



Half-Year Report 2023

Facts & Figures

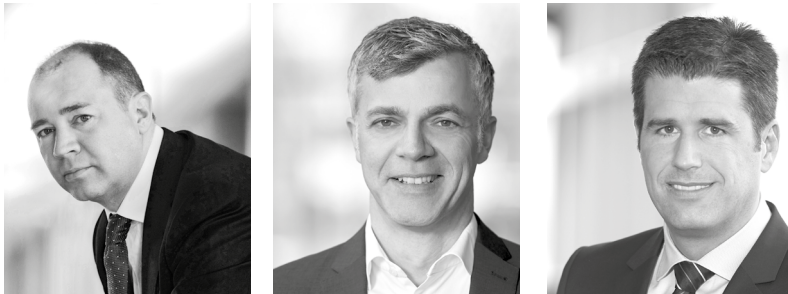
Selected Performance Indicators	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change	Q1 2023	Q4 2022	Q3 2022
Profit (in €m)									
Revenues	1,993.1	1,952.0	2.1%	972.1	976.1	-0.4%	1,021.0	1,013.4	998.3
Service revenues	1,584.6	1,581.9	0.2%	795.7	792.8	0.4%	788.9	788.7	804.8
Hardware and other revenues	408.5	370.1	10.4%	176.4	183.3	-3.8%	232.1	224.7	193.5
EBITDA	352.0	368.2	-4.4%	169.9	181.1	-6.2%	182.1	144.3	180.8
EBITDA Segment Access	392.8	384.3	2.2%	191.5	188.9	1.4%	201.3	169.9	191.5
EBITDA Segment 1&1 mobile network	-40.8	-16.1		-21.6	-7.7		-19.2	-25.6	-10.7
EBIT	254.1	287.7	-11.7%	120.7	140.9	-14.3%	133.4	106.1	141.1
EBIT excluding PPA write-offs	282.7	330.0	-14.3%	135.0	162.1	-16.7%	147.7	107.3	161.3
EBT	257.6	284.5	-9.5%	122.8	139.3	-11.8%	134.8	107.3	139.7
EBT excluding PPA write-offs	286.2	326.8	-12.4%	137.1	160.5	-14.6%	149.1	108.5	159.9
Profit per share (in €)	1.02	1.13	-9.7%	0.49	0.55	-10.9%	0.53	0.40	0.55
Profit per share (in €) excluding PPA write-offs	1.13	1.30	-13.1%	0.54	0.64	-15.6%	0.59	0.41	0.63
Cash flow (in €m)									
Net inflow of funds from operating activities*	23.0	240.4	-90.4%	-76.8	155.7	-149.3%	99.8	0.1	-60.8
Net outflow of funds in investment sector*	-0.8	-219.8	99.6%	92.6	-142.7	164.9%	-93.4	60.6	64.0
Free cash flow*	-58.0	189.1	-130.7%	-117.6	125.8	-193.5%	59.6	-161.6	-93.0
	30/06/2023	31/12/2022	Change	30/06/2023	31/12/2022	Change	31/03/2023	31/12/2022	30/09/2022
Headcount (incl. management board)									
Total per end of June	3,237	3,163	2.3%	3,237	3,163	2.3%	3,218	3,163	3,189
Customer contracts (in millions)									
Access contracts	15.96	15.78	1.1%	15.96	15.78	1.1%	15.87	15.78	15.65
of which mobile internet	11.91	11.68	2.0%	11.91	11.68	2.0%	11.80	11.68	11.52
of which broadband (ADSL, VDSL, FTTH)	4.05	4.10	-1.2%	4.05	4.10	-1.2%	4.07	4.10	4.13
Balance sheet (in €m)									
Short-term assets	1,891.2	1,855.2	1.9%	1,891.2	1,855.2	1.9%	1,963.3	1,855.2	2,054.8
Long-term assets	5,610.9	5,401.9	3.9%	5,610.9	5,401.9	3.9%	5,390.2	5,401.9	5,252.0
Shareholders' equity	5,751.8	5,579.8	3.1%	5,751.8	5,579.8	3.1%	5,674.2	5,579.8	5,509.0
Balance sheet total	7,502.2	7,257.1	3.4%	7,502.2	7,257.1	3.4%	7,353.5	7,257.1	7,306.9
Equity ratio	76.7%	76.9%		76.7%	76.9%		77.2%	76.9%	75.4%

*For the reporting year 2022, adjustments have been made to the presentation of cash inflows and outflows for interest in the consolidated cash flow statement. For more information, please refer to Note 2.1 Change in accounting policies.

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Letter from the Management Board



Dear Shareholders,

1&1 can look back with satisfaction on the first half of 2023 in which we were again able to increase both our customer contracts and our EBITDA in the Access operating segment.

In the first six months of the fiscal year, in addition to our operating business, our focus was again on driving forward the expansion of the 1&1 mobile network and making preparations for the launch of our own smartphone tariffs planned for September.

For this next major milestone, we set the central course in the first half of the year: We interconnected our network with all national and international networks, tested the functionality of mobile services with external customer groups and tested national roaming in the Telefónica network. Because wherever we are not yet represented with our own locations at the beginning, we supply our customers in the Telefónica network.

In addition, we commissioned two of our four core data centres and 22 of our 24 decentralised edge data centres as planned and connected them via fibre optic to 74 of the more than 500 regional far edge data centres being built across Germany.

With the 1&1 Open RAN, we are building the most modern 5G network in Europe – fully virtualised, ready for real-time applications. Unlike conventional network architectures, which are often only provided by one manufacturer, standardised interfaces allow us to flexibly collaborate with the most secure and best equipment suppliers on the market. As a result, we are the only provider to dispense from the outset with network components from China. Because our goal is clear: as the fourth network operator, we want to make a difference for the German mobile communications market. We have demonstrated that the technology is fully functional with the live launch of our first “5G at home” service in December 2022.

While we are very well positioned in terms of active technology, our main priority is to continue to push the expansion of antenna sites. To this end, we drew up a new rollout plan in March together with our partners for the radio tower infrastructure. In the meantime, we are seeing steady progress here.

As end of June 2023 193 antenna sites were ready, which we are successively connecting to fibre and equipping with gigabit antennas. This is an increase of 99 sites compared to the first quarter. As announced, we expect the largest increase in the second half of the year. Thus, by the end of September, we will have about 500 masts. By the end of the year, our current planning puts us at about 1,000 antenna sites. The annual target of 1,200 antenna sites will probably be reached at the beginning of 2024 due to further delivery delays at our main supplier.

In order to reliably drive the expansion of our network in the long term, we are increasingly developing our own locations in addition to the co-location sites mentioned above. We are also seeing a steady increase in the acquisition of new antenna sites. At the end of first half of 2023, we have a total of 98 signed lease agreements for the construction of our own antenna sites.

Thanks to the ongoing ramp-up of the capacities of our expansion partners, we are keeping our sights firmly on our targets of supplying a quarter of German households by the end of 2025 and half of them by the end of 2030, despite the backlog at our main supplier.

In June, the Federal Cartel Office [Bundeskartellamt] announced that it would investigate our suspicions of possible obstruction of our network expansion by Vodafone. We welcome the assurance of clarity and transparency that will ensue while, at the same time, we are looking ahead resolutely to the future. The same is true concerning a possible fine that 1&1 may have to pay for failing to reach 1,000 5G sites by the end of 2022. In April, the Federal Network Agency [Bundesnetzagentur] launched a fine procedure because of this failure. If a penalty should be levied, we will accept our responsibility for the delay and also look into possible claims for damages against Vantage Towers.

For 30 years now, 1&1, one of the leading German telecommunications providers, has been a symbol of how innovative and attractive products and service vitalise and mould competition while simultaneously being recognised for offering good value for its customers' money. Yet the Company does not rely on attractive prices alone; quality and service are further key differentiators for our private and business customers. We were again delighted to receive prestigious awards that emphatically underscored our high standards in the first half of the year. 1&1's broadband rate plans were rated as "Excellent" in the "Complete Check of Landline Network Providers" conducted by the reputable trade magazine connect. In no fewer than two user profiles – "Budget Users" and "Normal Users" – 1&1 received the top rating of "outstanding" as the test victor in two categories. The ranking procedure focused on the categories price, network quality and service performance. We are also particularly pleased with the result from this year's connect "Mobile Services Hotline Test" in which 1&1 scored 435 out of a possible 500 points and was rated "Excellent". We scored particularly well in the categories of accessibility, waiting time, voice command system and friendliness. Our IPTV offer also scored well; in a test conducted by the consumer magazine of *FUNKE Mediengruppe IMTEST* in April, 1&1 emerged as the test winner. An overall rating of "Excellent" secured 1&1 IPTV's first place ahead of Deutsche Telekom and Vodafone.

Now for the operating side of the business

1&1 has continued its path of growth in fiscal year 2023 and once again increased its customer base, service revenues and EBITDA in the Access operating segment.

The number of customer contracts grew by 180,000 to 15.96 million contracts (31 December 2022: 15.78 million). Our growth was based on the acquisition of 230,000 new mobile internet contracts, bringing the total to 11.91 million at the end of Q2 2023, while the number of broadband lines fell by 50,000 to 4.05 million in the same period.

The high-margin Service revenues increased to €1.585 billion in the first half of 2023 (HY1 2022: €1.582 billion). Total revenues increased by €41.1 million (2.1 percent) to €1.993 billion (HY1 2022: €1.952 billion).

Other sales revenues – essentially from the realisation of hardware sales brought forward (in particular from investments in smartphones that will be reimbursed by the customers over the minimum contract term in the form of higher package prices) – increased by €38.4 million (10.4 percent) to €408.5 million (HY1 2022: €370.1 million). Hardware business fluctuates seasonally and its development depends heavily on the attractiveness of new devices and the model cycles of manufacturers.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation) decreased by €16.2 million (4.4 percent) to €352.0 million in the first half of the year 2023 (HY1 2022: €368.2 million). The EBITDA of the 1&1 Mobile Network segment included in the total EBITDA amounts to €-40.8 million in the first half of fiscal year 2023 (HY1 2022: €-16.1 million) and includes the costs of the rollout of our mobile network. The EBITDA in our Access operating segment rose once again by 2.2 percent and amounted to €392.8 million (HY1 2022: €384.3 million).

Profit per share in the first half of 2023 amounted to €1.02 (previous year: €1.13). Precluding the effects of the PPA write-offs, the profit per share amounted to €1.13 (previous year: €1.30).

Free cash flow in the first half of fiscal year 2023 came to €-58.0 million (HY1 2022: €189.1 million). The free cash flow of the first half of 2023 includes advance payments under the existing FTTH/VDSL contingent contract while the comparable payments in the previous year were not effected until the third quarter.

We are confirming our forecast for fiscal year 2023 and are not changing our expectations of an increase in new customer contracts by approximately 500,000. Service revenues will presumably increase by approximately 2 percent to about €3.23 billion (2022: €3.175 billion) and the EBITDA should be approximately €655 million (2022: €693.3 million). The Access segment and its growth of approximately 4 percent to about €775 million (2022: €745.7 million) and the 1&1 Mobile Network segment and its start-up costs for the rollout of the 5G

network of circa €-120 million (2022: €-52.4 million) will contribute to this result. The investment volume (cash capex) is expected to be around €320 million (2022: about €250 million).

1&1 is well positioned for the next steps in the Company's development. We are optimistic about the future. We want to express our special thanks to all of our employees for their commitment and work and to our shareholders and business partners for the trust they have placed in 1&1.

Best regards from Montabaur,



Ralph Dommermuth



Markus Huhn



Alessandro Nava

Montabaur, August 2023

Interim Management Report of 1&1 Aktiengesellschaft for the First Half of 2023

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Principles of the Group

Business model

1&1 – only MBA MVNO on the German mobile market and rollout of its own 1&1 mobile network

1&1 Group, together with 1&1 Aktiengesellschaft, Montabaur, the listed parent company (hereinafter: “1&1 AG” or, along with its subsidiaries, “1&1” or “Group”), is a telecommunications provider that operates solely and exclusively in Germany. The Group is managed via the two business segments Access and 1&1 Mobile Network.

1&1 is a leading internet specialist in Germany and serves more than 15.9 million contracts in the broadband and mobile product sectors. 1&1 can use one of the largest fibre optic networks in Germany that is operated by its affiliate 1&1 Versatel GmbH, Düsseldorf (hereinafter: “1&1 Versatel GmbH”), a member of the United Internet AG Group. As a virtual mobile network operator, 1&1 has guaranteed access to as much as 30 percent of the capacity of Telefónica’s mobile network in Germany (so-called Mobile Bitstream Access Mobile Virtual Network Operator = MBA MVNO). In addition, 1&1 utilises capacities in Vodafone’s mobile network.

1&1’s Access segment offers internet access products based on broadband and mobile networks. In the 1&1 Mobile Network segment, 1&1 is currently constructing Europe’s first fully virtualised mobile network employing the innovative OpenRAN technology and using the 5G mobile frequency blocks procured during the auction in 2019. After the new OpenRAN mobile network was launched at the end of 2022, the mobile network was initially operated exclusively as a landline network replacement product for conventional DSL, cable internet or fibre optic home lines. The activation of the mobile services is scheduled for the second half of 2023.

Group structure, strategy and management

For information concerning the group structure, strategy and management, please refer to the explanations in the cumulative management report of 1&1 AG for fiscal year 2022. There have not been any significant changes here from the perspective of the Group.

Business activities

Fee-based contracts with 15.96 million subscribers make 1&1 one of the leading providers of broadband and mobile services products in Germany.

Company management and group reporting encompass the segments Access and 1&1 Mobile Network.

Access segment

The Group's chargeable mobile access and broadband access products, including the related applications (such as home networks, online storage, telephony, smart home or IPTV), are grouped together in the Access segment.

1&1 operates solely and exclusively in Germany. The Company uses the landline network of the affiliate 1&1 Versatel GmbH, a member company of United Internet AG Group, and its access right to the Telefónica network; in addition, it purchases standardised network services from various wholesalers. Pursuant to the agreement with 1&1 Versatel regarding access to Deutsche Telekom's broadband household lines, 1&1 can integrate all of Deutsche Telekom's fibre optic lines into its products and participates in Deutsche Telekom's growth plans. Access to the networks is enhanced by offerings of devices, own developments of applications and services to set the Company apart from its competitors.

The Access products are marketed via (for example) the well-known brands 1&1, smartmobil.de or yourfone, which address specific target groups on the market. The 1&1 Group covers the entire range from premium rate plans with above-average service standards to low-cost rate plans for price-conscious customers.

1&1 Mobile Network segment

The 1&1 Mobile Network segment continued to be dominated by the rollout of the 5G mobile network in the first half of fiscal year 2023.

While the rollout of the passive infrastructure was initially sluggish, a new rollout plan was created in cooperation with the infrastructure partners in March 2023, which envisaged the provision of 1,200 antenna sites by the end of 2023. Due to further delays at a key supplier, the rollout plan was adjusted to the leasing of 1,000 sites by the end of 2023 and now also provides for a greater rollout of antenna sites of our own. As at 30 June 2023, the number of leased antenna sites is 193, of which 40 antennas are in operation. Beginning in 2024, plans provide for 1&1's activation of an additional 3,000 antenna sites annually by Vantage Towers, American Towers and GfTD. Moreover, Eubanet, our fourth partner, supports us in the acquisition of new antenna sites. As of June 30, 2023, 98 leases are already available via Eubanet for the construction of own antenna sites. The target is provision of services to a quarter of German households by the end of 2025 and to half of them by the end of 2030.

Along with the passive infrastructure, activities are focusing in particular on establishment of the core network, implementation of the network software and orchestration. 1&1 is fully on schedule with this work and had by 30 June 2023 already commenced operation of two of the total of four core data centres, 22 of the 24 local edge data centres and 74 of the over 500 so-called far edge data centres. This good progress is expected to continue in the coming months.

The mobile services for smartphone use are scheduled for activation in the third quarter of 2023. At this point, Telefónica will provide the national roaming coverage that this company is developing concurrently with our own efforts and that 1&1 will offer nationwide to its customers right from the start.

The establishment of our Company as the fourth network operator is the manifestation of our objective of driving forward the use of 5G in Germany. This aspiration led to 1&1's decision to become the first provider in Europe to rely completely on the new OpenRAN technology, and it is now rolling out Europe's most modern mobile network.

As 1&1 has already reported, the Federal Network Agency [*Bundesnetzagentur*], as expected, initiated fine proceedings in April 2023 owing to the failure to meet the rollout obligation of 1,000 antenna sites in 2022. During these proceedings, 1&1 has the opportunity to explain its position to the Federal Network Agency. This statement is currently being prepared and will be submitted to the Federal Network Agency within the next few weeks. Whether the Federal Network Agency will impose a fine at the end of these proceedings and, if so, in what amount is not yet foreseeable. 1&1 has already taken this into account by creating a provision as a precautionary measure.

The Federal Cartel Office [*Bundeskartellamt*] is currently investigating, at the instigation of 1&1, whether the almost complete loss of the services of the rollout partner Vantage Towers, which was the cause of the failure to meet the rollout targets, can be attributed to undue influence by Vodafone, the controlling shareholder of Vantage Towers.

General economic and industry-related conditions

Development of the overall economy

Despite the high inflation and the consequences of the Ukraine war, the International Monetary Fund (IMF) is cautiously optimistic in its updated economic outlook (World Economic Outlook, Update July 2023) and has optimistic and has raised its forecasts for the majority of countries during the year, but at the same time its expectations are significantly lower than the growth rates of the previous year.

Specifically, the IMF currently expects the global economy to grow by 3.0 percent in 2023 (previous year: 3.5 percent), 0.1 percentage points more than at the beginning of the year (January 2023 forecast).

In contrast, the IMF revised its economic expectations for the German market downwards by -0.4 percentage points during the year and expects economic output to decline by -0.3 percent in 2023 (previous year: +1.8 percent).

Changes in growth forecasts 2023

	Actual 2022	January-forecast 2023	April-forecast 2023	July-forecast 2023	Deviation from January forecast
Germany	1.8 %	0.1 %	-0.1 %	-0.3 %	-0.4 percentage points
World economic	3.5 %	2.9 %	2.8 %	3.0 %	+0.1 percentage points

Source: International Monetary Fund, World Economic Outlook (Update), January, April and July 2023

Development of the industry

At its 2023 semi-annual press conference, the industry association Bitkom attested stable growth for the German ITC industry (ITC = information and communications technology) in a difficult overall economic environment. The IT and telecommunications companies themselves also assess their business situation as good overall, as revealed in surveys conducted by Bitkom and the ifo Institute. The Digital Index jointly compiled by the two organisations stood at 12.1 points in June and stands out clearly from the overall economy, which according to the ifo is once again negative at -6.6 points.

Nevertheless, the association has adjusted its growth forecast for all of 2023 from the previous 3.8 percent to 2.1 percent and now expects total revenues of €213.2 billion. The forecast for the telecommunications core market relevant for 1&1 was also reduced from 0.9 percent to 0.4 percent.

General legal conditions / Major events

The legal framework conditions for the business activities of 1&1 remained essentially constant in the first half of 2023 compared to fiscal year 2022 and had no significant impact on the business development of 1&1 Group.

Employees

As at 30 June 2023, 1&1 Group employed a workforce of 3,237 (31 December 2022: 3,163).

Course of business

Development in the Access segment

1&1 once again invested in the acquisition of new customers and in the retention of current customer relationships in the Access segment in fiscal year 2023. Focus was on the marketing of mobile internet contracts.

The number of fee-based contracts in the Access segment rose by 180,000 to 15.96 million contracts in the first half of 2023. In the mobile internet business, it was possible to acquire 230,000 customer contracts, raising the number of contracts to 11.91 million. Broadband lines declined by 50,000 to 4.05 million contracts. Challenges remain, especially regarding broadband-based lines, where the potential inherent in the marketing of Deutsche Telekom's fibre optic and DSL lines has not yet been exploited.

Development of contracts in the first six months of 2023 (in millions)

	30/06/2023	31/03/2023	31/12/2022	Change HY1
Contracts in total	15.96	15.87	15.78	+0.18
of which mobile internet	11.91	11.80	11.68	+0.23
of which broadband lines	4.05	4.07	4.10	-0.05

Customer contracts are marketed in the Access reporting segment while the 1&1 Mobile Network segment operates as an infrastructure provider, so sales revenues are generated exclusively in the Access segment. The segment reporting is aligned with the internal organisation and reporting structure.

Revenues in the Access segment increased by €41.1 million (2.1 percent) to €1,993.1 million (HY1 2022: €1,952.0 million), and the high-margin service revenues included in this line item rose by 0.2 percent to €1,584.6 million (HY1 2022: €1,581.9 million).

Segment EBITDA increased by 2.2 percent to €392.8 million (HY1 2022: €384.3 million).

Major revenue and profit indicators in the Access segment

	HY1 2023	HY1 2022	Change
Sales revenue (in €m)	1,993.1	1,952.0	+41.1
Service revenue (in €m)	1,584.6	1,581.9	+2.7
EBITDA (in €m)	392.8	384.3	+8.5

Quarterly development: Change compared to the previous year's quarter in the Access segment

	Q2 2023	Q2 2022	Change
Sales revenue (in €m)	972.1	976.1	-4.0
Service revenue (in €m)	795.7	792.8	+2.9
EBITDA (in €m)	191.5	188.9	+2.6

1&1 Mobile Network segment

The EBITDA in the 1&1 Mobile Network segment in the amount of €-40.8 million (HY1 2022: €-16.1 million) contains primarily costs related to the rollout of 1&1's own mobile network. The increase in incurred expenses is attributable to the ongoing progress of the rollout. Initial revenues in the 1&1 Mobile Network segment are expected as budgeted after the mobile services for smartphone use are activated in the second half of 2023.

Position of the Group**Earnings position**

The 1&1 Group continued its growth course unchanged in the first half of 2023. This growth was driven above all by the contract customer business. It was possible to increase the number of fee-based contracts in comparison with the previous year by 1.1 percent to 15.96 million contracts.

Sales revenues rose by 2.1 percent from €1,952.0 million in the first half of 2022 to €1,993.1 million in the first half of 2023. At €1,584.6 million (HY1 2022: €1,581.9 million), service revenues are only slightly above the previous year's level despite the rising number of customer contracts. The reason for this lies in particular in the declining number of contracts for higher-priced broadband contracts.

Other revenues, which consist largely of revenues from the realisation of hardware sales (especially from investments in smartphones that are repaid by customers over the contractual minimum term in the form of higher package prices), posted growth of 10.4 percent to €408.5 million (HY1 2022: €370.1 million). The business with hardware fluctuates seasonally, however, and is dependent on the attractiveness of new devices and the model cycles of manufacturers. Regardless, these revenue fluctuations have no significant impact on EBITDA development.

Cost of sales increased in the first six months of 2023 by €64.0 million (4.8 percent) to €1,388.7 million (HY1 2022: €1,324.7 million). The cost of sales in the Access segment amounts to €1,334.1 million (HY1 2022: €1,312.7 million). The increase is due above all to the higher cost of goods sold for the sold hardware. The cost of sales in the 1&1 Mobile Network business segment incurred for the construction of the mobile net-

work amounts to €54.6 million in the first six months of 2023 (HY1 2022: €12.0 million). The cost of sales of the 1&1 Mobile Network segment includes depreciation and amortisation of €22.2 million, which is mainly attributable to the scheduled depreciation of the 5G frequencies that can already be used.

The gross profit margin came to 30.3 percent (HY1 2022: 32.1 percent). Gross profit from revenues in the first half of 2023 decreased by €22.9 million (3.7 percent) from €627.3 million to €604.4 million.

Distribution costs increased by €5.5 million (2.2 percent) to €254.3 million (HY1 2022: €248.8 million). In relation to sales revenue, distribution costs in the first half of 2023 amounted to 12.8 percent and were virtually unchanged over the previous year (HY1 2022: 12.7 percent).

Administration expenses increased in the first half of 2023 from €53.3 million (2.7 percent of sales revenue) to €57.1 million (2.9 percent of sales revenue). The administration expenses in the Access segment remained essentially constant compared to the previous year at €49.0 million (HY1 2022: €49.1 million). Administration expenses in the 1&1 Mobile Network business segment amount to €8.1 million (HY1 2022: €4.2 million); the increase relates primarily to rising expenses for administration activities due to the rollout of the 1&1 mobile network.

Other operating income of €16.5 million (HY1 2022: €15.0 million) and other operating expenses of €3.0 million (HY1 2022: €3.3 million) are essentially at the same level as the previous year.

Impairment losses on receivables and contract assets amounted to €52.4 million (HY1 2022: €49.2 million). As of the start of 2022, payment default rates have increased significantly as a result of increased economic pressures, above all inflation-related price increases, leading to an increase in payment defaults since the second quarter of 2022.

In the first half of 2023, the EBITDA amounted to €352.0 million (HY1 2022: €368.2 million) and was 4.4 percent below the figure for the comparable period of the previous year because of the increase in expenditures for the construction of the 1&1 mobile network. The EBITDA margin came to 17.7 percent (HY1 2022: 18.9 percent). EBITDA in the Access segment increased by 2.2 percent to €392.8 million (HY1 2022: €384.3 million) while EBITDA in the 1&1 Mobile Network segment worsened to €-40.8 million (HY1 2022: €-16.1 million).

Earnings before interest and taxes (EBIT) in the first half of 2023 amounted to €254.1 million (HY1 2022: €287.7 million). The EBIT margin came to 12.7 percent (HY1 2022: 14.7 percent). Precluding the effects from PPA write-offs, the EBIT amounted to €282.7 million and the EBIT margin to 14.2 percent (HY1 2022: €330.0 million and 16.9 percent, respectively).

Financing expenses in HY1 2023 amounted to €4.7 million (HY1 2022: €3.9 million). As in the previous year, the financing expenses in fiscal year 2023 include expenses similar to interest incurred because of the acquisition of the 5G frequencies. 1&1 has agreed with the Federal Ministry of Transport and Digital Infrastructure (BMVI) and the Federal Ministry of Finance (BMF) to pay the costs of the acquired 5G frequencies in twelve annual instalments. In return for the deferral, 1&1 has committed to building hundreds of mobile sites in so-called "white spots", giving the investment costs a character similar to interest. The share of the total investment volume attributable to the first half of 2023 is €3.0 million (HY1 2022: €3.2 million).

Financial income amounted to €8.1 million (HY1 2022: €0.7 million) and represents as in the previous year primarily interest on the cash investment at United Internet AG. The increase results from the higher interest rate level.

Earnings before taxes (EBT) in the first six months of 2023 amounted to €257.6 million (HY1 2022: €284.5 million). Tax expenses amounted to €77.6 million (HY1 2022: €85.6 million).

Consolidated profit amounted to €180.0 million (HY1 2022: €199.0 million).

Undiluted profit per share in the first half of 2023 came to €1.02 (HY1 2022: €1.13). Precluding the effects of the PPA write-offs, the undiluted profit per share in the first half of 2023 amounted to €1.13 (HY1 2022: €1.30).

Major revenue and profit indicators (in €m)

	HY1 2023	HY1 2022	Change
Revenue	1,993.1	1,952.0	+41.1
Service revenues	1,584.6	1,581.9	+2.7
EBITDA	352.0	368.2	-16.2
EBIT	254.1	287.7	-33.6

Financial position

Cash flow from operating activities amounts to €260.3 million and decreased by €16.0 million compared to the first half of the previous year (HY1 2022: €276.3 million). At €23.0 million, net cash inflows from operating activities were below the figure of €240.4 million for the comparable period of the previous year. The net cash inflow from operating activities of the first half of 2023 includes advance payments under the existing FTTH/VDSL allotment contract while the comparable payments in the previous year were not effected until the third quarter.

In the first half of 2023, cash flow from investment activities increased because of the investments in the 1&1 mobile network, causing the investments in intangible and tangible assets to rise to €81.3 million

(HY1 2022: €51.3 million). The repayments from short-term cash investments of €75.0 million (HY1 2022: €-169.0 million payments in short-term cash investments) reported in cash flow from investing activities relates to the short-term investment of free cash and cash equivalents at United Internet AG as part of the current cash management agreement.

Free cash flow, defined as net inflow of funds from operating activities less investments in intangible and tangible assets plus inflow of funds from disposals of intangible and tangible assets, amounted to €-58.0 million in the first six months of 2023 and was lower than the figure of the previous year (HY1 2022: €189.1 million) because of the advance payments for the FTTH and VDSL allotments.

Just as in the previous year, cash flow from financing activities related essentially to outflow of funds for the settlement of leasing liabilities (HY1 2023: €11.3 million; HY1 2022: €7.8 million) and to dividend disbursement (unchanged in comparison with the previous year at €8.8 million).

Cash and cash equivalents as at 30 June 2023 amounted to €4.2 million (31 December 2022: €4.7 million).

Assets and liabilities

The balance sheet total increased from €7,257.1 million as at 31 December 2022 to €7,502.2 million as at 30 June 2023.

The increase is recognised on the assets side in short-term assets (€36.1 million) and long-term assets (€209.0 million).

As at 30 June 2023, cash and cash equivalents amount to €4.2 million (31 December 2022: €4.7 million), and trade accounts receivable amount to €294.7 million (31 December 2022: €267.8 million). The increase in trade receivables is a consequence of invoicing procedures and fluctuates monthly. Accounts due from associated companies decreased from €570.8 million as at 31 December 2022 to €498.2 million as at 30 June 2023, of which €490.0 million (31 December 2022: €565.0 million) comprises essentially accounts due from the short-term investment of free cash at United Internet AG.

At €128.5 million (31 December 2022: €120.4 million), inventories are above the year-end level, in particular due to increased prices for hardware (especially smartphones). Short-term contract assets include in particular receivables from the sale of hardware and increased by €18.6 million compared to the end of the year. Short-term prepaid expenses rose from €214.0 million to €254.4 million and relate essentially to contract costs and prepaid utilisation fees that will not be recognised through expenditures until later periods. In addition, the prepaid expenses include advance payments for FTTH and VDSL wholesale procurements pursuant to the FTTH and DSL allotment agreement with Deutsche Telekom in effect since April 2021.

Other short-term financial assets amount to €36.7 million (31 December 2022: €25.3 million). Other non-financial assets increased from €7.3 million to €11.6 million. Deferred tax assets declined by €0.6 million to €5.5 million as at 30 June 2023.

Long-term assets amount to €5,610.9 million as at 30 June 2023 and have increased compared to 31 December 2022 (€5,401.9 million).

Tangible assets increased by €42.5 million compared to the end of the year. The additions relate in particular to investments in the 1&1 mobile network. Intangible assets declined by €32.5 million as a consequence of scheduled amortisation. While the additions to the intangible assets relate above all to software for the operation of the mobile network, the depreciation and amortisation concern primarily the 5G frequencies and the assets determined within the scope of the purchase price allocation on the occasion of the merger of 1&1 and Drillisch. Goodwill remains unchanged at €2,932.9 million.

Long-term contract assets fell by €15.3 million to €201.2 million as at 30 June 2023. Long-term prepaid expenses increased from €396.9 million as at 31 December 2022 to €611.2 million as at 30 June 2023 and comprise basically advance payments made pursuant to long-term purchase contracts and long-term capitalised costs to obtain and fulfil contracts.

On the liabilities side, €73.1 million of the increase in the balance sheet total is attributable to liabilities and €172.0 million to equity.

Short-term debt increased from €549.7 million as at 31 December 2022 to €620.2 million as at 30 June 2023. Trade accounts payable amount to €236.2 million (31 December 2022: €229.1 million). Accounts due to associated companies increased to €139.5 million (31 December 2022: €77.9 million). 1&1 AG has been included in the tax group of the majority shareholder United Internet AG for VAT purposes since May 2023. Since then, VAT has been paid by United Internet AG and no longer directly by 1&1; as a result, it is now disclosed in the financial statements under accounts due to associated companies. In contrast, short-term other non-financial liabilities fell by €35.3 million to €4.4 million.

Short-term contract liabilities are unchanged and include short-term liabilities from reimbursement obligations of one-time fees for revoked contracts and deferred income from one-time fees. Short-term other financial liabilities increased by €11.4 million from €121.5 million to €132.9 million. Income tax liabilities amount to €53.0 million (31 December 2022: €28.8 million).

Long-term debt amounts to €1,130.2 million as at 30 June 2023 over €1,127.5 million as at 31 December 2022. Long-term debt in the amount of €763.9 million is unchanged and is related to the purchase price liabilities from the auction of the 5G mobile frequencies disclosed under other financial obligations. Deferred tax liabilities amount to €209.1 million as at 30 June 2023 (31 December 2022: €224.1 million). Long-term

contract liabilities in the amount of €8.6 million (31 December 2022: €7.3 million) include deferred long-term income from one-time fees.

Group equity rose from €5,579.8 million as at 31 December 2022 to €5,751.8 million as at 30 June 2023. The share capital remains unchanged at €193.9 million. The share capital is distributed in 176,764,649 no-par shares issued to the bearer with a proportionate share in the share capital of €1.10 each and represents the share capital of 1&1 AG. 1&1 AG continues to hold 465,000 own shares, just as at 31 December 2022, so that the number of shares in circulation amounts to 176,299,649.

The change in equity is essentially due to the consolidated profit of €180.0 million. The equity ratio amounts to 76.7 percent (31 December 2022: 76.9 percent).

General statement from the Management Board regarding the Company's economic position

1&1 was able to increase the number of chargeable customer contracts by a total of 180,000 to 15.96 million, a further expansion of its solid position on the German telecommunications market. The sales revenues also developed positively, increasing by 2.1 percent. The Management Board is satisfied with the first half of the year, in particular because the positive operational development of the subsidiaries and the important steps taken to roll out and operate the 1&1 mobile network.

The Company's successful development once again demonstrates the advantages of the 1&1 business model, which is based predominantly on electronic subscriptions with fixed monthly charges and contractually agreed terms. This secures stable and plannable revenues and cash flows, provides protection from economic fluctuations and opens up financial manoeuvring room so that opportunities arising in existing and new business fields and markets can be exploited.

The Management Board is also satisfied with the rollout of the mobile network. The construction of the central and local data centres required for the operation of a state-of-the-art and high-performance mobile communications network continues to progress on schedule. The progress of the other preparatory measures for the operation of the network and the migration of customers to the Company's own network is also on schedule. Although the planned number of antenna sites had to be reduced from 1,200 to 1,000 by the end of 2023 due to delays at a main supplier, the Board of Management does not believe that the medium- and long-term expansion targets are at risk. The accelerated expansion of the company's own antenna sites also contributes to this.

Overall, the Management Board believes that the 1&1 Group remains in an excellent position for further corporate development. The Board has a positive assessment of the assets and liabilities, the financial position and earnings and is optimistic in its outlook for the future.

Risks and opportunities report

The risk and opportunity policy of 1&1 Group is oriented to the goal of maintaining and sustainably increasing the Company's value by taking advantage of opportunities and identifying and controlling risks at an early stage. The risk and opportunity management as practised ensures that 1&1 can carry out its business activities in a controlled corporate environment.

Risk and opportunity management regulates the responsible handling of uncertainties that are always associated with entrepreneurial activity.

Overall statement by the Management Board on the Group's risk and opportunity position

The assessment of the overall risk position is the result of the consolidated consideration of all significant risk fields or single risks, taking into account interdependencies.

The overall risk and opportunity position remained largely stable in the first six months of 2023 compared with the risk and opportunity reporting in the 2022 consolidated financial statements. No risks to the continued existence of 1&1 as a going concern were identifiable either from single risk positions or from the general risk situation during the reporting period or at the time this quarterly release was prepared.

By continually expanding the scope of its risk management, 1&1 counters these risks and limits them, insofar as reasonable, to a minimum by implementing specific actions.

Forecast report

This report contains certain statements oriented to the future which are based on the current assumptions and projections of the Company's management. Various risks, uncertainties and other factors, both known and unknown, can cause the actual results, financial position, development or performance of the Company to deviate substantially from the assessment shown here.

Economic expectations

Despite high inflation and the consequences of the Ukraine war, the International Monetary Fund (IMF) is cautiously optimistic in its updated economic outlook (World Economic Outlook, Update July 2023) and has raised its forecasts for most countries during the year but expectations are significantly lower than the growth rates of the previous year.

Economic Projection – Economic Development in Percent

	2024e	2023e	2022
World	+ 3.0	+ 3.0	+ 3.5
Germany	+ 1.3	- 0.3	+ 1.8

Source: International Monetary Fund, World Economic Outlook (Update), July 2023

Specifically, the IMF currently expects the global economy to grow by 3.0 percent in 2023 and 2024 (previous year: 3.5 percent). In Germany, the IMF expects an increase of -0.3 percent for 2023 and 1.3 percent for 2024.

Industry / market expectations

At its 2023 semi-annual press conference, the industry association Bitkom attested stable growth for the ITC industry (ITC = information and communications technology) in a difficult overall economic environment.

Nevertheless, the association has adjusted its growth forecast for all of 2023 from the previous 3.8 percent to 2.1 percent and now expects total revenues for the industry of €213.2 billion.

For information technology, the largest sub-market, the industry association has lowered its forecast for 2023 from the previous 6.3 percent to 3.0 percent (previous year: 8.4 percent) and expects revenues of €143.6 billion. The strongest increase is expected in software sales, which are expected to rise by 9.6 percent to €41.5 billion. Artificial intelligence is playing an increasingly important role within this segment, with outstanding growth of 40.8 percent to €1.0 billion. Collaboration tools, i.e. applications for cooperation and mobile working, are now also posting sales of €1.4 billion, an increase of 15.4 percent. IT services revenues are expected to grow by 5.3 percent to €49.4 billion. In contrast, the hardware segment is expected to decline by -3.6 percent to €52.6 billion – despite high growth rates in Infrastructure-as-a-Service (IaaS), i.e. rented servers and network and storage capacities. This is due to the (foreseeable) slowdown in the growth of mobile PCs, desktop PCs and tablets after the high investments in these devices by companies and private households before the coronavirus pandemic.

The industry association has also reduced its 2023 forecast for the sub-market telecommunications from the previous 0.9 percent to 0.4 percent (previous year: 2.3 percent) and at this time expects revenues of €69.6 billion. Bitkom calculates that telecommunications services will generate revenues of €50.0 billion, an increase of 1.0 percent. Investments in the telecommunications infrastructure will presumably rise by 3.0 percent to €8.2 billion. This development is attributable to network operators, who are investing massively in the expansion of fibre optic and 5G networks. Just as for information technology, telecommunications will experience a slump in revenues from devices, which will presumably shrink by -4.0 percent to €11.5 billion.

Forecast for fiscal year 2023

1&1 sees no reason to change the growth targets forecast in the consolidated annual financial statements for 2022. The 1&1 AG Management Board expects an increase of about 2 percent in service revenues to approximately €3.23 billion for fiscal year 2023 as a whole (2022: €3.175 billion). Operating EBITDA is expected to be around €655 million (2022: €693.3 million). Growth in the Access segment of approximately 4 percent to about €775 million (2022: €745.7 million) and the results in the 1&1 Mobile Network segment of approximately €-120 million (2022: €-52.4 million) are the contributing factors. Operating growth in customer contracts is expected to be +500,000 in 2023 (2022: 600,000 operating growth in customer contracts). The investment volume (cash capex) is expected to be around €320 million (2022: about €250 million).

General statement from the Management Board on presumable development

In 2023, further milestones have been reached on the road to the establishment of our own high-performance mobile network. The 1&1 Management Board expects the operation of our own mobile network to secure greater independence from wholesale services providers and, as a result of the more in-depth added value, to lay a solid foundation for the successful development of the group.

Thanks to its excellent current position on the telecommunications market with more than 15.9 million customers and to the opportunity to respond even more precisely to customer needs with individualised products and offers that will come with its own network operation, the Management Board believes that 1&1 is well positioned for the future steps of the Company's development and is optimistic about the future.

The Management Board also expects further growth in the segment Access. The plan for the segment Mobile Access is to continue growth and to benefit from the market growth. The plan for the broadband segment is to stabilise the development of the contract portfolio.

Thanks to a business model that is based for the most part on electronic subscriptions, 1&1 views its position as by and large stable and secure from economic fluctuations.

1&1 will continue to pursue this sustainable business policy in the coming years.

Following a successful start to the second half of 2023 as well as at the point in time of the preparation of this management report, the Management Board believes that the Company is well on its way to achieving the goals explained in greater detail in the above section "Forecast for fiscal year 2023."

Major accounting, valuation and consolidation principles

The semi-annual financial report of 1&1 AG as at 30 June 2023 was prepared, as were the consolidated annual financial statements as at 31 December 2022, in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU).

The accounting and valuation principles applied in the semi-annual financial report are exactly the same as the methods applied as at 31 December 2022 with the exception of the standards that must be applied for the first time, and it must be read in the context of the consolidated financial statements as at 31 December 2022.

Future-oriented statements and forecasts

This semi-annual financial report contains future-oriented statements that are based on the current expectations, assumptions and forecasts of the 1&1 AG Management Board and the information available to the Board at this time. The future-oriented statements are subject to various risks and uncertainties and are based on expectations, assumptions and forecasts that may possibly prove to be false in future. 1&1 AG does not guarantee that the future-oriented statements will prove to be correct, and it neither assumes any obligation nor does it have any intention to adjust or update any future-oriented statements made in this semi-annual financial report.

Use of assumptions and estimates

During preparation of the semi-annual financial report, management makes discretionary decisions as well as estimates and assumptions that affect the amounts of the income, expenses, assets and liabilities disclosed on the closing date and the disclosure of contingent liabilities. The uncertainty related to these assumptions and estimates may lead to results that in future require substantial restatements in the carrying value of the relevant assets or liabilities.

Use of key financial performance indicators relevant to business management

Financial performance indicators such as EBITDA, EBITDA margin, EBIT, EBIT margin or free cash flow are used in addition to the disclosures required by the International Financial Reporting Standards (IFRS) in the Company's annual and interim financial statements to ensure a clear and transparent presentation of 1&1's business development. Information about the use, definition and calculation of these performance indicators is available starting on page 57 of the Annual Report 2022 of 1&1 AG.

The aforementioned key figures are adjusted for special factors/special effects to the extent necessary for a clear and transparent presentation and are reported under the designation "comparable operating key figures" (e.g. comparable operating EBITDA, comparable operating EBIT or comparable operating EPS). As a rule, the special effects are related solely to those effects that, because of their nature, frequency and/or scope, are capable of negatively affecting the meaningfulness of the financial performance indicators for the financial and earnings development of the group. All special effects are pointed out and explained in the relevant sections of the financial statements as part of the rollover to the unadjusted financial performance indicators.

The financial key performance figures relevant for the management of the Group are service revenues, EBITDA according to IFRS and cash capex.

Miscellaneous

All major subsidiaries are included in the consolidated interim financial statements. The scope of consolidation has not changed compared to the consolidated financial statements per 31 December 2022.

As in the previous year, no companies were sold in the reporting period.

The semi-annual financial report has not been audited in accordance with section 317 Commercial Code [*Handelsgesetzbuch; HGB*] or reviewed by an auditor.

Important events after 30 June 2023

On 2 August 2023, 1&1 concluded a binding preliminary agreement with Vodafone GmbH for a long-term, exclusive national roaming partnership. In the binding preliminary agreement, the parties have committed to conclude a final national roaming cooperation as soon as possible. The national roaming cooperation will include the non-discriminatory provision of national roaming services in areas not yet covered by the new 1&1 mobile network and will in particular include access to Vodafone's 5G network (including the 2G and 4G mobile standards) as well as future mobile standards and technologies.

The start date for Vodafone's national roaming services will be 1 October 2024 at the latest. The basic term of the national roaming cooperation will be five years from then on. 1&1 will have the right to extend the term of the national roaming cooperation up to two times for a further five years each time - i.e. for up to a further 10 years. The end of the contract will be followed by a three-year transition period.

From the scheduled launch of the 1&1 mobile network based on the innovative OpenRAN technology at the end of September 2023, customers with 4G mobile tariffs on the 1&1 network will initially be provided with

nationwide national roaming services by Telefónica until national roaming coverage by Vodafone is ready. From then on, 5G mobile tariffs can also be offered nationwide on the 1&1 network. During the transition period until 5G national roaming is provided by Vodafone, 1&1 will provide its customers with mobile 5G services within the framework of the previous MVNO model. 1&1 will procure the required upstream services from Telefónica and Vodafone. The prerequisite is an extension of the parallel operation, which is allowed by the Federal Network Agency [*Bundesnetzagentur*] until 31 December 2023 anyway.

Once all 1&1 customers have been activated for national roaming services by Vodafone, 1&1 Mobilfunk will purchase national roaming services exclusively from Vodafone for the duration of the contract term.

The long-term secured access to nationwide 5G national roaming services is another milestone in the construction of Europe's most innovative mobile network.

Montabaur, 3 August 2023



Ralph Dommermuth



Markus Huhn



Alessandro Nava

The Management Board

Interim financial statement for the First Half of 2023

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Consolidated Comprehensive Income Statement

from 1 January to 30 June 2023

	2023 January - June €k	2022 January - June €k
Sales	1,993,098	1,951,967
Cost of sales*	-1,388,656	-1,324,719
Gross profit from revenues	604,442	627,248
Distribution costs	-254,317	-248,765
Administration costs*	-57,134	-53,264
Other operating income	16,461	15,028
Other operating expenses*	-2,975	-3,325
Impairment losses from receivables and contract assets	-52,353	-49,221
Results from operating activities	254,124	287,701
Financing expenses	-4,692	-3,850
Financial income	8,128	668
Profit before taxes	257,560	284,519
Tax expenses	-77,590	-85,567
Consolidated profit	179,970	198,952
Profit per share (in €)		
- undiluted	1.02	1.13
- diluted	1.02	1.13
Weighted average number of shares outstanding (in millions)		
- undiluted	176.30	176.30
- diluted	176.30	176.52
Rollover to total consolidated profit		
Consolidated profit	179,970	198,952
Other results	0	0
Total consolidated profit	179,970	198,952

*For better comparability, the cost of sales, administration expenses and other operating expenses in the segment 1&1 Mobile Network have been adjusted for the reporting period 2022.

Consolidated Balance Sheet

as at 30 June 2023

	30/06/2023 €k	31/12/2022 €k
Assets		
Short-term assets		
Cash and cash equivalents	4,159	4,677
Trade accounts receivable	294,705	267,820
Receivables due from associated companies	498,209	570,763
Inventories	128,529	120,385
Contract assets	657,502	638,922
Prepaid expenses	254,392	213,992
Other financial assets	36,708	25,286
Income tax assets	5,483	6,061
Other non-financial assets	11,562	7,291
	1,891,249	1,855,197
Long-term assets		
Other financial assets	2,437	2,268
Tangible assets	305,114	262,655
Intangible assets	1,558,088	1,590,541
Goodwill	2,932,943	2,932,943
Contract assets	201,197	216,533
Prepaid expenses	611,169	396,948
	5,610,948	5,401,888
Total assets	7,502,197	7,257,085

	30/06/2023 €k	31/12/2022 €k
Liabilities and equity		
Short-term liabilities		
Trade accounts payable	236,239	229,137
Liabilities due to associated companies	139,498	77,927
Contract liabilities	50,061	48,298
Other provisions	4,096	4,413
Other financial liabilities	132,898	121,451
Other non-financial liabilities	4,401	39,704
Income tax liabilities	53,005	28,765
	620,198	549,695
Long-term liabilities		
Contract liabilities	8,630	7,297
Other provisions	38,280	38,551
Other financial liabilities	874,163	857,650
Deferred tax liabilities	209,077	224,051
	1,130,150	1,127,549
Total liabilities	1,750,348	1,677,244
Equity		
Share capital	194,442	194,442
Treasury shares	-512	-512
Capital reserves	2,438,793	2,437,940
Cumulative consolidated results	3,119,712	2,948,557
Other equity	-586	-586
Total equity	5,751,849	5,579,841
Total liabilities and equity	7,502,197	7,257,085

Consolidated Cash Flow Statement

from 1 January to 30 June 2023

	2023 January - June €k	2022 January - June* €k
Results from operating activities		
Consolidated profit	179,970	198,952
Allowances for rollover of consolidated profit to incoming and outgoing payments		
Amortisation and depreciation on intangible and tangible assets	54,818	32,484
Depreciation on assets capitalised within the framework of corporate acquisitions	43,089	48,031
Personnel expenses from employee stock ownership programmes	853	1,294
Changes in the adjustment items for deferred tax assets	-14,974	-7,613
Correction profits/losses from the sale of tangible assets	9	5
Profits/losses from financial activities	-3,436	3,182
Cash flow from operating activities	260,329	276,335
Changes in assets and liabilities		
Change in receivables and other assets	-42,003	-21,018
Change in contract assets	-3,244	-2,102
Change in inventories	-8,144	-18,348
Change in prepaid expenses	-254,621	-157,139
Change in trade accounts payable	7,101	-14,488
Change in other provisions	-586	-2,749
Change in income tax liabilities	24,241	31,071
Change in other liabilities	-24,956	-24,260
Change in receivables due from/liabilities due to associated companies	61,812	171,990
Change in contract liabilities	3,097	1,072
Changes in assets and liabilities, total	-237,303	-35,971
Net inflow of funds from operating activities	23,026	240,364

*For the reporting period January to June 2022, adjustments have been made to the presentation of cash inflows and outflows for interest in the consolidated cash flow statement. For more information, please refer to Note 2.1 Change in accounting policies.

	2023 January - June €k	2022 January - June* €k
Cash flow from investments		
Investments in intangible and tangible assets	-81,264	-51,301
Inflow of funds from disposal of intangible and tangible assets	235	47
Investments in other financial assets	-167	-121
Payments from short-term monetary investments	0	-169,000
Repayment from short-term monetary investments	75,000	0
Interest received	5,375	610
Net outflow of funds in investment sector	-821	-219,765
Cash flow from financing sector		
Dividend payment	-8,815	-8,815
Payment of leasing liabilities	-11,288	-7,842
Interest payments	-2,620	-2,329
Net outflow of funds in financing sector	-22,723	-18,986
Net increase/decline in cash and cash equivalents	-518	1,613
Cash and cash equivalents at beginning of fiscal year	4,677	4,555
Cash and cash equivalents at end of reporting period	4,159	6,168

*For the reporting period January to June 2022, adjustments have been made to the presentation of cash inflows and outflows for interest in the consolidated cash flow statement. For more information, please refer to Note 2.1 Change in accounting policies.

Consolidated Change in Equity Statement

in fiscal year 2023 and 2022

	Share capital		Treasury shares		Capital-reserves	Cumulative consolidat-ed results	Other equity	Total equity
	Denomination	€k	Denomination	€k	€k	€k	€k	€k
As at 1 January 2022	176,764,649	194,442	465,000	-512	2,436,106	2,590,044	-879	5,219,201
Consolidated profit						198,952		198,952
Total results						198,952		198,952
Dividend payment						-8,815		-8,815
Employee stock ownership programme					1,294			1,294
As at 30 June 2022	176,764,649	194,442	465,000	-512	2,437,400	2,780,181	-879	5,410,632
As at 1 January 2023	176,764,649	194,442	465,000	-512	2,437,940	2,948,557	-586	5,579,841
Consolidated profit						179,970		179,970
Total results						179,970		179,970
Dividend payment						-8,815		-8,815
Employee stock ownership programme					853			853
As at 30 June 2023	176,764,649	194,442	465,000	-512	2,438,793	3,119,712	-586	5,751,849

Explanatory Comments on the Interim Consolidated Financial Statements 30 June 2023

1. General information about the Company and the financial statements

1&1 Group, together with 1&1 Aktiengesellschaft, Montabaur, the listed parent company (hereinafter: "1&1 AG" or, along with its subsidiaries, "1&1" or "Group"), is a telecommunications provider that operates solely and exclusively in Germany. The Group is managed via the two business segments Access and 1&1 Mobile Network. 1&1 is a leading internet specialist in Germany and serves more than 15.9 million contracts in the broadband and mobile product sectors. 1&1 can use one of the largest fibre optic networks in Germany that is operated by its affiliate 1&1 Versatel GmbH, Düsseldorf (hereinafter: "1&1 Versatel GmbH"), a member of the United Internet AG Group. As a virtual mobile network operator, 1&1 has guaranteed access to as much as 30 percent of the capacity of Telefónica's mobile network in Germany (so-called Mobile Bitstream Access Mobile Virtual Network Operator = MBA MVNO). In addition, 1&1 utilises capacities in Vodafone's mobile network.

1&1's Access segment offers internet access products based in landline broadband and mobile networks. In the segment 1&1 Mobile Network, 1&1 is currently constructing Europe's first fully virtualised mobile network employing the innovative OpenRAN technology and using the 5G mobile frequency blocks procured during the auction in 2019.

After the new OpenRAN mobile network was launched at the end of 2022, the mobile network was initially operated exclusively as a landline network replacement product for conventional DSL, cable internet or fibre optic home lines. The activation of the mobile services is scheduled for the second half of 2023.

The address and registered office of 1&1 AG, the parent company of the group, is Elgendorfer Strasse 57 in 56410 Montabaur, Germany. The Company is registered in the Commercial Register of the Montabaur Local Court under the number HRB 28530.

1&1 AG is included in the consolidated interim financial statements of United Internet AG, Montabaur.

2. Major accounting, valuation and consolidation principles

The interim report from 1&1 AG as at 30 June 2023 was prepared, just as the consolidated annual financial statements as at 31 December 2022, in compliance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU).

The abbreviated consolidated interim financial statements for the period from 1 January 2023 to 30 June 2023 were prepared in accordance with IAS 34 "Interim Financial Reporting"

The reporting scope chosen for the presentation of these consolidated interim financial statements is abbreviated in comparison with the consolidated annual financial statements and should therefore be read in association with the consolidated annual financial statements as at 31 December 2022. The accounting and valuation methods applied in the abbreviated consolidated interim financial statements are the same as the methods used in the previous year with the exception of the standards whose application has in the interim become mandatory; they are briefly designated below.

2.1 Change in accounting policies

In order to better reconcile EBITDA and free cash flow, the Group has adjusted the cash inflows and outflows for interest in the consolidated cash flow statement and no longer presents them in the operating area. Cash inflows from interest are now reported in cash flow from investing activities, while cash outflows from interest are reported in cash flow from financing activities. As net interest expense is not included in EBITDA – which serves as a measure of operating profit and excludes interest, taxes, depreciation and amortization – the inclusion of interest payments in operating cash flow may lead to a distortion of actual operating performance.

By reclassifying interest payments, the Company's financial results are better presented and greater consistency between EBITDA and free cash flow is achieved.

This measure thus contributes to a more accurate analysis of the company's financial performance and enables a more transparent presentation with regard to the capital structure and the ability to repay debt. It also provides investors and other stakeholders with a better understanding of the company's financial performance.

2.2 Mandatory application of new accounting standards

Application of the following standards and interpretations as revised or newly issued by the IASB is mandatory for the fiscal year as of 1 January 2023.

Standard		Mandatory application for financial years beginning as of	Adoption by EU Commission
Amendments of: IAS 1	Disclosure of accounting and valuation methods	01/01/2023	Yes
Amendments of: IAS 8	Definition of accounting estimates	01/01/2023	Yes
Amendments of: IAS 12	Deferred taxes relating to assets and liabilities from a single transaction	01/01/2023	Yes
Amendments of: IFRS 17	Accounting for Insurance Contracts; First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information	01/01/2023	Yes

There were no significant effects for these financial statements as a result of the changes in IFRS.

2.3 Use of assumptions and estimates

During preparation of the abbreviated consolidated interim financial statements, management makes discretionary decisions, estimates and assumptions that affect the amounts of the income, expenses, assets and liabilities disclosed on the closing date and the disclosure of contingent debts. The uncertainty related to these assumptions and estimates may, however, lead to results that in future require substantial restatements in the carrying value of the relevant assets or liabilities.

The principles for discretionary decisions and estimates are essentially unchanged compared to the consolidated annual financial statements as at 31 December 2022.

The effects of climate change did not have any significant impact on the discretionary decisions and estimates or on the measurement of assets and liabilities in the first half of 2023.

2.4 Miscellaneous

All subsidiaries are included in the consolidated interim financial statements. The scope of consolidation has remained unchanged in comparison with 31 December 2022.

These consolidated interim financial statements have not been audited pursuant to section 317 Commercial Code [*Handelsgesetzbuch; HGB*] or subjected to a review by an independent accountant.

Explanatory Comments on the Comprehensive Income Statement

3. Sales revenues / Segment reporting

Segment reporting

Pursuant to IFRS 8, the identification of reporting operating segments is based on the so-called management approach. External reports are prepared on the basis of the internal organisational and management structure of the Group and of the internal financial reporting to the chief operating decision-maker. In 1&1 Group, the Management Board of 1&1 AG is responsible for the assessment and management of the segments' business success.

Company management and group reporting encompass the segments Access and 1&1 Mobile Network.

In the Access segment, revenues are generated from the offered access services to telecommunication networks, one-time provision fees and the sale of devices and accessories. Revenues include monthly service fees, charges for special features and connection and roaming charges. Revenues are realised on the basis of utilisation units actually used and contract fees less any credit notes and restatements pursuant to reduced prices. The revenues from the sale of hardware and accessories and the related expenditures are realised as soon as the products have been delivered and accepted by the customers.

The monitoring of goodwill in the amount of €2,932,943k (31 December 2022: €2,932,943k) is the responsibility of the CODM at the level of the reporting segment Access.

The EBITDA in the 1&1 Mobile Network segment in the amount of €-40,773k (previous year: €-16,055k) contains solely and exclusively costs related to the rollout and operation of the Company's own 1&1 mobile network. The first revenues in the 1&1 Mobile Network segment are expected in the second half of 2023.

Management by the 1&1 AG Management Board is based primarily on performance indicators. The 1&1 AG Management Board measures the success of the Access segment primarily in terms of service revenues, of the segment cost of materials, the number of subscribers and the adjusted earnings before interest, taxes and depreciation and amortisation determined on the basis of IFRS accounting methods (IFRS as they are to be applied in the EU). Transactions between the segments are charged at market prices.

The segment reporting of 1&1 Group for the reporting period from 1 January to 30 June 2023 is presented below:

	Access €k	1&1 Mobile Network €k	Total €k
Service revenues	1,584,612	0	1,584,612
Hardware and other revenues	408,486	0	408,486
Segment revenues	1,993,098	0	1,993,098
Cost of materials for segment	-1,318,561	-29,060	-1,347,621
Gross profit for segment	674,537	-29,060	645,477
Segment EBITDA	392,804	-40,773	352,031
Customer contracts (in millions)	15.96	-	15.96

All revenues were realised in Germany. There are no material cross-segment interrelationships between the segments.

The segment reporting of 1&1 Group for the reporting period from 1 January to 30 June 2022 is presented below:

	Access €k	1&1 Mobile Network €k	Total €k
Service revenues	1,581,888	0	1,581,888
Hardware and other revenues	370,079	0	370,079
Segment revenues	1,951,967	0	1,951,967
Cost of materials for segment*	-1,304,412	-5,701	-1,310,113
Gross profit for segment	647,555	-5,701	641,854
Segment EBITDA	384,271	-16,055	368,216
Customer contracts (in millions)	15.55	-	15.55

* For better comparability, the cost of materials for the 1&1 Mobile Network segment has been adjusted for the reporting period from 1 January to 30 June 2022.

The rollover of the total of the segment earnings (EBITDA) to the profit before taxes on income is determined as shown below:

	2023 January - June €k	2022 January - June €k
Total segment profits (EBITDA)	352,031	368,216
Write-downs	-97,907	-80,515
Operating profit	254,124	287,701
Financial result	3,436	-3,182
Earnings before income taxes	257,560	284,519

The customer structure during the reporting period did not reveal any significant concentration on individual customers. There are no customers in 1&1 Group with whom more than 10 percent of the total external sales revenues is generated.

Additional information on sales revenues

Group sales revenues break down as shown below:

	2023 January - June €k	2022 January - June €k
Service revenues	1,584,612	1,581,888
Hardware and other revenues	408,486	370,079
Total	1,993,098	1,951,967

Sales revenues in the first half of 2023 increased by €41,131k (2.1 percent) to €1,993,098k (previous year: €1,951,967k).

4. Cost of sales

Cost of sales increased in the first half of 2023 by €63,937k (4.8 percent) to €1,388,656k (previous year: €1,324,719k). The cost of sales mainly includes expenses for purchased services in the amount of €840,661k

(previous year: €846,179k) and expenses for purchased goods in the amount of €410,745k (previous year: €379,604k).

For better comparability, the administration costs, cost of sales and other operating expenses have been reclassified for the first half of 2022. The cost of sales for the first half of 2022 now also includes costs from the 1&1 Mobile Network business segment. The activities in fiscal year 2022 now include concrete measures for the construction of the mobile network. The cost of sales in the 1&1 Mobile Network segment amounted to €54,595k for the interim reporting period 2023 (previous year: €12,034k). The Access segment accounted for cost of sales of €1,334,061k (previous year: €1,312,685k) for the interim reporting period 2023.

5. Impairment losses from receivables and contract assets

Impairment losses on receivables and contract assets increased in comparison with the previous year by €3,132k from €49,221k to €52,353k. As of the start of 2022, payment default rates have increased significantly as a result of increased economic pressures, above all inflation-related price increases, leading to an increase in payment defaults since the second quarter of 2022.

6. Write-downs

Total amortisation of intangible assets and depreciation on tangible assets during the reporting period 2023 amounted to €97,907k (previous year: €80,515k).

Depreciation and amortisation of assets capitalised in relation to company acquisitions amounted to €43,089k (previous year: €48,031k). Moreover, write-downs of €20,410k were taken for the frequency blocks in the 3.6 GHz bandwidth. The amortisation of the acquired frequency blocks in the 2 GHz bandwidth will not begin until the beginning of the allocated term. Furthermore, €16,500k is attributable to the right similar to concessions acquired as part of the extension of the MBA MVNO contract.

7. Personnel expenses

Personnel expenses for the reporting period 2023 amounted to €115,364k (previous year: €102,876k). As at the balance sheet date 30 June 2023, the number of employees (headcount) was 3,237 (31 December 2022: 3,163).

8. Financing expenses / Financial income

Financing expenses amounted to €4,692k in the first half of the year (previous year: €3,850k). As in the previous year, they include primarily expenses similar to interest related to the acquisition of the 5G frequencies in the amount of €3,025k (previous year: €3,236k). These expenses result from the deferral of the frequency liabilities extending the term of the payment obligation for the mobile frequencies to 2030.

Financial income amounted to €8,128k (previous year: €668k) and, as in the previous year, resulted largely from interest on the financial investment with United Internet AG, the increase being due to the higher interest rate level.

Explanatory comments on the consolidated balance sheet

Explanatory comments are provided solely on the items that display noteworthy differences to the amounts disclosed in the consolidated annual financial statements as at 31 December 2022.

9. Receivables due from associated companies

Receivables due from associated companies in the amount of €498,209k (31 December 2022: €570,763k) are related to accounts due from member companies of United Internet Group that are not included in 1&1 Group's consolidated financial statements. Of the disclosed accounts due, €490,000k (31 December 2022: €565,000k) relate to accounts due from the short-term investment of free cash and cash equivalents at United Internet AG.

10. Tangible and intangible assets; goodwill

A total of €81,264k (previous year: €51,301k) was invested in tangible and intangible assets during the interim reporting period. The investments relate essentially to investments in technical equipment for the rollout and operation of the 1&1 mobile network.

Tangible assets as at the balance sheet date 30 June 2023 break down as follows:

	30/06/2023 €k	31/12/2022 €k
Land and buildings	191	200
Fixtures, fittings and equipment	44,063	45,685
Payments on account	143,434	120,205
Rights of use for land and buildings	90,899	91,913
Rights of use for network infrastructure	21,478	1,044
Rights of use for fixtures, fittings and equipment	5,049	3,608
Tangible assets, net	305,114	262,655

Tangible assets rose by €42,459k from €262,655k as at 31 December 2022 to €305,114k as at 30 June 2023. The rise is due to the increase in payments on account of €23,229k for the rollout of the 1&1 mobile network and the increase in rights of use for network infrastructure of €20,434k.

Intangible assets declined as scheduled from €1,590,541k as at 31 December 2022 to €1,558,088k as at 30 June 2023 and include primarily the 5G frequencies and the assets determined as part of the purchase price allocation from the merger of 1&1 and Drillisch less the write-offs relating to these assets. During the interim reporting period 2023, write-downs of €20,410k were taken for the frequency blocks in the 3.6 GHz bandwidth. The amortisation of the acquired frequency blocks in the 2 GHz bandwidth will not begin until the beginning of the allocated term.

Goodwill amounts to €2,932,943k (31 December 2022: €2,932,943k).

11. Prepaid expenses

Long-term prepaid expenses amount to €611,169k as at 30 June 2023 (31 December 2022: €396,948k) and include primarily advance payments made under long-term purchase agreements of €502,911k (31 December 2022: €294,437k), costs to obtain contracts of €73,167k (31 December 2022: €72,819k) and costs to fulfil contracts of €35,091k (31 December 2022: €29,692k). Short-term prepaid expenses rose from €213,992k to €254,392k and relate essentially to contract costs and prepaid utilisation fees that will not be recognised through expenditures until later periods.

12. Short-term liabilities due to associated companies

Short-term liabilities due to associated companies as at 30 June 2023 amount to €139,498k (31 December 2022: €77,927k) and are related to liabilities due to associated companies of United Internet Group that are not included in 1&1 Group's consolidated financial statements and result by and large from wholesale procurements and other service offsets. In addition, 1&1 AG has been included in the tax group of its majority shareholder United Internet AG for VAT purposes since May 2023. Since then, VAT has no longer been paid directly by 1&1, but by United Internet AG, as a result of which it is now disclosed in the financial statements under liabilities due to associated parties. In the opposite direction, other current non-financial liabilities decreased accordingly.

13. Other non-financial liabilities

Other non-financial liabilities decreased by €35,303k from €39,704k as at 31 December 2022 to €4,401k as at 30 June 2023. The decline is mainly due to the change in the presentation of VAT liabilities under liabilities due to associated companies.

14. Other long-term financial liabilities

Other long-term financial liabilities as at 30 June 2023 in the amount of €874,163k (31 December 2022: €857,650k) relate essentially to frequency liabilities in the amount of €763,858k (31 December 2022: €763,858k) and liabilities pursuant to leasing agreements in the amount of €108,371k (31 December 2022: €91,692k). The increase in lease liabilities is for the most part due to the addition of capitalised rights of use for network infrastructure.

15. Share capital / Treasury shares

The share capital as at 30 June 2023 remains unchanged at € 193,929,613.90. The share capital is distributed in 176,764,649 no-par shares issued to the bearer with a proportionate share in the share capital of €1.10 each and represents the share capital of 1&1 AG. 1&1 AG continues to hold 465,000 own shares, just as at 31 December 2022, so that the number of shares in circulation amounts to 176,299,649.

16. Employee stock ownership models

Stock Appreciation Rights (SAR)

Earnings from stock appreciation rights (SAR) amounted to €0k in the first half of 2023 (previous year: €172k).

Stock Appreciation Rights Drillisch (SAR Drillisch)

Expenses from the stock appreciation rights Drillisch (SAR Drillisch) amounted to €853k in the first half of 2023 (previous year: €1,294k).

17. Additional disclosures about the financial instruments

The table below presents the carrying value of each category of financial assets and liabilities as at 30 June 2023:

	Measurement category per IFRS 9	Carrying value as at 30/06/2023 €k	At amortised costs €k	Fair Value through other comprehensive income without recycling to profit and loss €k	Valuation according to IFRS 16 €k	Fair Value as at 30/06/2023 €k
Financial assets						
Cash and cash equivalents	ac	4,159	4,159			4,159
Trade accounts receivable	ac	294,705	294,705			294,705
Accounts due from associated companies	ac	498,209	498,209			498,209
Other short-term financial assets	ac	36,708	36,708			36,708
Other long-term financial assets						
- Participating interests	fvoci	1,788		1,788		1,788
- Miscellaneous	ac	649	649			649
Financial liabilities						
Trade accounts payable	ac	-236,239	-236,239			-236,239
Accounts due to associated companies	ac	-139,498	-139,498			-139,498
Other short-term financial liabilities	ac / n / a					
- Lease liabilities	n/a	-11,505			-11,505	
- Miscellaneous	ac	-121,393	-121,393			-121,393
Other long-term financial liabilities	ac / n / a					
- Lease liabilities	n/a	-108,371			-108,371	
- Miscellaneous	ac	-765,792	-765,792			-765,792
of which aggregated per classification categories:						
- Financial assets at amortized cost	ac	834,430	834,430			834,430
- Financial assets at fair value through other comprehensive income without recycling to profit and loss	fvoci	1,788		1,788		1,788
- Financial liabilities at amortized cost	ac	-1,262,922	-1,262,922			-1,262,922
Lease liabilities	n/a	-119,876			-119,876	

The table below presents the carrying value of each category of financial assets and liabilities as at 30 June 2022:

	Measurement category per IFRS 9	Carrying value as at 30/06/2022 €k	At amortised costs €k	Fair Value through other comprehensive income without recycling to profit and loss €k	Valuation according to IFRS 16 €k	Fair Value as at 30/06/2022 €k
Financial assets						
Cash and cash equivalents	ac	6,168	6,168			6,168
Trade accounts receivable	ac	269,095	269,095			269,095
Receivables due from associated companies	ac	883,592	883,592			883,592
Other short-term financial assets	ac	26,941	26,941			26,941
Other long-term financial assets						
- Participating interests	fvoci	1,363		1,363		1,363
- Miscellaneous	ac	692	692			692
Financial liabilities						
Trade accounts payable	ac	-248,104	-248,104			-248,104
Liabilities due to associated companies	ac	-253,608	-253,608			-253,608
Other short-term financial liabilities	ac / n / a					
- Lease liabilities	n/a	-15,014			-15,014	
- Miscellaneous	ac	-121,755	-121,755			-121,755
Other long-term financial liabilities	ac / n / a					
- Lease liabilities	n/a	-87,892			-87,892	
- Miscellaneous	ac	-827,430	-827,430			-827,430
of which aggregated per classification categories:						
- Financial assets at amortized cost	ac	1,186,488	1,186,488			1,186,488
- Financial assets at fair value through other comprehensive income without recycling to profit and loss	fvoci	1,363		1,363		1,363
- Financial liabilities at amortized cost	ac	-1,450,897	-1,450,897			-1,450,897
Lease liabilities	n/a	-102,906			-102,906	

Cash and cash equivalents, trade accounts receivable, accounts due from associated companies and other short-term financial assets have short remaining terms. Their carrying values on the closing date are consequently close to fair value.

Participations are disclosed at fair value. It is assumed for the remaining other long-term assets, which are disclosed in the balance sheet at amortised cost, that their carrying value is equivalent to fair value.

Trade accounts payable, liabilities due to associated companies and other short-term financial liabilities have short remaining terms; the disclosed values represent approximately the fair values.

It is assumed for the remaining other long-term liabilities, which are disclosed in the balance sheet at amortised cost, that their carrying value is equivalent to fair value.

The measurement of financial assets measured at fair value is based on appropriate valuation techniques. Insofar as available, stock exchange prices on active markets are used. Option price models are primarily used to measure purchase price liabilities.

18. Related party disclosures

Pursuant to IAS 24, persons and companies are regarded as related parties if one of the parties has the possibility to control the other party or to exercise a significant influence. Related parties of the Group include Management and Supervisory Boards of 1&1 AG, United Internet AG as the top-level controlling company within the sense of IAS 24.13 and the group companies of United Internet Group that are not included in the consolidation of the Group. Moreover, participations on which the Group companies can exercise significant influence (associated companies) are classified as related parties. In addition, Mr Ralph Dommermuth, being the majority shareholder of United Internet AG, is classified as a related party.

The group of related parties remained unchanged in comparison with the consolidated annual financial statements as at 31 December 2022.

As at 30 June 2023, the Management Board members held the following stock in 1&1 AG:

As at the closing date 30 June 2023, United Internet AG, Montabaur, held 78.32 percent of the stock in 1&1 AG. In turn, Mr. Ralph Dommermuth holds 50.1% of the share capital of United Internet AG, reduced by treasury shares of United Internet AG, indirectly via investment companies as of June 30, 2023.

The Supervisory Board members held the following stock in 1&1 AG as at 30 June 2023:

Supervisory Board member Vlasios Choulidis 273,333 no-par-value shares (65,000 of which were held via MV Beteiligungs GmbH), a total of 0.16 percent of the shares of 1&1 AG.

Of the disclosed sales revenues, €7,517k (previous year: €12,228k) was realised during the reporting period with member companies of United Internet Group that are not members of the consolidation of 1&1 Group.

The expenditures in the reporting period of €112,277k (previous year: €91,544k) include expenditures with member companies of United Internet Group that are not members of the consolidation of 1&1 Group.

The business premises in Montabaur and Karlsruhe are leased by Mr Ralph Dommermuth to 1&1. The resulting payment obligations are at the usual local level. The payment commitments incurred during the reporting period amounted to €3,528k (previous year: €3,421k).

The following table shows rights of use concerning related parties:

	Carrying value 31/12/2022 €k	Addition of the fiscal year €k	Write-down €k	Disposal of the fiscal year €k	Carrying value 30/06/2023 €k
Rights of use	64,084	6,066	-2,860	-2,387	64,903

The following table shows lease liabilities in connection with related parties:

	Carrying value 31/12/2022 €k	Addition of the fiscal year €k	Payment / interest €k	Disposal of the fiscal year €k	Carrying value 30/06/2023 €k
Lease liabilities	65,163	6,066	-2,433	-2,387	66,409

19. Events after 30 June 2023

On 2 August 2023, 1&1 concluded a binding preliminary agreement with Vodafone GmbH for a long-term, exclusive national roaming partnership. In the binding preliminary agreement, the parties have committed to conclude a final national roaming cooperation as soon as possible. The national roaming cooperation will include the non-discriminatory provision of national roaming services in areas not yet covered by the new 1&1 mobile network and will in particular include access to Vodafone's 5G network (including the 2G and 4G mobile standards) as well as future mobile standards and technologies.

The start date for Vodafone's national roaming services will be 1 October 2024 at the latest. The basic term of the national roaming cooperation will be five years from then on. 1&1 will have the right to extend the term of the national roaming cooperation up to two times for a further five years each time – i.e. for up to a further 10 years. The end of the contract will be followed by a three-year transition period.

From the scheduled launch of the 1&1 mobile network based on the innovative OpenRAN technology at the end of September 2023, customers with 4G mobile tariffs on the 1&1 network will initially be provided with nationwide national roaming services by Telefónica until national roaming coverage by Vodafone is ready. From then on, 5G mobile tariffs can also be offered nationwide on the 1&1 network. During the transition period until 5G national roaming is provided by Vodafone, 1&1 will provide its customers with mobile 5G services within the framework of the previous MVNO model. 1&1 will procure the required upstream services from Telefónica and Vodafone. The prerequisite is an extension of the parallel operation, which is allowed by the Federal Network Agency [Bundesnetzagentur] until 31 December 2023 anyway.

Once all 1&1 customers have been activated for national roaming services by Vodafone, 1&1 Mobilfunk will purchase national roaming services exclusively from Vodafone for the duration of the contract term.

The long-term secured access to nationwide 5G national roaming services is another milestone in the construction of Europe's most innovative mobile network.

Montabaur, 3 August 2023

1&1 Aktiengesellschaft



Ralph Dommermuth



Markus Huhn



Alessandro Nava

Consolidated Statement of Comprehensive Income, Quartely Development

in m€

	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2022 Q2
Sales	998.3	1,013.4	1,021.0	972.1	976.1
Cost of sales*	-685.8	-723.9	-712.5	-676.1	-662.9
Gross profit from revenues	312.5	289.5	308.5	296.0	313.2
Distribution costs	-125.4	-135.4	-126.2	-128.2	-128.0
Administration costs*	-27.4	-30.2	-28.2	-28.9	-24.9
Other operating income/ expenses*	9.0	12.7	6.1	7.4	6.1
Impairment losses from receivables and contract assets	-27.6	-30.5	-26.8	-25.6	-25.5
Results from operating activities	141.1	106.1	133.4	120.7	140.9
Financial results	-1.4	1.2	1.4	2.1	-1.6
Profit before taxes	139.7	107.3	134.8	122.8	139.3
Tax expenses	-41.9	-36.7	-40.8	-36.8	-41.9
Consolidated profit	97.8	70.6	94.0	86.0	97.4
Profit per share (in €)					
- undiluted	0.55	0.40	0.53	0.49	0.55
- diluted	0.55	0.40	0.53	0.49	0.55
Rollover to total consolidated profit					
Consolidated profit	97.8	70.6	94.0	86.0	97.4
Other results	0.0	0.3	0.0	0.0	0.0
Total consolidated profit	97.8	70.9	94.0	86.0	97.4

*For better comparability, the cost of sales, administration expenses and other operating expenses in the segment 1&1 Mobile Network have been adjusted for Q2, Q3 and Q4 2022.

Affirmation Statement of the Legal Representatives

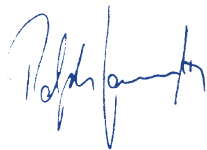
Affirmation Statement of the Legal Representatives

Declaration according § 117 WpHG in connection with § 115 Sec. 2 Nr. 3 WpHG

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the Half-year Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Montabaur, 3 August 2023

1&1 Aktiengesellschaft



Ralph Dommermuth



Markus Huhn



Alessandro Nava

Other

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Investor Relations Corner

1. Investor Relations

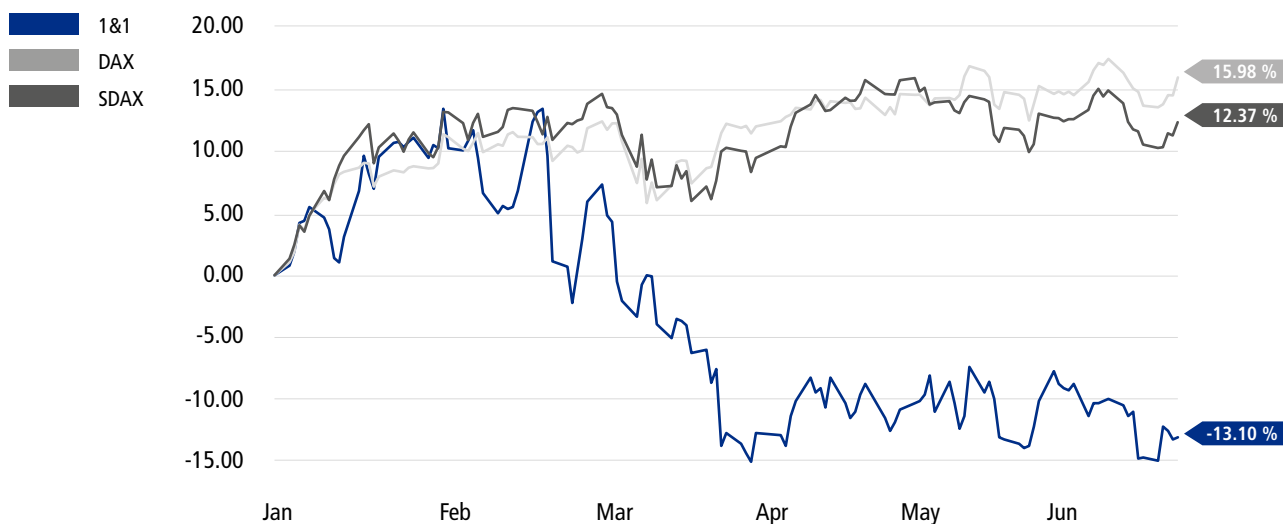
The capital market communications of 1&1 AG are conducted in conformity with the fair disclosure principle, i.e. all shareholders and interested parties are simultaneously provided with the same type of information about all important developments. The ongoing work can be followed and tracked equally by all investor groups on our investor relations home page where all of our relevant reports and publications can be viewed. Many of the people interested in our Company also take advantage of the opportunity for personal contact via email and/or telephone.

2. Share Price Development

In Trading Year 2023

	2022 year end	30 June 2023	% change
1&1	€11.60	€10.08	- 13.10
DAX	13,923.59	16,147.90	+ 15.98
SDAX	11,925.70	13,401.24	+ 12.37

Performance of the 1&1 Share compared to DAX and SDAX (January - June 2023, indexed)*



* Indices and the 1&1 Share show a dividend adjusted performance

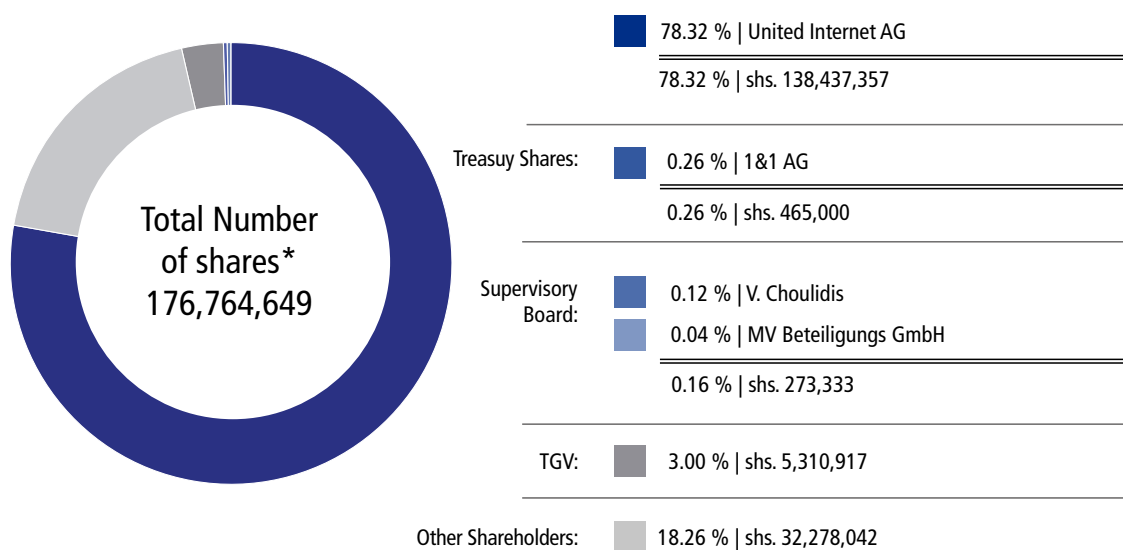
3. Current Analyst Assessments (Last revised 13 July 2023)

Analysis	Rating	Price Target	Date
Redburn	"Buy"	€13.40	12 July 2023
UBS	"Neutral"	€10.40	12 July 2023
HSBC	"Neutral"	€11.00	7 July 2023
Barclays	"Neutral"	€16.00	23 June 2023

A current overview of the analysts' recommendations can be found on the IR homepage of 1&1 AG.
Source: www.1und1.ag/investor-relations-en#die-aktie

4. Shareholder Structure

(Last revised 31 December 2022)



Free Float as per definition of Dt. Boerse AG 21.42 %.

* Per voting rights publications

Source: www.1und1.ag/investor-relations-en#die-aktie

Publications, Information and Order Service

This report on the 1st half of 2023 is also available in German.

You can view and download our business and quarterly reports, ad-hoc announcements, press releases and other publications about 1&1 AG at www.1und1.ag/investor-relations-en.

Please use our online order service on our website www.1und1.ag/investor-relations-en#bestellservice

Naturally, we would also be happy to send you the desired information by post or by mail. We will be glad to help you with any personal queries by telephone.

Financial Event Calender*

3 August 2023 6-Month Report 2023, Press and Analyst Conference

10 November 2023 Quarterly Statement Q3 2023

* These provisional dates are subject to change.

Contact

Our Investor Relations and Press Department will be glad to answer any questions you may have concerning 1&1 AG and the report:

Investor Relations

Elgendorfer Straße 57
D - 56410 Montabaur

Telephone: +49 (0) 61 81 / 412 200

Telefax: +49 (0) 61 81 / 412 183

E-Mail: ir@1und1.de

Press

Elgendorfer Straße 57
D - 56410 Montabaur

Telephone: +49 (0) 61 81 / 412 620

Telefax: +49 (0) 61 81 / 412 183

E-Mail: presse@1und1.de

Legal Information

1&1 AG is a member of the United Internet Group.

Company Headquarters

Elgendorfer Straße 57
D - 56410 Montabaur

Telephone: +49 (0) 26 02 / 96 0

Telefax: +49 (0) 26 02 / 96 1010

Responsible

1&1 AG

Commercial Register Entry:

HRB 28530 Montabaur

VAT ID No.: DE 812458592

Tax No.: 03522506037

Offenbach City Tax Office

Management Board

Ralph Dommermuth (CEO)

Markus Huhn

Alessandro Nava

Supervisory Board

Kurt Dobitsch (Chairman)

Norbert Lang (Deputy Chairman since 16th May 2023)

Matthias Baldermann

Vlasios Choulidis

Friedrich Jousen (since 16th May 2023)

Christine Schöneweis (since 16th May 2023)

Dr. Claudia Borgas-Herold (until 16th May 2023)

Kai-Uwe Ricke (until 16th May 2023)

Disclaimer

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

This Interim Statement is available in German and English. Both versions can also be downloaded from [https://www.1und1.ag/welcome - Investor Relations - Reports](https://www.1und1.ag/welcome-Investor-Relations-Reports). In all cases of doubt, the German version shall prevail.

Future-oriented Statements

This Interim statement contains certain forward-looking statements which reflect the current views of 1&1 AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this Interim Statement are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which 1&1 often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of 1&1 AG. 1&1 does not intend to revise or update any forward-looking statements set out in this Interim Statement.

Brand portfolio of 1&1



Additional information as contact details, can be found on the homepage:
<https://www.1und1.ag/contact-us>



1&1 AG

Elgendorfer Straße 57
56410 Montabaur
Deutschland

www.1und1.ag