notifications pursuant to Section 21 WpHG have been published at www. https://www.freenet-group.de/investor/share.

One member of the Executive Board carried out managers' transactions in accordance with Art. 19 of the Market Abuse Regulation (MAR): Chief Financial Officer Ingo Arnold acquired a total of 2,500 shares worth around 45,000 euros on 25 February 2021.

2021 ANNUAL GENERAL MEETING

For the second year running, the Annual General Meeting of freenet AG for the 2020 financial year was held virtually on 18 June 2021 in accordance with Article 2 of the COVID-19 Relief Act. The Annual General Meeting was broadcast for freenet AG shareholders live over the Internet. Questions could be asked via the online service for shareholders and were answered by the Supervisory Board and Executive Board on the day of the Annual General Meeting.

Other interested parties could also follow the opening of the Annual General Meeting by the Meeting Chair and the speeches by the CEO and CFO as a live broadcast, while a recording of these was also made available for a limited time on the company website as an on-demand webcast afterwards.

Overall, 35.18 per cent of the registered share capital was represented at the virtual Annual General Meeting. The resolutions regarding ratification of the actions of the members of the company's Executive Board and Supervisory Board for financial year 2020 were adopted by a majority of shareholders. The vote to approve the Executive Board remuneration system did not achieve the majority required, with 65.58 per cent of the total share capital represented voting against the plan agreed by the Supervisory Board. An adjusted proposal is to be presented to the shareholders of freenet AG for approval by no later than the next Annual General Meeting in 2022. The shareholders approved all other agenda items by a large majority.

INTERIM GROUP MANAGE- MENT REPORT

INTERIM GROUP MANAGEMENT REPORT

PRINCIPLES OF CORPORATE MANAGEMENT

The freenet Group uses a standardised and reliable management system to implement its strategic goals and measure its operating performance across the entire Group. Performance is measured using financial and non-financial performance indicators that provide a foundation for value-oriented corporate governance. The established financial management system also ensures financial stability. The practicality of the management system is regularly reviewed by management and adjusted where necessary.

The performance indicators used for corporate management purposes also regularly represent alternative performance measures (APMs). The main features of the management system are outlined below. Please refer to the “Corporate management" section of the 2020 Annual Report (see page 45 onwards) for a detailed presentation of the key figures used and the method for calculating them.

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

In order to measure and present the company’s success and performance in a comprehensible way, the following performance indicators are used:

Table 1: Financial and non-financial key performance indicators

	H1/2021	H1/2020	H1/2019
Financial performance indicators (in EUR millions or as indicated)			
Revenue	1,239.0	1,271.0	1,389.0
EBITDA	222.3	213.9	215.5
Free cash flow	112.2	140.7	126.7
Postpaid ARPU (in EUR)	17.9	18.3	18.8
Non-financial performance indicators (in millions)			
Postpaid customers	7.113	6.939	6.834
freenet TV subscribers (RGU)	0.845	1.005	1.037
waipu.tv subscribers	0.645	0.504	0.332
= Subscribers (Total of customers stated without freenet FUNK & Flex)	8.603	8.449	8.203

The financial performance indicator free cash flow is not used for management purposes at segment level whereas postpaid ARPU is used for management purposes in the Mobile Communications segment only. The financial performance indicators EBITDA, free cash flow, postpaid ARPU, and adjusted EBITDA, which occasionally is calculated for information purposes, are also APMs.

With a business model consistently focused on customers and their needs, the performance of the freenet Group – including its financial performance indicators – is closely linked to the development of its subscriber figures. This is why the acquisition of customers and their sustained loyalty are essential for the company's success. The strategically relevant customer group in each case varies depending on the operating segment. The postpaid customer base serves as a performance indicator for the Mobile Communication segment, and the revenue-generating TV customer base, comprising freenet TV subscribers (RGU) and waipu.tv subscribers, serves as a performance indicator for the TV and Media segment.

The postpaid customer base, which comprises strategically important mobile communications customers, ensures the medium-term profitability and liquidity strength of the freenet Group based on fixed-term contracts and is thus integral for managing the company's performance. Since entering the field of TV business, freenet AG has been addressing a further segment that strengthens and expands the company’s strategic positioning as a digital lifestyle provider. In this context, the development of waipu.tv subscribers in particular serves as a measure for the success in establishing the new segment and thus for market penetration.

A comparison between the forecast development of the performance indicators and the actual figures can be found in the section "Report on expected developments" on page 25.

FINANCIAL MANAGEMENT

RISK MANAGEMENT SYSTEM

The key performance indicator (KPI) system for strategic and operational management is supplemented by an established financial management system. The primary aims of the financial management approach taken by freenet AG are to ensure access to the (debt) capital market, provide sufficient liquidity for the operating business and define a reliable and sustainable dividend policy. The tasks required to achieve these aims are handled centrally by the Treasury department, supported by Financial Control and Accounting.

CASH, LIQUIDITY AND CAPITAL STRUCTURE MANAGEMENT

The following are essential to ensuring both access to the (external) capital market and liquidity:

1. capital structure management and
2. cash and liquidity management.

Two alternative performance measures – equity ratio and leverage – are key figures for structuring capital across the Group. Mandatory limits have been defined for both of these APMs.

In addition, adjusted leverage is also reported for information purposes. This provides a less conservative perspective on the freenet Group's debt by including the market values of equity investments in net debt (adjusted net debt).

In terms of the equity ratio, which shows the ratio of equity to total equity and liabilities (as reported in the balance sheet in each case), a lower limit of 25.0 per cent and for leverage a maximum of 3.0 times EBITDA was set.

Table 2: Capital structure management KPIs

As indicated	Limits	Achieved as at 30.06.2021	30.06.2021	31.12.2020	30.06.2020
Equity ratio (in %)	> 25.0	✔	41.3	40.4	28.6
Leverage	≤ 3.0	✔	1.9	1.7	4.4

At 41.3 per cent, the equity ratio on the reporting date was significantly above the threshold of 25.0 per cent and increased slightly by 0.9 percentage points compared to the end of 2020. In addition to the collection of current profits from continuing operations, this rise resulted from a reduction in total equity and liabilities (debt reduction). On the other hand, equity was reduced by the dividend payment for the 2020 financial year of 203.7 million euros approved by the shareholders at the Annual General Meeting on 18 June 2021 and made in the reporting quarter, as well as the continued acquisition of own shares in the first half of 2021 (see section “2021 share buyback program") in the amount of 42.7 million euros. The equity ratio increased by 12.7 percentage points compared to 30 June 2020, primarily as a result of the sale of Sunrise shares to Liberty Global for almost 1.1 billion euros in November 2020.

Leverage at the end of June 2021 was 1.9, well below the maximum limit. The slight increase compared to year-end 2020 is mainly due to the dividend paid in mid-June 2021 for the 2020 financial year and the resulting brief reduction in the liquidity base.

As of 30 June 2021, the Executive Board confirms its financial guidance as well as all stated targets.

Table 3: (Adjusted) net debt and (adjusted) net debt ratio

In EUR millions	30.06.2021	31.12.2020	30.06.2020
Long-term borrowings	636.3	734.8	1,000.8
Short-term borrowings	54.4	206.0	641.7
Net lease liabilities	440.0	466.7	468.1
Liquid assets	– 288.9	– 666.9	– 219.1
Net debt	**841.9**	**740.6**	**1,891.5**
Leverage	**1.9**	**1.7**	**4.4**
Market value of equity investments (30.06.2020 incl. Sunrise)[1]	– 134.3	– 184.9	– 973.5
Adjusted net debt	**707.6**	**555.8**	**918.0**
Adjusted debt ratio	**1.6**	**1.3**	**2.2**

[1] The market value of CECONOMY is calculated by multiplying the closing price of CECONOMY's ordinary shares on the Frankfurt stock exchange by the number of shares held by the freenet Group (32,633,555) as of the relevant reference date.

DIVIDEND POLICY

The dividend policy is another key component of the Group's financial management activities. In principle, the Executive Board pursues a policy of consistent distributions aligned with the freenet Group's operational performance. Free cash flow serves as the starting point and basis for determining dividends. As a reliable and transparent point of reference for shareholders to derive the expected distribution, this liquidity indicator is integral to forecasting and managing the company's performance. In the interest of continuing to make regular distributions, management has defined 80 per cent of free cash flow as a long-term, stable distribution rate. In addition to a cash dividend, freenet shareholders might participate in the company's success in the form of share buybacks (as was last done in the fourth quarter of 2020 and is currently ongoing).

2021 SHARE BUYBACK PROGRAM

At the Annual General Meeting on 27 May 2020, shareholders authorised the Executive Board to repurchase the Group's own shares. This authorisation covers the acquisition of up to 10 per cent of share capital at the time of the resolution and requires the approval of the Supervisory Board in order to be exercised. A total of 2.31 per cent of share capital (approx. 2.96 million shares) were previously repurchased in 2020 as part of the first share buyback program.

An additional share buyback program representing up to 7.61 per cent of share capital (9.75 million shares) was agreed on 25 February 2021 and is scheduled to run until 31 December 2021. Acquisitions are limited to a maximum of 135.0 million euros. Approximately 2.20 million shares worth around 42.7 million euros had been repurchased by 30 June 2021. As a result, the proportion of directly and indirectly held treasury shares currently totals 4.07 per cent.

COURSE OF BUSINESS AND SIGNIFICANT EVENTS

REVENUE PILLARS OF THE FREENET GROUP

As a digital lifestyle provider and the largest network-independent mobile communications provider in Germany, the freenet Group operates in three business areas:

- The core business Mobile Communications focuses particularly on high-quality postpaid contracts, served primarily by its main brand mobilcom-debitel. The company also uses its own specially-developed IT platform as the basis for digital and increasingly flexible tariffs such as freenet FUNK and freenet Flex.
- To supplement its core business, freenet serves the growth segment Digital Lifestyle, which mainly includes mobile devices as well as all services, applications and equipment associated with mobile devices or that can be controlled or used via an intelligent device.
- The third key element of the product and service portfolio is modern, high-definition digital television in two technological variants: freenet TV for terrestrial television and waipu.tv for IPTV entertainment.

- In a first half of 2021 still dominated by coronavirus restrictions, the freenet Group's largely subscription-based business model once again proved viable, predictable and relatively crisis-resistant, as demonstrated by the generally positive performance of its three business areas in the first six months of the current financial year.

CONTINUING GROWTH IN THE MOBILE COMMUNICATIONS SEGMENT

In recent years, the freenet Group has developed two innovative tariff models – freenet FUNK and freenet Flex – that give customers the greatest possible flexibility, thus setting new standards in the market. While the first half of 2021 was once again dominated by upgrades to existing tariffs, there were also numerous special offers and promotional campaigns.

The Flex tariff was the first to get an upgrade at the start of the year with voice over LTE, which offers quicker call setup, improved call quality and lower battery consumption. Over the next few months, there were then several attractive promotional offers aimed at a wide range of user requirements – and all at highly competitive rates. This once again demonstrated the value and efficiency of freenet's omnichannel sales model, with its multitude of closely interconnected distribution channels. During the COVID-19 pandemic, the Group's online channels largely compensated for the closure of the majority of its bricks-and-mortar shops and stores for several months.

The range of new tariffs on offer was expanded as follows:

- Since mid-January, freenet has also been offering its Flex tariff on the Vodafone network with up to 15 GB of data, a short free period and no connection fee.
- Starting in February and April, the same target group was able to enjoy this product on the Telefónica Deutschland network with an unlimited data volume for around 30 euros and an option to cancel monthly.
- mobilcom-debitel also had a wide range of tariffs on offer, including a 26 GB flat rate on the Telekom network for around 20 euros or a flat-rate telephone plan with 6 GB of data for the equivalent of 4.32 euros per month.
- In June, the company's no-frills subsidiary klarmobil increased the browsing speeds of two Allnet Flat tariffs, doubling speeds to 50 Mbit/s for the 10 GB plan and quadrupling it for the 20 GB tariff.

In April, mobilcom-debitel also became one of the first service providers to offer 5G RED tariffs on the Vodafone network. Prices ranged from just under 40 euros a month for 4 GB of data to 90 euros a month for unlimited data, all with unlimited calls and texts and a contract term of 24 months.

This array of initiatives and upgrades once again helped the Group to seamlessly continue what has been almost uninterrupted growth for years in particularly valuable postpaid customers in 2021.

DIGITAL LIFESTYLE PORTFOLIO MAKING STEADY REVENUE CONTRIBUTION

Due to quarantine regulations, many of the freenet Group's outlets remained closed for large parts of the first half of the year. Although this resulted in lower bricks-and-mortar sales of devices and smartphone accessories, the Group's digital lifestyle products and services once again proved to be a highly stable complement to the core business. Firstly, contract customers in the Mobile Communications business regularly contribute to revenues by taking out subscriptions to mobile phone insurance, antivirus software and other digital services. Sales of electronic products and digital devices via freenet's online sales channels also partially compensate for the bricks-and-mortar business.

Sales in this area were primarily focused on smartphones from major manufacturers, including the bestselling iPhone 12 and Galaxy S21, the Google Pixel 4 at the best price, and a Xiaomi smartphone with a free fitness watch. However, the Group also offered gaming consoles such as the PlayStation 5 and Nintendo Switch or headphones such as Apple's AirPods Pro as part of targeted campaigns and attractive bundles. The range of products and services on offer was rounded off by free or attractively priced trial periods of music streaming service Deezer Premium, the freenet Video streaming service or the Kaspersky Total Security premium virus protection package.

This means that this business area makes a meaningful contribution to the freenet Group's revenue, as it has done in previous quarters and years.

TV AND MEDIA SEGMENT REMAINS KEY GROWTH DRIVER

Over the past few months and quarters, linear terrestrial television service freenet TV and the IPTV product waipu.tv have reaffirmed their vital role as the third crisis-proof revenue pillar and the perfect complement to the Mobile Communications business. The scope of both products was expanded during the first half of the year to incorporate new technology, services, partnerships and programming.

In the first quarter, EXARING AG (waipu.tv) added three channels from well-known comedy stars and influencers as well as KinoweltTV, the first German channel for arthouse films. At the end of the quarter, waipu.tv joined forces with Germany's largest sports portal, "kicker", to launch "kicker TV", which focuses on domestic and international football as well as assorted highlights from other sports. Another new sports channel, "More than Sports TV", was added to the channel portfolio in June. As a result, the Group's IPTV product continues to record steady growth.

Media Broadcast, the provider of freenet TV, also announced new and continuing partnerships. In January, the Cologne-based subsidiary and NDR entered into a long-term contract to service NDR's analogue radio, DAB+ and DVB-T2 transmission systems at more than 65 locations. This was followed by a similar agreement with WDR in February. Finally, in April the company entered into an agreement with Germany's largest broadcaster to transmit matches in the first and second Bundesliga divisions from 36 stadiums using fibre optic and satellite technology.

During the second quarter, the freenet subsidiary also completed its expansion of the second nationwide DAB+ multiplex after the Schwerin transmitter went live in mid-May. This means that, at present, around 67 million listeners – 83 per cent of the German population – can receive channels from Antenne Deutschland's nationwide DAB+ platform.

By contrast, Media Broadcast's high-definition freenet TV service has had a stable and comparatively uneventful six months. After the 20-per-cent price increase last year, the anticipated decline in users continued in the first half of 2021, whereas profitability improved.

PERFORMANCE OF OPERATING SEGMENTS IN DETAIL

MOBILE COMMUNICATIONS

POSTPAID CUSTOMERS AND APP-BASED TARIFFS

Despite all the lockdown restrictions imposed, the strategically important postpaid customer base continued to grow steadily during the first six months of the current financial year. This is primarily due to our flexible and intelligently interconnected sales structures and our consistent focus on both acquiring and retaining customers. In the first half of 2021, the number of postpaid customers rose by 34,600 to 7.113 million as of the end of June, of which 13,900 customers were attributable to the second quarter and 20,700 to the first quarter.

The customer base for the app-based freenet FUNK and freenet Flex tariffs also continued to expand. In the first half of the current year, 21,100 new customers opted for one of these new digital tariffs, including 9,700 in the second quarter and 11,500 in the first three months of the year.

As a result, the number of comparatively highly-profitable mobile communications customers was around 7.191 million as of the end of the first half – an increase of 55,800 since the start of the year and 210,000 compared to the same period in 2020.

POSTPAID ARPU AND MOBILE REVENUE FROM SERVICES

As of 30 June 2021, postpaid ARPU fell by around 30 cents from 18.3 euros in the first half of 2020 to 17.9 euros. This was due to the almost total loss of roaming revenue and lower data top-ups as a result of COVID-19 restrictions. Postpaid ARPU showed signs of stabilisation on a quarter-by-quarter basis. After a decline of 20 cents to 17.8 euros in the first quarter of 2021, a slight increase to 18.0 euros was recorded during the second quarter, primarily due to the gradual relaxation of restrictions.

Thanks to this stabilisation in postpaid ARPU and moderate growth in postpaid customer numbers, revenue from services in the Mobile Communications segment rose slightly year-on-year from 758.6 million euros to 763.1 million euros in the first half of 2021, of which 384.2 million euros was attributable to the second quarter – an increase of 2.1 per cent compared to the second quarter of 2020.

DIGITAL LIFESTYLE REVENUE

The Group's digital lifestyle products and services once again proved to be a profitable complement to the core business in the first half of 2021 despite the closure of bricks-and-mortar retail for many weeks. Digital lifestyle revenue was 95.8 million euros in the first six months of the current year, 11.7 per cent up on the previous year's figure (85.8 million euros). Of this total, 48.9 million euros was attributable to the second quarter of 2021, a rise of 14.4 per cent compared to the second quarter of 2020 (42.8 million euros). Overall, the digital lifestyle business benefited from the fact that subscriptions now make up a significant proportion of its revenue.

Table 4: Mobile Communications operating performance

as indicated	1st half 2021	1st half 2020	Q2/ 2021	Q1/ 2021	Q2/ 2020
Postpaid customers [1] (in millions)	7.113	6.939	7.113	7.099	6.939
Postpaid ARPU (in EUR)	17.9	18.3	18.0	17.8	18.1
freenet FUNK and freenet Flex [1] (in millions)	0.078	0.042	0.078	0.068	0.042
Revenue from services, postpaid (in EUR millions)	763.1	758.6	384.2	378.9	376.2
Revenue from services, no-frills / prepaid (in EUR millions)	53.2	60.1	26.7	26.5	28.8
Digital lifestyle revenue (in EUR millions)	95.8	85.8	48.9	46.9	42.8

[1] At the end of the period

TV AND MEDIA

TV CUSTOMER BASE

The freenet Group's television business is also proving relatively crisis-resistant in 2021. The IPTV product waipu.tv continues to grow. Several new channels and partnerships also enhanced the product's appeal during the current year, which in turn is having a positive impact on the development of the subscriber base. The number of subscribers has increased by 72,100 to 644,600 since the start of 2021; of this total, 32,900 is attributable to the second quarter. This once again confirms the solid growth of 30,000 to 40,000 subscribers per quarter anticipated by management.

The television product freenet TV also performed well during the period under review. Although the number of revenue-generating users (RGU) fell in the quarters following the price increase in May 2020, this trend flattened in the first half of 2021 as expected. After a decline of 33,600 subscribers in the first quarter, 23,200 subscribers opted not to continue paying for freenet TV in the second quarter. Overall, the freenet TV business model remains highly profitable; in fact, last year's price increase means it is now more profitable than before.

Table 5: TV customer base

In '000s	30.6. 2021	31.3. 2021	31.12. 2020	30.9. 2020	30.6. 2020
freenet TV subscribers (RGU)	845.0	868.3	901.9	942.0	1,005.0
waipu.tv subscribers	644.6	611.7	572.5	509.5	504.1
Total	**1,489.6**	**1,480.0**	**1,474.3**	**1,451.5**	**1,509.2**

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

REVENUE AND RESULTS OF OPERATIONS

Table 6: Revenue and earnings performance indicators for the Group

In EUR '000s	Q2/2021	Q2/2020	Change
Revenue	**619,858**	**622,135**	**– 2,277**
Gross profit	210,253	212,538	– 2,285
Overhead	– 96,770	– 102,840	6,070
EBITDA	**113,483**	**109,698**	**3,785**
EBIT	39,982	70,487	– 30,505
Financial result	– 7,341	– 10,657	3,316
EBT	32,641	59,830	– 27,189
Consolidated profit	**32,765**	**58,094**	**– 25,329**

At 619.9 million euros, consolidated revenue for the second quarter of 2021 remained at a similar level to the prior-year quarter (622.1 million euros). While the number of postpaid customers relevant to the management of the Mobile Communications segment rose moderately (30 June 2021: 7.113 million customers; 30 June 2020: 6.939 million customers), postpaid ARPU remained stable (Q2/2021: 18.0 euros; Q2/2020: 18.1 euros). Overall, mobile revenue totalled 551.1 million euros in the second quarter of 2021 (Q2/2020: 554.2 million euros), thus remaining on a par with the prior-year figure. On the other hand, revenue in the TV and Media segment increased by 4.1 million euros year-on-year to 69.3 million euros, primarily due to growth in the waipu.tv customer base. Consolidated revenue for the first six months of 2021 was 1,239.0 million euros (H1/2020: 1,271.0 million euros). This decline compared to the first half of 2020 was due to a fall in low-margin hardware revenues as a result of COVID-19-related store closures for most of the first half of the year.

During the period under review, gross profit remained stable (Q2/2021: 210.3 million euros; Q2/2020: 212.5 million euros) with an almost unchanged margin of 33.9 per cent (previous year: 34.2 per cent). Gross profit for the first half of 2021 was 424.3 million euros (H1/2020: 425.7 million euros), while the gross profit margin improved by 0.7 percentage points to 34.2 per cent (H1/2020: 33.5 per cent) due to the aforementioned decline in revenue from the low-margin hardware business.

Overhead costs as the difference between gross profit and EBITDA decreased by 6.1 million euros compared with the second quarter of 2020 to 96.8 million euros, primarily as a result of lower marketing expenses and loss allowances on receivables.

Due to the effects explained above, EBITDA amounted to 113.5 million euros (Q2/2020: 109.7 million euros). The Mobile Communications segment contributed 91.5 million euros to EBITDA (Q2/2020: 91.0 million euros), the TV & Media segment 25.0 million euros (Q2/2020: 20.9 million euros) and the Other/Holding segment –3.0 million euros (Q2/2020: –2.3 million euros). In the first half of 2021, the Group's EBITDA totalled 222.3 million euros, representing a year-on-year increase of 8.4 million euros (+3.9 per cent).

Depreciation, amortisation and impairment losses increased by 34.3 million euros to 73.5 million euros due to the 29.6 million euro impairment of a right-of-use asset for a fibre-optic network at EXARING. This means that the right-of-use asset – which was capitalised for 68.9 million euros as part of the purchase price allocation carried out when EXARING was fully consolidated in 2015 and was subsequently subject to depreciation – has been impaired to a carrying amount of 0 euros. Using a dedicated fibre-optic network to operate the waipu.tv television platform gave EXARING a competitive advantage in terms of transmission quality and lower latencies (short transmission times). However, the latest market developments will enable EXARING to rent the fibre-optic capacity it needs externally at lower operating costs and without any loss in quality for customers in the future. As a result, EXARING has decided to discontinue operating cost and labour-intensive surplus network capacity on a day-to-day basis.

The financial result improved by 3.3 million euros to –7.3 million euros compared to the second quarter of 2020. The decrease in interest expenses included in the financial result (Q2/2021: 7.1 million euros; Q2/2020: 11.8 million euros) is mainly due to lower bank interest associated with the repayment of borrowings (see also “Net assets and financial position”).

Due to the effects explained above, earnings before tax (EBT) amounted to 32.6 million euros, a decrease of 27.2 million euros year-on-year. Consolidated profit before tax for the first half of 2021 came to 92.8 million euros (H1/2020: 112.1 million euros).

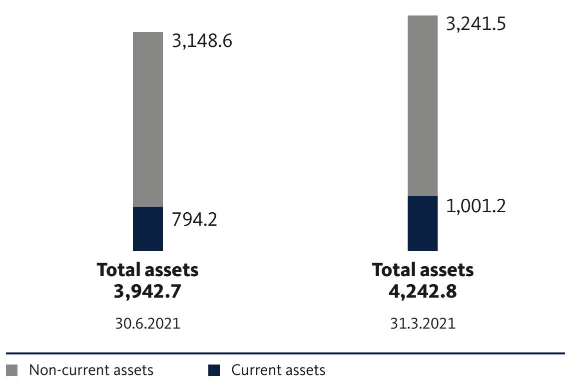
Income from income tax of 0.1 million euros (Q2/2020: income tax expenses of 7.2 million euros) was shown in the quarter under review. Current tax expenses of 8.5 million euros (Q2/2020: 6.8 million euros) and deferred tax income of 8.6 million euros (Q2/2020: deferred tax expenses of 0.5 million euros) were recognised. The recognition of deferred tax income mainly arose in connection with the impairment loss on the network of EXARING.

Due to the increase in depreciation, amortisation and impairment losses, the consolidated profit reported in the second quarter of 2021 totalled only 32.8 million euros – after 58.1 million euros in the same period in 2020. Consolidated profit for the first half of 2021 was 82.5 million euros (H1/2020: 109.3 million euros). Without the impairment loss recognised on EXARING's right-of-use assets described above, consolidated profit would have risen to 112.1 million euros in the first half of the year. The prior-year period includes consolidated profit from discontinued operations of 11.0 million euros (H1/2021: 0.0 million euros). This item included all expenses and income attributable to the discontinued operations "Sunrise“.

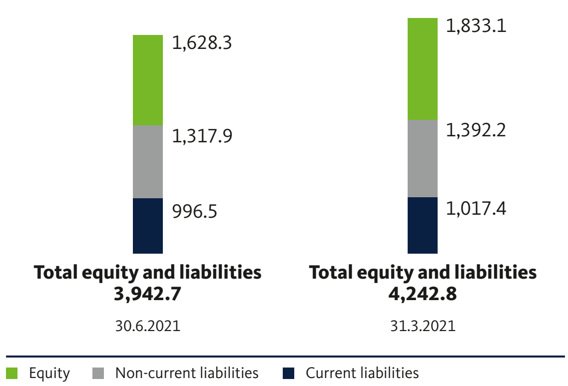
NET ASSETS AND FINANCIAL POSITION

Figure 4: Condensed balance sheet of the freenet Group (in EUR millions)

Assets



Equity and liabilities



Total assets/total equity and liabilities amounted to 3,942.7 million euros as at 30 June 2021, a decrease of 300.0 million euros, or 7.1 per cent, compared with 31 March 2021 (4,242.8 million euros).

On the assets side, non-current assets fell by 93.0 million euros to 3,148.6 million euros. The change is due on the one hand to a decrease in intangible assets of 33.0 million euros to 452.8 million euros, which is mainly related to the impairment loss of 29.6 million euros recognised on a right-of-use asset for the fibre-optic network of EXARING (see also “Revenue and results of operations"). On the other hand, there was a decrease in other financial assets of 26.5 million euros to 224.5 million euros mainly as a result of the lower market value of the CECONOMY investment measured at fair value (30 June 2021: 134.3 million euros, 31 March 2021: 161.3 million euros). This change is also due to a 19.6 million euro decline in contract acquisition costs to 248.1 million euros as a result of lower sales of mobile phone contracts via indirect sales channels triggered by the COVID-19-related closure of retail outlets.

In current assets, the decrease in liquid assets by 211.6 million euros to 288.9 million euros is noteworthy. This change mainly resulted from the dividend payment of 203.7 million euros made in the second quarter of 2021, the unscheduled repayment of several tranches of promissory note loans in the amount of 49.0 million euros, payments of 12.0 million euros made in connection with the share buyback program and the free cash flow of 52.7 million euros generated in the reporting period. The 31.5 million euro increase in trade accounts receivable to 190.0 million euros is mainly the result of the customary seasonal effect of deferring annual bonuses receivable from network operators.

The liabilities side was dominated by equity amounting to 1,628.3 million euros (31 March 2021: 1,833.1 million euros) and borrowings in the amount of 690.8 million euros (31 March 2021: 739.9 million euros). The equity ratio fell from 43.2 per cent at the end of March 2021 to 41.3 per cent at the end of June 2021, primarily due to the dividend paid out in the second quarter of 2021. The decrease in borrowings by 49.1 million euros to 690.8 million euros is attributable to the early repayment of three promissory note loan tranches in the amount of 49.0 million euros.

Trade accounts payable decreased by 33.5 million euros to 308.8 million euros. This was mainly attributable to balance sheet date-related effects in connection with liabilities to network operators and hardware suppliers.

CASH FLOWS

Table 7: Liquidity indicators for the Group

In EUR millions	Q2/2021	Q2/2020	Change
Cash flow from perating activities	85.9	120.1	– 34.2
Cash flow from investing activities	– 10.3	– 9.6	– 0.8
Cash flow from financing activities	– 287.1	– 74.9	– 212.2
Change in cash funds	**– 211.6**	**35.6**	**– 247.2**
Free cash flow	**52.7**	**90.8**	**– 38.1**
Free cash flow (without Sunrise contribution)	**52.7**	**47.4**	**5.3**

Cash flows from operating activities decreased by 34.2 million euros to 85.9 million euros year-on-year (Q2/2020: 120.1 million euros), primarily due to the last dividend payment received from Sunrise in the previous year (Q2/2020: 46.0 million euros) before the Group sold all of its shares in Sunrise to Liberty Global plc in November 2020. The additional increase in net working capital of 2.3 million euros and the rise in tax payments of 1.8 million euros (Q2/2021: 9.0 million euros; Q2/2020: 7.2 million euros) also had an adverse impact on cash flows from operating activities compared to the second quarter of 2020. Conversely, in addition to a 3.8 million euro increase in EBITDA, the 12.7 million euros higher reduction in contract acquisition costs (consisting primarily of sales commissions paid) (Q2/2021: 19.6 million euros; Q2/2020: 6.9 million euros) had a positive effect on cash flows from operating activities.

Cash flows from investing activities amounted to −10.3 million euros in the second quarter of 2021 compared to −9.6 million euros in the prior-year quarter. The cash outflows for investments in intangible fixed assets and in property, plant and equipment, netted out against the cash inflows from the disposal of such assets, increased by 1.3 million euros year-on-year to 10.8 million euros. The cash investments were financed entirely out of the company's retained earnings.

Cash flows from financing activities changed from –74.9 million euros in the prior-year quarter to –287.1 million euros in the period under review. This change is mainly attributable to the dividend payment of 203.7 million euros made in the second quarter of 2021 and the outflow of funds of 12.0 million euros in connection with the 2021 share buyback program.

Free cash flow of 52.7 million euros was generated in the second quarter of 2021 as a result of the developments explained above, representing a decrease of 38.1 million euros compared with the same quarter of the previous year (90.8 million euros). Free cash flow for the first six months of 2021 came to 112.2 million euros (H1/2020: 140.7 million euros). Compared to free cash flow adjusted for the dividend from Sunrise (Q2/2020: 46.0 million euros) and corresponding interest payments on the syndicated bank loan (H1/2020: 5.6 million euros), free cash flow would have increased by 11.9 million euros in the reporting year (H1/2020: 100.3 million euros).

REPORT ON OPPORTUNITIES AND RISKS

Since the beginning of the financial year, there have been no significant changes in relation to the risks associated with future business development. The opportunities and risks to which the freenet Group is exposed as part of its ongoing business activities were described in detail in the 2020 Annual Report (page 62 et seq.) and continue to apply in principle.

Lengthy production downtimes, supply chain disruption and unexpectedly high global demand for semiconductor products are causing supply bottlenecks for our device manufacturers. If insufficient numbers of devices are available for sales of mobile communications services, this could have a medium impact on revenue, EBITDA and free cash flow. Increased inventories, adapted supply management and short-term procurement measures mean that the risk to freenet AG is currently classified as low.

For more information on developments in the mobile communications and the TV/video market, please refer to the comments in the “Course of business” section.

As of 30 June 2021, there were still no risks in the “high” or “material” categories. In addition, no risks have been identified which, either individually or in combination with other risks, could endanger the continued existence of the freenet Group as a going concern. The potential effects on the current financial year continue to be qualified as minor. All assessments made continue to be dependent upon the duration and extent of the coronavirus crisis. It is still not possible to reliably and completely assess this.

REPORT ON EXPECTED DEVELOPMENTS

Based on the very good business performance in the TV & Media segment, the high stability of the mobile business, and the still positive outlook, the Executive Board increased the guidance for the financial performance indicators EBITDA and free cash flow for the full year 2021. EBITDA is now expected to be in a range between EUR 430 and 445 million (previously: EUR 415 to 435 million). In line with this, free cash flow is forecast to be between 215 and 230 million euros (previously: 200 to 220 million euros). Compared with the midpoint of the previous guidance, this corresponds to an increase of EUR 12.5 million in each case (EBITDA: approx. +3.0 per cent; free cash flow: approx. +6.0 per cent).

For all other financial and non-financial performance indicators, the forecast for the full year remains unchanged.

The updated corporate guidance considers the findings on overall economic development in Germany and the Corona pandemic in the second half of the year. If there are significant deviations from the current assessment, the guided financial and non-financial performance indicators may not be achieved.

Table 8: Comparison of forecast and actual performance

	2020 reference value	Forecast 2021 (25.02.2021)	Confirmation of forecast Q1/2021 and H1/2021	Forecast increase H1/2021	H1/2021 (ACTUAL)	Change compared to forecast
Financial performance indicators (in EUR millions/as indicated)						
Revenue	2,576.2	stable	stable	stable	1,239.0	➔
EBITDA	425.9	415 – 435	415 – 435	430 – 445	222.3	↑
Free cash flow (without Sunrise contribution)[1]	201.3	200 – 220	200 – 220	215 – 230	112.2	↑
Postpaid ARPU (in EUR)	18.2	stable	stable	stable	17.9	➔
Non-financial performance indicators (in millions)						
Postpaid customers	7.079	moderate growth	moderate growth	moderate growth	7.113	➔
freenet TV subscribers (RGU)	0.902	moderate decrease	moderate decrease	moderate decrease	0.845	➔
waipu.tv subscribers	0.572	solid growth	solid growth	solid growth	0.645	➔

[1] 2020 free cash flow adjusted for dividend from Sunrise (2020: 46.0 million euros) and corresponding interest payments on the syndicated bank loan (2020: approx. 10 million euros).

↑ above previous guidance
➔ unchanged from previous guidance
↓ below previous guidance

REPORT ON POST-BALANCE SHEET DATE EVENTS

Effective 2 July 2021, all shares in the joint venture Jestoro GmbH, Hamburg, were sold.

Büdelsdorf, 12 August 2021

freenet AG

The Executive Board

Christoph Vilanek   Ingo Arnold   Stephan Esch

Antonius Fromme   Rickmann v. Platen

CONDENSED INTERIM CONSOLI-DATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

1 JANUARY TO 30 JUNE 2021

In EUR '000s / as indicated	H1/2021 1.1.2021-30.6.2021	H1/2020 1.1.2020-30.6.2020 restated[1]	Q2/2021 1.4.2021-30.6.2021	Q2/2020 1.4.2020-30.6.2020 restated[1]
Revenue	**1,239,009**	**1,270,980**	**619,858**	**622,135**
Other operating income	20,195	24,040	10,602	10,599
Other own work capitalised	10,737	9,054	5,392	4,748
Cost of materials	– 814,712	– 845,241	– 409,605	– 409,597
Personnel expenses	– 105,843	– 112,382	– 55,374	– 54,015
Other operating expenses	– 127,073	– 132,509	– 57,390	– 64,172
Thereof loss allowances on financial assets and contract assets	– 16,095	– 20,523	– 7,435	– 10,620
Thereof without loss allowances on financial assets and contract assets	– 110,978	– 111,986	– 49,955	– 53,552
EBITDA[2]	**222,313**	**213,942**	**113,483**	**109,698**
Depreciation, amortisation and impairment	– 113,300	– 78,543	– 73,501	– 39,211
EBIT[3]	**109,013**	**135,399**	**39,982**	**70,487**
Profit or loss of equity-accounted investments	– 898	29	– 381	38
Thereof from share of profit or loss	– 898	29	– 381	38
Interest and similar income	1,099	1,256	524	639
Interest and similar expenses	– 15,568	– 24,545	– 7,116	– 11,756
Other financial result	– 874	– 60	– 368	422
Financial result	**– 16,241**	**– 23,320**	**– 7,341**	**– 10,657**
EBT	**92,772**	**112,079**	**32,641**	**59,830**
Income taxes	– 10,253	– 13,789	124	– 7,244
Consolidated profit/loss from continuing operations	82,519	98,290	32,765	52,586
Consolidated profit/loss from discontinued operations	0	11,016	0	5,508
Consolidated profit	**82,519**	**109,306**	**32,765**	**58,094**
Consolidated profit attributable to shareholders of freenet AG	91,806	112,412	41,651	59,413
Consolidated profit attributable to non-controlling interests	– 9,287	– 3,106	– 8,886	– 1,319
Earnings per share (EPS) in EUR (basic/diluted)	**0.74**	**0.88**	**0.34**	**0.47**
EPS from continuing operations in EUR (basic/diluted)	0.74	0.79	0.34	0.42
EPS from discontinued operations in EUR (basic/diluted)	0.00	0.09	0.00	0.05
Weighted average number of shares outstanding in thousand (basic/diluted)	**124,026**	**128,011**	**123,444**	**128,011**

1 Retrospective restatement of comparatives for the first half of 2020 and second quarter of 2020 due to discontinued Sunrise operations in accordance with IFRS 5.
2 EBITDA = earnings before interest, taxes, depreciation, amortisation and impairment.
3 EBIT = earnings before financial result and taxes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY TO 30 JUNE 2021

In EUR '000s	H1/2021 1.1.2021 – 30.6.2021	H1/2020 1.1.2020 – 30.6.2020	Q2/2021 1.4.2021 – 30.6.2021	Q2/2020 1.4.2020 – 30.6.2020
Consolidated profit	**82,519**	**109,306**	**32,765**	**58,094**
Currency translation differences	51	– 182	4	– 37
Currency translation differences from subsequent accounting for equity-accounted investments	0	1,862	0	– 734
Income tax recognised in other comprehensive income	0	– 28	0	11
Other comprehensive income/to be reclassified to the income statement in future periods	**51**	**1,652**	**4**	**– 760**
Change in fair value of investments in equity instruments	– 37,867	– 77,604	– 22,434	36,358
Recognition of actuarial gains and losses arising from the accounting for pension plans according to IAS 19 (2011)	7,490	2,702	384	– 5,027
Other shares of the profit or loss of equity-accounted investments	0	– 2,180	0	– 2,180
Income tax recognised in other comprehensive income	– 1,701	391	224	1,005
Other comprehensive income/not to be reclassified to the income statement in future periods	**– 32,078**	**– 76,691**	**– 21,826**	**30,156**
Cumulative other comprehensive income	**– 32,027**	**– 75,039**	**– 21,822**	**29,396**
Consolidated total comprehensive income	**50,492**	**34,267**	**10,943**	**87,490**
Consolidated total comprehensive income attributable to shareholders of freenet AG	59,779	37,373	19,829	88,809
Consolidated total comprehensive income attributable to non-controlling interests	– 9,287	– 3,106	– 8,886	– 1,319

CONSOLIDATED BALANCE SHEET

30. JUNE 2021

ASSETS In EUR '000s	30.6.2021	31.3.2021	31.12.2020
Non-current assets			
Intangible assets	452,823	485,800	494,722
Lease assets	413,443	426,028	441,342
Goodwill	1,382,394	1,382,394	1,382,394
Property, plant and equipment	134,157	137,321	140,475
Equity-accounted investments	940	1,821	2,088
Deferred income tax assets	133,559	124,687	129,440
Trade accounts receivable	65,167	64,604	63,678
Other receivables and other assets	93,452	100,096	107,015
Other financial assets	224,509	251,043	270,400
Contract acquisition costs	248,114	267,735	289,335
	3,148,558	**3,241,529**	**3,320,889**
Current assets			
Inventories	69,478	87,680	74,751
Current income tax assets	2,081	2,056	2,103
Trade accounts receivable	190,032	158,508	189,262
Other receivables and other assets	190,594	198,772	203,033
Other financial assets	53,065	53,751	48,729
Liquid assets	288,902	500,460	666,867
	794,152	**1,001,227**	**1,184,745**
	3,942,710	**4,242,756**	**4,505,634**

EQUITY AND LIABILITIES In EUR '000s	30.6.2021	31.3.2021	31.12.2020
Equity			
Share capital	128,061	128,061	128,061
Capital reserve	737,536	737,536	737,536
Treasury shares	– 90,961	– 78,945	– 51,420
Cumulative other comprehensive income	– 107,545	– 85,723	– 75,518
Consolidated net retained profits	969,933	1,132,016	1,081,861
Equity attributable to shareholders of freenet AG	**1,637,024**	**1,832,945**	**1,820,520**
Non-controlling interests in equity	– 8,728	158	559
	1,628,296	**1,833,103**	**1,821,079**
Non-current liabilities			
Lease liabilities	418,734	434,700	451,452
Other liabilities and deferrals	93,162	99,358	108,790
Other financial liabilities	29,410	32,446	36,941
Borrowings	636,327	686,086	734,826
Pension provisions	95,309	95,330	103,508
Other provisions	45,004	44,286	43,718
	1,317,946	**1,392,206**	**1,479,235**
Current liabilities			
Lease liabilities	85,402	85,135	85,209
Trade accounts payable	308,816	342,362	379,323
Other liabilities and deferrals	426,429	406,593	404,847
Other financial liabilities	49,661	60,870	63,438
Current income tax liabilities	40,087	40,943	38,943
Borrowings	54,430	53,797	206,001
Other provisions	31,643	27,747	27,559
	996,468	**1,017,447**	**1,205,320**
	3,942,710	**4,242,756**	**4,505,634**

STATEMENT OF CHANGES IN EQUITY

1 JANUARY TO 30 JUNE 2020

			Cumulative other comprehensive income								
In EUR '000s	**Share capital**	**Capital reserve**	Currency translation differences	Currency translation differences from subsequent accounting for equity-accounted investments	Change in fair value of investments in equity instruments	Revaluation reserve in accordance with IAS 19	Other shares of the profit or loss of equity-accounted investments	**Consolidated net retained profits**	**Equity attributable to shareholders of freenet AG**	Non-controlling interests in equity	**Equity**
As of 1.1.2020	**128,061**	**737,536**	**966**	**– 5,527**	**– 52,304**	**– 29,127**	**11,710**	**521,031**	**1,312,346**	**9,255**	**1,321,601**
Dividend payment	0	0	0	0	0	0	0	– 5,120	– 5,120	0	– 5,120
Consolidated profit	0	0	0	0	0	0	0	112,412	112,412	–3,106	109,306
Change in fair value of investments in equity instruments [1]	0	0	0	0	– 76,428	0	0	0	– 76,428	0	– 76,428
Other shares of the profit or loss of equity-accounted investments [1]	0	0	0	0	0	0	– 2,147	0	– 2,147	0	– 2,147
Recognition of actuarial gains and losses according to IAS 19 (2011) [1]	0	0	0	0	0	1,884	0	0	1,884	0	1,884
Currency translation differences [1]	0	0	– 182	0	0	0	0	0	– 182	0	– 182
Currency translation differences from subsequent accounting for equity-accounted investments [1]	0	0	0	1,834	0	0	0	0	1,834	0	1,834
Consolidated total comprehensive income	0	0	– 182	1,834	– 76,428	1,884	– 2,147	112,412	37,373	– 3,106	34,267
As of 30.6.2020	**128,061**	**737,536**	**784**	**– 3,693**	**– 128,732**	**– 27,243**	**9,563**	**628,323**	**1,344,599**	**6,149**	**1,350,748**

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

1 JANUARY TO 30 JUNE 2021

In EUR '000s	Share capital	Capital reserve	Treasury shares	Cumulative other comprehensive income: Currency translation differences	Cumulative other comprehensive income: Change in fair value of investments in equity instruments	Cumulative other comprehensive income: Revaluation reserve in accordance with IAS 19	Consolidated net retained profits	Equity attributable to shareholders of freenet AG	Non-controlling interests in equity	Equity
As of 1.1.2021	**128,061**	**737,536**	**– 51,420**	**679**	**– 42,873**	**– 33,324**	**1,081,861**	**1,820,520**	**559**	**1,821,079**
Dividend payment	0	0	0	0	0	0	– 203,734	– 203,734	0	– 203,734
Acquisition of treasury shares	0	0	– 39,541	0	0	0	0	– 39,541	0	– 39,541
Consolidated profit	0	0	0	0	0	0	91,806	91,806	– 9,287	82,519
Change in fair value of investments in equity instruments [1]	0	0	0	0	– 37,291	0	0	– 37,291	0	– 37,291
Recognition of actuarial gains and losses according to IAS 19 (2011) [1]	0	0	0	0	0	5,213	0	5,213	0	5,213
Currency translation differences [1]	0	0	0	51	0	0	0	51	0	51
Consolidated total comprehensive income	0	0	0	51	– 37,291	5,213	91,806	59,779	– 9,287	50,492
As of 30.6.2021	**128,061**	**737,536**	**– 90,961**	**730**	**– 80,164**	**– 28,111**	**969,933**	**1,637,024**	**– 8,728**	**1,628,296**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

1 JANUARY TO 30 JUNE 2021

In EUR '000s	H1/2021 1.1.2021 – 30.6.2021	H1/2020 1.1.2020 – 30.6.2020
EBIT (earnings before financial result and taxes)	**109,013**	**135,399**
+/– Adjustments:		
Depreciation, amortisation and impairment of non-current assets	113,300	78,543
Dividends received from equity-accounted investments	0	46,047
Gains/losses on disposal of non-current assets	– 214	386
Increase in net working capital not attributable to investing or financing activities	– 61,576	– 45,708
Proceeds from the cash repayment of financial assets under leases	7,590	7,400
Capitalisation of contract acquisition costs	– 107,255	– 145,052
Amortisation of contract acquisition costs	148,476	158,122
Tax payments	– 14,942	– 13,712
Income from interest and other financial result	512	943
Interest paid	– 20,004	– 24,078
Cash flows from operating activities	**174,900**	**198,290**
Payments to acquire property, plant and equipment and intangible assets	– 21,631	– 18,024
Proceeds from disposal of intangible assets and property, plant and equipment	2,233	728
Payments to acquire/proceeds from acquiring subsidiaries	0	– 25
Proceeds from deconsolidation of subsidiaries	2,000	0
Repayment of contributions of equity-accounted investments	1,000	250
Payments into equity of equity-accounted investments	– 750	0
Payments to acquire other equity investments	– 96	– 368
Cash flows from investing activities	**– 17,244**	**– 17,439**
Payments to company owners and minority shareholders	– 203,734	– 5,120
Payments to acquire own shares	– 39,541	0
Cash repayments of borrowings	– 249,000	– 50,000
Cash repayments of lease liabilities	– 43,346	– 40,322
Cash flows from financing activities	**– 535,621**	**– 95,442**
Net change in cash funds	**– 377,965**	**85,409**
Cash funds at beginning of period	**666,867**	**133,692**
Cash funds at end of period	**288,902**	**219,101**

COMPOSITION OF CASH FUNDS

In EUR '000s	30.6.2021	30.6.2020
Liquid assets of continuing operations	288,902	219,101
	288,902	**219,101**

COMPOSITION OF FREE CASH FLOW[1]

In EUR '000s	30.6.2021	30.6.2020
Cash flows from operating activities	174,900	198,290
Payments to acquire property, plant and equipment and intangible assets	– 21,631	– 18,024
Proceeds from disposal of intangible assets and property, plant and equipment	2,233	728
Cash repayments of lease liabilities	– 43,346	– 40,322
Free cash flow	**112,156**	**140,672**

[1] Free cash flow is an alternative performance measure that is defined in the corporate management section of the 2020 Annual Report.

SELECTED EXPLANATORY NOTES PURSUANT TO IAS 34

MATERIAL ACCOUNTING POLICIES AND CONSOLIDATION PRINCIPLES

1. These condensed consolidated interim financial statements have been prepared in accordance with Regulation 1606/2002 of the European Parliament and of the Council, International Financial Reporting Standards (IFRSs) adopted by the European Union and IAS 34. The Group has taken into account all IFRSs that have been adopted by the EU and are mandatory. These interim consolidated financial statements have not been reviewed by an auditor. The Group has adopted all accounting pronouncements required to be applied as of the reporting date.

Taking into account the ongoing Covid crisis, the material estimates and assumptions have remained unchanged compared with the consolidated financial statements for 2020.

SIGNIFICANT EVENTS AND TRANSACTIONS

2. As at 30 June 2021, receivables originating from the existing factoring agreement regarding receivables from the mobile phone upgrade option amounting to 83.1 million euros (31 December 2020: 103.3 million euros) were sold and derecognised but not yet paid.

3. In addition to the scheduled repayment of a promissory note loan in the amount of 200.0 million euros in the first quarter of 2021, three tranches of several promissory note loans totalling 49.0 million euros were repaid ahead of schedule in the second quarter of 2021.

4. Depreciation, amortisation and impairment losses increased by 34.3 million euros to 73.5 million euros year-on-year due to the 29.6 million euros impairment of a right-of-use asset for a fibre-optic network at EXARING. This means that the right-of-use asset – which was capitalised for 68.9 million euros as part of the purchase price allocation carried out when EXARING was fully consolidated in 2015 and was subsequently subject to depreciation – has been impaired to a carrying amount of 0 euros. Using a dedicated fibre-optic network to operate the waipu.tv television platform gave EXARING a competitive advantage in terms of transmission quality and lower latencies (short transmission times). However, the latest market developments will enable EXARING to rent the fibre-optic capacity it needs externally at lower operating costs and without any loss in quality for customers in the future. As a result, EXARING has decided to discontinue operating cost and labour-intensive surplus network capacity on a day-to-day basis.

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

In EUR '000s	1.1.2021 – 30.6.2021	1.1.2020 – 30.6.2020
Revenue attributable to billing of services		
Joint ventures		
Jestoro GmbH, Hamburg	183	222
Antenne Deutschland GmbH & Co KG	2,251	0
Bayern Digital Radio GmbH [1]	219	214
Non-consolidated companies		
Digital Radio Südwest GmbH	0	168
Hessen Digital Radio GmbH	474	451
Total	**3,127**	**1,055**

[1] The joint venture Bayern Digital Radio GmbH has been included in the consolidated financial statements of freenet AG since 1 January 2021.

In EUR '000s	1.1.2021 – 30.6.2021	1.1.2020 – 30.6.2020
Expenses from the purchase of services		
Joint ventures		
Check Tech Service GmbH, Hamburg (Subsidiary of Jestoro GmbH)	35	44
Antenne Deutschland GmbH & Co KG	75	0
Bayern Digital Radio GmbH	277	46
Non-consolidated companies		
Hessen Digital Radio GmbH	71	17
Total	**458**	**107**

The following significant receivables from and liabilities to related parties existed as at 30 June 2021:

In EUR '000s	30.6.2021	30.6.2020
Receivables from current service transactions		
Joint ventures		
Jestoro GmbH, Hamburg	32	44
Antenne Deutschland GmbH & Co KG	34	0
Non-consolidated companies		
Digital Radio Südwest GmbH	0	33
Hessen Digital Radio GmbH	0	89
Total	**66**	**166**

In EUR '000s	30.6.2021	30.6.2020
Liabilities from current service transactions		
Joint ventures		
Check Tech Service GmbH, Hamburg (Subsidiary of Jestoro GmbH)	0	6
Total	**0**	**6**

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

OTHER DISCLOSURES

6. We provide the following information regarding fair values:

The following overview entitled "Fair value hierarchy as at 30 June 2021" shows the major parameters on which the measurement of financial instruments measured at fair value, and of the financial instruments measured at amortised cost whose fair value could be determined, is based. For the definition of the individual levels in accordance with IFRS 13, please refer to the notes to the consolidated financial statements of freenet AG as of 31 December 2020.

FINANCIAL INSTRUMENTS BY CATEGORY AS OF 30 JUNE 2021

In EUR '000s	IFRS 9 measurement category	Carrying amount	Measurement			Fair value of financial instruments
		30.6.2021	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	30.6.2021
Assets						
Cash / liquid assets	AC	288,902	288,902			—[1]
Trade accounts receivable		255,199				
At amortised cost	AC	137,931	137,931			—[1]
Fair value through profit or loss	FVTPL	117,268		117,268		—[1]
Other financial assets		277,574				
Lease liabilities	n / a	63,890				
Non-derivative financial assets						
At amortised cost	AC	23,356	23,356			—[1]
Other financial assets						
At amortised cost	AC	15,884	15,884			—[1]
Fair value through profit or loss	FVTPL	16,688		16,688		
Other equity instruments						
Fair value through profit or loss	FVTPL	1,046		1,046		—[1]
Fair value through other comprehensive income	FVOCI	156,710			156,710	156,710

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

In EUR '000s	IFRS 9 measure-ment category	Carrying amount	Measurement			Fair value of fi-nancial instruments
		30.6.2021	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	30.6.2021
Equity and liabilities						
Lease liabilities	n / a	504,136				
Trade accounts payable	AC	308,816	308,816			
Borrowings		690,757	690,757			
Borrowings from promissory notes	AC	686,285	686,285			701,940
Other borrowings	AC	4,472	4,472			
Other financial liabilities		79,071				
At amortised cost	AC	54,749	54,749			
Fair value through profit or loss	FVTPL	24,322		24,322		—[1]
Thereof aggregated by IFRS 9 measurement category						
Assets						
At amortised cost	AC	466,073	466,073			—[1]
Fair value through profit or loss	FVTPL	135,002		135,002		—[1]
Fair value through other comprehensive income	FVOCI	156,710			156,710	156,710
Equity and liabilities						
At amortised cost	AC	1,054,322	1,054,322			701,940[1]
Fair value through profit or loss	FVTPL	24,322		24,322		—[1]

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

FAIR VALUE HIERARCHY AS OF 30 JUNE 2021

In EUR '000s	Total	Level 1	Level 2	Level 3
Assets				
Trade accounts receivable, at fair value through profit or loss	117,268	0	0	117,268
Other financial assets, at fair value through profit or loss	16,688	0	0	16,688
Other equity instruments, at fair value through profit or loss	1,046	0	0	1,046
Other equity instruments, at fair value through other comprehensive income	156,710	156,710	0	0
Equity and liabilities				
Borrowings from promissory notes	701,940	0	0	701,940
Other financial liabilities, at fair value through profit or loss	24,322	0	0	24,322

There have been no changes regarding levels.

7. Pension provisions were remeasured based on updated interest rates (freenet, debitel program: 1.60 per cent, Media Broadcast Group program: 1.03 per cent), with premises remaining unchanged otherwise. The resulting actuarial gain of 7.5 million euros and the offsetting decrease in deferred tax assets by 1.7 million euros were recognised in the statement of comprehensive income. There was a net positive result of 5.8 million euros from items not to be reclassified to the income statement.

8. As in the 2020 consolidated financial statements, the calculation of current and deferred income taxes was based on an average tax rate of 30.40 per cent (30 June 2020: 30.30 percent).

9. The following events occurred after 30 June 2021: Effective 2 July 2021, all shares in the joint venture Jestoro GmbH, Hamburg, were sold.

10. As its main decision-making body, the Executive Board organises and manages the company on the basis of the differences between the individual products and services offered by the company. As the Group performs its business operations almost entirely in Germany, its business is not organised or managed based on geographical regions. The Group was active in the following operating segments in the first six months of 2021:

- Mobile Communications:
  - Activities as a mobile communications service provider – marketing of mobile communications services (voice and data services) from the mobile communications network operators Deutsche Telekom, Vodafone and Telefónica Deutschland
  - Based on the network operator agreements entered into with these network operators, a range of the company's own network-independent services and tariffs as well as a range of network operator tariffs
  - Sale/distribution of mobile communications devices as well as additional services for mobile data communications and digital lifestyle
  - Rendering of sales services

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

- Other/Holding:
  - Rendering of portal services such as e-commerce/advertising services (these essentially comprise the offer of online shopping and the marketing of advertising space on websites), of payment services for end customers as well as various digital products and entertainment formats for downloading and displaying and use on mobile devices

- Development of communication solutions, IT solutions and other services for corporate customers
- Range of narrowband voice services (call-by-call, preselection) and data services
- Rendering of sales services

The “Other/Holding” segment includes other business activities in addition to operating activities. This mainly comprises the holding activities of freenet AG (with the rendering of services within the Group in central areas, such as legal, human resources and finance) as well as areas which cannot be clearly allocated to operating segments. The segment revenue of 21.6 million euros (previous year: 29.5 million euros) reported for the “Other/Holding” segment in the first six months of 2021 is attributable to operating activities (22.0 million euros; previous year: 29.9 million euros) and other business activities (-0.4 million euros; previous year: −0.4 million euros). Of the figure of 12.6 million euros (previous year: 22.3 million euros) reported as gross profit for the first six months of 2021 for the “Other/Holding” segment, 13.2 million euros (previous year: 22.9 million euros) is attributable to the operating activities and −0.6 million euros (previous year: −0.6 million euros) is attributable to the other business activities. The EBITDA of −7.9 million euros (previous year: −5.1 million euros) reported for the “Other/Holding” segment for the first six months of 2021 was accounted for by operating activities to the extent of 5.0 million euros (previous year: 7.0 million euros) and by other business activities in the amount of −12.9 million euros (previous year: −12.1 million euros).

SEGMENT REPORT

1 JANUARY TO 30 JUNE 2021

in EUR '000s	Mobile Communications	TV and Media	Other/ Holding	Elimination of intersegment revenue and costs	Total
Third-party revenue	**1,091,885**	**133,478**	**13,646**	**0**	**1,239,009**
Inter-segment revenue	7,969	5,339	7,907	– 21,215	0
Total revenue	1,099,854	138,817	21,553	– 21,215	1,239,009
Cost of materials, third party	**– 764,401**	**– 41,507**	**– 8,804**	**0**	**– 814,712**
Inter-segment cost of materials	– 9,737	– 7,520	– 174	17,431	0
Total cost of materials	– 774,138	– 49,027	– 8,978	17,431	– 814,712
Segment gross profit	**325,716**	**89,790**	**12,575**	**– 3,784**	**424,297**
Other operating income	19,478	617	1,380	– 1,280	20,195
Other own work capitalised	6,683	3,034	1,020	0	10,737
Personnel expenses	– 63,144	– 27,167	– 15,532	0	– 105,843
Other operating expenses	– 105,455	– 19,301	– 7,381	5,064	– 127,073
Thereof loss allowances on financial assets and contract assets	– 15,977	– 42	– 76	0	– 16,095
Thereof without loss allowances on financial assets and contract assets	– 89,478	– 19,259	– 7,305	5,064	– 110,978
Overhead total [1]	**– 142,438**	**– 42,817**	**– 20,513**	**3,784**	**– 201,984**
Thereof inter-segment allocation	– 3,560	– 378	154	3,784	
Segment EBITDA	**183,278**	**46,973**	**– 7,938**	**0**	**222,313**
Depreciation, amortisation and impairment					– 113,300
EBIT					**109,013**
Financial result					– 16,241
Income taxes					– 10,253
Consolidated profit from discontinued operations					82,519
Consolidated profit from discontinued operations attributable to the shareholders of freenet AG					0
Consolidated profit					**82,519**
Consolidated profit attributable to shareholders of freenet AG					91,806
Consolidated profit attributable to non-controlling interests					– 9,287
Net cash investments	**12,413**	**5,050**	**1,935**		**19,398**

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

1 JANUARY TO 30 JUNE 2020 (RESTATED)

in EUR '000s	Mobile Communications	TV and Media	Other/ Holding	Elimination of intersegment revenue and costs	Total
Third-party revenue	**1,128,286**	**121,200**	**21,494**	**0**	**1,270,980**
Inter-segment revenue	8,516	4,691	8,026	– 21,233	0
Total revenue	1,136,802	125,891	29,520	– 21,233	1,270,980
Cost of materials, third party	**– 801,374**	**– 36,953**	**– 6,914**	**0**	**– 845,241**
Inter-segment cost of materials	– 9,294	– 7,803	– 351	17,448	0
Total cost of materials	– 810,668	– 44,756	– 7,265	17,448	– 845,241
Segment gross profit	**326,134**	**81,135**	**22,255**	**– 3,785**	**425,739**
Other operating income	23,795	469	1,637	– 1,861	24,040
Other own work capitalised	5,876	2,328	850	0	9,054
Personnel expenses	– 63,950	– 29,749	– 18,683	0	– 112,382
Other operating expenses	– 109,248	– 17,715	– 11,192	5,646	– 132,509
Thereof loss allowances on financial assets and contract assets	– 19,974	– 453	– 96	0	– 20,523
Thereof without loss allowances on financial assets and contract assets	– 89,274	– 17,262	– 11,096	5,646	– 111,986
Overhead total [1]	**– 143,527**	**– 44,667**	**– 27,388**	**3,785**	**– 211,797**
Thereof inter-segment allocation	– 3,517	– 478	210	3,785	
Segment EBITDA	**182,607**	**36,468**	**– 5,133**	**0**	**213,942**
Depreciation, amortisation and impairment					– 78,543
EBIT					**135,399**
Financial result					– 23,320
Income taxes					– 13,789
Consolidated profit from discontinued operations					98,290
Consolidated profit from discontinued operations attributable to the shareholders of freenet AG					11,016
Consolidated profit					**109,306**
Consolidated profit attributable to shareholders of freenet AG					112,412
Consolidated profit attributable to non-controlling interests					– 3,106
Net cash investments	**10,006**	**5,843**	**1,447**		**17,296**

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

Büdelsdorf, 12 August 2021

freenet AG

The Executive Board

Christoph Vilanek Ingo Arnold Stephan Esch

Antonius Fromme Rickmann v. Platen

FURTHER INFOR-MATION

FURTHER INFORMATION

RESPONSIBILITY STATEMENT

To the best of our knowledge and belief, and in accordance with the applicable reporting principles and in compliance with generally accepted accounting principles, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Büdelsdorf, 12 August 2021

freenet AG

The Executive Board

Christoph Vilanek Ingo Arnold Stephan Esch

Antonius Fromme Rickmann v. Platen

GLOSSARY

5G Fifth generation mobile communications, which is based on the existing mobile communications standard LTE.

Adjusted net debt Net debt (see "Net debt") less equity investments (see “Equity investments").

Adjusted leverage Ratio between adjusted net debt (see “Adjusted net debt”) and EBITDA (see “EBITDA”) generated in the last twelve months.

ARPU (Mobile Communications segment) abbr. Average revenue per user. The customer group-specific usage fee divided by the average number of customers on the relevant reference date.

Diluted earnings per share Diluted earnings per share are calculated by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding increased by potentially dilutive shares. The number of potentially dilutive shares is calculated as the difference between the potential ordinary shares attributable to employee incentive programs measured at the subscription price and the ordinary shares issuable at fair value.

Earnings per share The portion of consolidated profit or loss which is attributable to an individual share. It is calculated by dividing consolidated profit/loss by the weighted average number of issued shares.

EBIT Earnings before interest and taxes.

EBITDA EBIT (see “EBIT”) plus depreciation, amortisation and impairment

EBT Earnings before taxes

Equity investments Market value of CECONOMY AG on the reporting date. The market value of CECONOMY AG is calculated by multiplying the closing price of the CECONOMY AG share on the Frankfurt stock exchange by the number of CECONOMY AG shares held by the freenet Group (32,633,555 no-par-value shares) as of the relevant reference date.

Equity ratio Ratio between equity and total equity and liabilities.

Free cash flow Cash flows from operating activities (without payments for transaction costs from acquiring/selling companies) less CAPEX (see "Net investments") and cash repayments of lease liabilities.

freenet TV subscribers (RGU) RGU means “revenue generating unit”; it refers to active freenet TV subscribers.

Gross profit Revenue less cost of materials.

Gross profit margin Ratio between gross profit and revenue.

IPTV abbr. Internet protocol television; refers to the transmission of television channels and films using the Internet Protocol as opposed to other broadcasting channels such as cable television, DVB-T2 or satellite.

Leverage Ratio between net debt (see “Net debt”) and EBITDA (see “EBITDA”) generated in the last twelve months.

Net debt Long-term and short-term borrowings shown in the balance sheet, less liquid assets and plus net lease liabilities.

Net investments (CAPEX) Investments in property, plant and equipment and intangible assets, less proceeds from the disposal of intangible assets and property, plant and equipment.

Net lease liabilities Non-current and current lease liabilities shown in the balance sheet, less non-current and current lease receivables.

No-frills No-frills tariffs deliberately have a simple structure, and in general do not include a subsidised device. Traditionally, they are marketed by way of direct distribution (e.g. online) and not via specialist outlets.

Overhead Overhead includes the items other operating income, other own work capitalised, personnel expenses and other operating expenses

Postpaid Mobile services billed subsequently (usually 24-month contracts).

Prepaid Mobile services billed in advance.

waipu.tv subscribers Customers who use subscribed to one of the fee-based tariffs.

FINANCIAL CALENDAR

Date	Event
4 November 2021	Quarterly Statement as of 30 September 2021 – Third quarter 2021

Date is subject to possible changes.

Our reports are available on the Internet at:
https://www.freenet-group.de/investor/publications/

The English version of the half-yearly report is a convenience translation of the German version. The German version is legally binding.

Further up-to-date information on the freenet Group and the share is available at: www.freenet-group.de/en

If you have installed a QR-Code recognition software on your smartphone, scanning this code will take you directly to the freenet Group website.

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