



**Interim statement
Q3 2024**

FACTS & FIGURES

Selected Performance Indicators	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change	Q2 2024	Q1 2024	Q4 2023
Profit (in €m)									
Revenues	3,017.2	3,031.8	-0.5%	1,001.3	1,038.7	-3.6%	991.5	1,024.4	1,064.9
Service revenues	2,478.7	2,418.9	2.5%	833.8	834.3	-0.1%	823.0	821.9	824.3
Hardware and Other revenues	538.5	612.9	-12.1%	167.5	204.4	-18.1%	168.5	202.5	240.6
EBITDA	463.0	511.1	-9.4%	136.4	159.1	-14.3%	144.3	182.3	142.7
EBITDA segment Access	630.1	584.9	7.7%	192.5	192.1	0.2%	212.9	224.7	201.3
EBITDA segment 1&1 Mobile Network	-167.1	-73.8		-56.1	-33.0	70.0%	-68.6	-42.4	-58.6
EBIT	287.5	363.7	-21.0%	91.4	109.6	-16.6%	78.2	117.9	92.1
EBIT excluding PPA write-offs	330.3	406.5	-18.7%	105.6	123.8	-14.7%	92.5	132.2	106.4
EBT	286.5	370.0	-22.6%	90.0	112.4	-19.9%	77.7	118.8	94.9
EBT excluding PPA write-offs	329.4	412.8	-20.2%	104.3	126.6	-17.6%	92.0	133.1	109.2
Profit per share (in €)	1.11	1.44	-22.9%	0.34	0.42	-19.0%	0.30	0.47	0.35
Profit per share excluding PPA write-offs (in €)	1.28	1.60	-20.0%	0.39	0.47	-17.0%	0.36	0.53	0.41
Cash flow (in €m)									
Net inflow of funds from operating activities	133.8	213.0	-37.2%	158.4	190.0	-16.7%	-113.0	88.5	12.6
Net outflow of funds in investment sector	-73.7	-181.4	-59.4%	-143.2	-180.6	-20.6%	138.9	-69.4	56.2
Free cash flow	63.0	79.2	-20.5%	121.5	137.2	-11.4%	-137.0	78.5	-149.3
	30/09/2024	31/12/2023	Change	30/09/2024	31/12/2023	Change	30/06/2024	31/03/2024	31/12/2023
Headcount (incl. management board)									
Total per end of September	3,280	3,320	-1.2%	3,280	3,320	-1.2%	3,321	3,313	3,320
Customer contracts (in millions)									
Access, contracts	16.35	16.26	0.6%	16.35	16.26	0.6%	16.35	16.30	16.26
of which mobile internet	12.38	12.25	1.1%	12.38	12.25	1.1%	12.36	12.29	12.25
of which broadband (ADSL, VDSL, FTTH)	3.97	4.01	-1.0%	3.97	4.01	-1.0%	3.99	4.01	4.01
Balance Sheet (in €m)									
Short-term assets	1,939.2	1,927.8	0.6%	1,939.2	1,927.8	0.6%	1,847.9	1,969.2	1,927.8
Long-term assets	6,100.6	5,812.5	5.0%	6,100.6	5,812.5	5.0%	6,074.4	5,868.7	5,812.5
Shareholders' equity	6,077.0	5,887.1	3.2%	6,077.0	5,887.1	3.2%	6,016.3	5,970.4	5,887.1
Balance sheet total	8,039.8	7,740.3	3.9%	8,039.8	7,740.3	3.9%	7,922.3	7,837.9	7,740.3
Equity ratio	75.6%	76.1%		75.6%	76.1%		75.9%	76.2%	76.1%

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Letter from the Management Board



Dear Shareholders,

the first nine months of 2024 have proven somewhat challenging for 1&1. This also applied to the Q3 2024: While we were once again able to achieve key milestones, we continued to deal with the consequences of the network outage at the end of May, which also weighed on our contract and earnings figures in Q3.

As the fourth network operator, 1&1 is committed to making a difference in the German mobile communications market. As a new entrant, we benefit from adopting the latest technology from the outset— without legacy issues and compromises. 1&1 O-RAN is based on the new Open RAN technology. Our network is not only free from having to depend on dominant suppliers from China but also fully prepared for future applications. To achieve this, we are constructing hundreds of decentralised data centres across Germany, connecting them over short distances to our radio masts via fibre optics. This allows us to control the antennas from the decentralised data centres.

In the future, we will also operate application computers in the decentralised data centres. With them, data can be processed directly on site, eliminating the need to transport data across the internet. This is how our cloud-native network architecture can provide near real-time transfer speeds.

At the end of May, we encountered a temporary disruption in our mobile network. As we worked to restore the service, it became apparent that key components in the core network were not sufficiently scaled. We took immediate action and in summer 2024 we added missing components for future growth to our first two core data centres. At the same time, the launch of two additional core data centres was delayed and they went live at the beginning of November 2024.

Now that we have a network of four high-performance core data centres, the migration of existing customer contracts to our network could be resumed. As a result, we will realise extensive savings in wholesale costs.

Alongside overcoming these obstacles, we celebrated additional milestones in our 1&1 5G network. Our national roaming partnership with Vodafone started at the end of August. Through this partnership, we are

able to offer our mobile customers top-quality network coverage even in areas where the 1&1 O-RAN network is not yet operational. National roaming with Vodafone will be available to all 1&1 mobile customers by the end of 2025. At the same time, we will completely phase out our national roaming services from Telefónica. We are confident that our customers will benefit greatly from this partnership, as Vodafone has invested heavily in high-quality network infrastructure in recent years, delivering impressive results, especially in expanding 5G coverage nationwide.

At the same time, our primary focus remains on rapidly expanding the 1&1 mobile network and rolling out the innovative OpenRAN technology to more regions. We are seeing solid progress here. The delivery of antenna sites by our development partners has increased noticeably. By the end of the third quarter, we had established 2,016 sites, which we are gradually connecting to fibre and equipping with gigabit antennas. In addition, we have secured 966 signed leases for new site developments.

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. Of course, we do not rely on good offerings alone, quality and service are the differentiators for our private and business customers. Over the first nine months of the financial year, we were also pleased to receive several awards that highlight our commitment to excellence. In the connect Fixed-Line Test 2024, 1&1's high-performance products earned a "very good" rating once again. Similarly, "1&1 TV" received a "very good" in the IPTV comparison test by the major consumer magazine "IMTEST", and our customer service proved outstanding across the board: In *connect's* Broadband Hotline Test, 1&1 was rated "very good" overall for having the shortest waiting times, an "excellent" voice response system, and "top accessibility".

Our 1&1 mobile hotline was also recognised, achieving a "very good" score, particularly in the categories of "Expertise" and "Availability". At the same time as 1&1 received the grade 'very good', our discount brand yourfone won the rating of alternative providers with the top grade 'outstanding'.

In addition, we were thrilled to win the connect test of network operators' service apps: scoring 988 out of a possible 1,000 points, the "1&1 Control Center" not only took an "outstanding" first place, but also achieved top marks in the categories of "functionality", "navigation" and 'data protection'.

Now for the operating side of the business

1&1 has continued its path of growth in the first nine months 2024 and increased its customer base, service revenues and EBITDA in the Access operating segment. However, business development remained below our expectations.

Specifically, our customer contracts grew by 90,000 to 16.35 million (compared to 16.26 million on 31 December 2023). This growth was driven by newly acquired mobile internet contracts, which totalled 12.38 million by the end of Q3 2024 (+ 20,000 in Q3/2024), while our broadband customer base saw a slight decrease to 3.97 million (- 20,000 in Q3/2024.) Particularly growth in mobile services was below initial expectations. This was mainly due to the effects of the network migration of existing customers and extraordinary cancellations as a result of the temporary disruption of the mobile network at the end of May 2024. For the fourth quarter, a similar development to that seen in the Q3 2024 is expected for broadband connections, while growth of the number of mobile customers is expected to outrange increase in the third quarter.

Our high-margin service revenue increased, reaching €2.479 billion in the first nine months of the financial year 2024 (9M 2023: €2.419 billion, which is 2.5 percent higher than the previous year.

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) declined by -12.1 percent or -€74.4 million to €538.5 million (9M 2023: €612.9 million). Margins in the hardware business are low. It fluctuates seasonally and its development depends heavily on the attractiveness of new devices and the model cycles of manufacturers.

1&1 AG's total revenue decreased by -0.5 percent or -€14.6 million to €3.017 billion (9M 2023: €3.032 billion).

EBITDA in the operational Access segment increased by 7.7 percent to €630.1 million in the first nine months of 2024 (9M 2023: €584.9 million). At the same time, start-up costs for the 1&1 Mobile Network increased to -€167.1 million (9M 2023: -€73.8 million) including approximately -€14 million in expenses relating to other periods. The increase in start-up costs is, beside others, resulting from lower savings on wholesale costs (due to delays in the network migration of existing customers). Due to these increased start-up costs, 1&1 AG's total EBITDA fell by -9.4 percent to €463.0 million (9M 2023: €511.1 million).

Due to the lower EBITDA and higher depreciation expenses, particularly following the launch of mobile services on the 1&1 Mobile Network at the end of 2023, amounting to -€175,5 million (9M 2023: -€147.4 million), EBIT decreased to €287.5 million (9M 2023: €363.7 million). Consequently, earnings per share (EPS) in the first nine months of 2024 were €1.11 (9M 2023: €1.44). Precluding the effects of the PPA write-offs, the profit per share amounted to €1.28 (9M 2023: €1.60).

Free cash flow in the first nine months of financial year 2024 came to €63.0 million (previous year: €79.2 million). Free cash flow includes investments in tangible and intangible assets (cash capex) amounting to €70.8 million (9M 2023: €133.8 million), which primarily relate to the expansion of our mobile network. The lower investment volume compared to the previous year is due to a phasing effect during the year.

We are specifying our revenue forecast and expect an increase in service revenues to approximately €3.31 billion (previously: approximately €3.33 billion; 2023: €3.243 billion). At the same time, we confirm our earnings forecast for 2024: EBITDA in the operating Access segment is expected to increase unchanged by approximately 9 percent to approximately €860 million (2023: €786.2 million), while the expected start-up costs for the 1&1 Mobile Network will continue to amount to approximately -€174 million (2023: -€132.4 million), including approximately -€14 million of expenses related to other periods. Overall, EBITDA in 2024 is expected to increase unchanged to around €686 million (2023: €653.8 million).

We continue to expect a capital expenditure volume (cash capex) of around €460 million (2023: €295.6 million).

1&1 is well positioned for the next steps in the Company's development. We are optimistic about the future. We would like 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, November 2024

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Principles of the Group

Business Model

1&1 – only MBA MVNO on the German mobile market and rollout of the 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 and mobile network operator operating in Germany. The Group is managed via two business segments: Access and 1&1 Mobile Network.

Course of business

Development in the Access segment

The Group’s chargeable mobile internet and broadband products, including the related applications (such as home networks, online storage, telephony, video on demand or IP-TV), are grouped together in the Access segment.

1&1 serves more than 16.35 million contracts in the broadband and mobile communications product sectors, making it a leading internet specialist in Germany. 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”), a member of the United Internet AG Group. 1&1 can also market regional networks and broadband home connections from City Carriers and Deutsche Telekom through an agreement with 1&1 Versatel. To ensure mobile phone customers have optimal network coverage, 1&1 utilises national roaming wholesale services from Telefónica during the construction of the 1&1 mobile network, and since 29 August 2024, from Vodafone. 1&1 sets itself apart from its competitors by supplementing bundled packages with devices, applications developed in-house, and services.

The total number of fee-based contracts in the Access segment increased by 90,000 to 16.35 million in the first nine months of 2024. The increase in customer contracts can be attributed to the mobile internet business, which amounted to 12.38 million contracts as of 30 September 2024. Broadband contracts slightly decreased to 3.97 million compared to 31 December 2023. Growth in contracts was below initial expectations, particularly in the mobile communications business, mainly particularly due to the continued intense

competition in the mobile communications market in Q3 2024, which significantly impacted sales, as well as to extraordinary cancellations in connection with the temporary disruption of the mobile communications network in May 2024. As a result, growth in service revenue and EBITDA in the first three quarters of 2024 were lower than expected.

Development of Access Contracts in the first nine months of 2024 (in millions)

	30/09/2024	30/06/2024	31/03/2024	31/12/2023	Change
Access, total contracts	16.35	16.35	16.30	16.26	+0.09
of which mobile internet	12.38	12.36	12.29	12.25	+0.13
of which broadband lines	3.97	3.99	4.01	4.01	-0.04

Customer contracts are marketed in the Access reporting segment while the 1&1 Mobile Network segment produces infrastructure advance services, so external sales revenues are generated exclusively in the Access segment. The segment reporting is aligned with the internal organisation and reporting structure.

By 30 September 2024, revenues in the Access segment decreased by -€14.6 million to €3,017.2 million (9M 2023: €3,031.8 million), and the high-margin service revenues included in this line item rose by 2.5 percent to €2,478.7 million (9M 2023: €2,418.9 million). This development in service revenue is primarily due to the increase in the number of subscribers, which, however, fell short of expectations. Material costs in the Access segment decreased by -€73.0 million to €1,949.4 million (9M 2023: €2,022.4 million), which is mainly due to the reduced cost of goods sold as a result of reduced hardware sales. Gross profit from the Access segment revenue increased from €1,009.3 million to €1,067.9 million.

Segment EBITDA is at €630.1 million (9M 2023: €584.9 million).

Major revenue and profit indicators in the Access segment (in €m)

	9M 2024	9M 2023	Change
Sales revenue	3,017.2	3,031.8	-0.5%
Service revenue	2,478.7	2,418.9	+2.5%
EBITDA	630.1	584.9	+7.7%

Quarterly development: Change compared to the previous year's quarter in the Access segment (in €m)

	Q3 2024	Q3 2023	Change
Sales revenue	1,001.3	1,038.7	-37.4
Service revenue	833.8	834.3	-0.5
EBITDA	192.5	192.1	+0.4

1&1 Mobile Network segment

In the first three quarters of the financial year 2024, the focus in the 1&1 Mobile Network segment continued to be on smooth operations and the further expansion of the 5G mobile network.

With the successful launch of mobile services on the 1&1 Mobile Network on 8 December 2023, 1&1 now operates a fully functional mobile network. Since then, all new customers have been connected directly to our own network. At the start of 2024, we began gradually migrating our existing customers onto this network. However, this migration was temporarily paused when a network outage at the end of May 2024 revealed an underscaling of core components in the 1&1 network. With the completion of the third and fourth core data centres at the beginning of November 2024, we were able to resume the migration of existing customers. Due to this delay, the anticipated cost savings from the migration in 2024 could not be achieved to the initially expected extent, which had a negative impact on earnings. The migration delays are expected to be fully recouped in 2025.

EBITDA in 1&1 Mobile Network segment was at -€167.1 million (9M 2023: -€73.8 million). In addition to a planned increase in costs associated with ongoing expansion, interconnection with the Vodafone network, and the customer migration, unplanned costs related to the temporary network outage in May 2024 also contributed to this EBITDA change.

In the first nine months of the financial year 2024, revenue from providing mobile services to the Access segment amounted to €23.0 million.

Cash capex for 1&1 Mobile Network segment stood at €58.6 million (9M 2023: €123.3 million). The lower investment volume compared to the previous year is due to delayed invoicing by service providers. Investment volume is expected to increase significantly as planned in the fourth quarter of the year.

Position of the Group

Earnings position in the Group (in €m)

	9M 2024	9M 2023
Sales revenue	3,017.2	3,031.8
Cost of sales*	-2,190.8	-2,142.7
Gross profit	826.4	889.1
Distribution costs	-390.6	-387.0
Administration costs*	-86.0	-85.9
Other operating income / expenses	27.6	24.9
Impairment losses	-89.9	-77.4
Results from operating activities	287.5	363.7
Financial result	-1.0	6.3
Profit before taxes	286.5	370.0
Tax expenses	-90.2	-117.0
Group earnings	196.3	253.0

*For better comparability, the cost of sales and administration expenses in the 1&1 Mobile Network segment were adjusted for the 2023 reporting period.

The 1&1 Group its unabated course of growth in the first three quarters of 2024. As in previous years, the contract customer business is the growth driver for the 1&1 Group. In the first three quarters of the financial year 2024, it was possible to increase the number of chargeable contracts in comparison with the previous year by 0.6 percent to 16.35 million contracts. The increased number of cancellations following the 1&1 mobile network outage in late May 2024, along with persistent competitive pressure, has somewhat slowed growth compared to previous years.

Revenue in the first nine months of the financial year 2024, down from €3,031.8 million during the same period in 2023, decreased by -0.5 percent to €3,017.2 million. The sustainable and high-margin service revenues, which result essentially from the billing of current customer relationships, increased by 2.5 percent to €2,478.7 million. The positive development of service revenues results from the ongoing rise in the number of contract customers and the related monthly payments.

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), fell by -12.1 percent to €538.5 million in the first three quarters of 2024 (9M 2023: €612.9 million). This area is subject to seasonal fluctuations and depends on the appeal of new devices and manufacturers' model cycles, which had led to an unusually high hardware turnover in the prior year. Regardless, these revenue fluctuations have no significant impact on EBITDA development.

Cost of sales increased in the first nine months of 2024 by €48.1 million or 2.2 percent to €2,190.8 million in the first nine months of 2024 (9M 2023: €2,142.7 million). The cost of sales in the Access segment were down by -3.6 percent year-on-year, reaching €1,971.6 million (9M 2023: €2,046.0 million), largely due to a decline in smartphone and other hardware sales.

The cost of sales in the 1&1 Mobile Network segment reached €242.3 million (9M 2023: €96.7 million), primarily covering expenses related to setting up, expanding, and operating the 1&1 mobile network. Depreciation in the cost of sales totalled €61.8 million in the first nine months of 2024 (9M 2023: €34.5 million), unchanged from last year, and included €30.6 million in depreciation for mobile network licenses. Additionally, cost of sales includes €14.3 million in out-of-period expenses from later invoices for additional network build-out services in 2022 and 2023.

The gross margin was 27.4 percent (9M 2023: 29.3 percent). As a result of the higher expenses included in the cost of sales in the 1&1 Mobile Network segment, the gross profit from revenues fell from €889.1 million by -7.1 percent or -€62.7 million to €826.4 million.

Distribution costs increased by €3.6 million to €390.6 million due to further intensified advertising and marketing activities (9M 2023: €387.0 million). In relation to revenues, distribution costs in the first nine months of financial year 2024 amounted to 12.9 percent (9M 2023: 12.8 percent).

Administration expenses changed from €85.9 million in the previous year (2.8 percent of revenue) to €86.0 million (2.9 percent of revenue).

The other result amounted to €27.6 million (9M 2023: €24.9 million) and consists of other operating expenses of €3.0 million (9M 2023: €2.9 million) and other operating income of €30.6 million (9M 2023: €27.8 million). The increase is primarily due to the improved collection of reminder and chargeback fees.

The impairment on receivables and contract assets amounted to €89.9 million in the first nine months of the financial year 2024, after €77.4 million as of 30 September 2023. In relation to sales revenues, the impairment ratio was 3.0 percent (9M 2023: 2.6 percent).

As of 30 September 2024, EBITDA amounted to €463.0 million (9M 2023: €511.1 million). At Group level, EBITDA was -9.4 percent below the value for the comparable period of the previous year due to the constant network expansion and ongoing operation of the 1&1 mobile network and the associated expenses. Savings in wholesale costs have not materialized to the extent expected due to the delayed migration of existing customers. The EBITDA margin was 16.9 percent as of 30 September 2024, compared to 15.3 percent in the comparable period.

Earnings before interest and taxes (EBIT) in the first three quarters of 2024 amounted to €287.5 million (9M 2023: €363.7 million). The EBIT margin came to 9.5 percent (9M 2023: 12.0 percent). Excluding the effects of PPA depreciation (depreciation on the assets recognised as part of the purchase price allocation in the merger of 1&1 and Drillisch), the EBIT came to €330.3 million and the EBIT margin was 10.9 percent (9M 2023: €406.5 million or EBIT margin 13.4 percent). Here, too, the development results primarily from the increased costs in the 1&1 Mobile Network segment.

Financing expenses amounted to €13.8 million (9M 2023: €7.6 million). The increase results from the higher interest expenses from finance leasing. Financial income amounted to €12.8 million (9M 2023: €13.9 million) and, as in the previous year, includes in particular interest from the investment of free liquidity at United Internet AG as part of short-term liquidity management.

Earnings before taxes (EBT) came to €286.5 million in the first three quarters of 2024 (9M 2023: 370.0 million). Tax expenses amounted to €90.2 million (9M 2023: €117.0 million). The tax rate is 31.5 percent (9M 2023: 31.6 percent).

The consolidated result amounted to €196.3 million in the first three quarters of 2024 (9M 2023: €253.0 million).

Undiluted profit per share in the first nine months of the financial year 2024 amounted to €1.11 (9M 2023: €1.44). Excluding the effects of the PPA write-offs, the undiluted profit per share in 2024 amounted to €1.28 (9M 2023: €1.60).

Major revenue and profit indicators (in €m)

	9M 2024	9M 2023	Change
Sales revenue	3,017.2	3,031.8	-14.6
Service revenue	2,478.7	2,418.9	59.8
EBITDA	463.0	511.1	-48.1
EBIT	287.5	363.7	-76.2

Financial position in the Group

Development of the key cash flow figures (in €m)

	9M 2024	9M 2023	Change
Cash flow from operating activities	373.3	383.7	-10.4
Net inflow of funds from operating activities	133.8	213.0	-79.2
Cash flow from investments	-73.7	-181.4	107.7
Free cash flow	63.0	79.2	-16.2
Cash flow from financing sector	-59.3	-32.6	-26.6
Cash and cash equivalents as at 30 September	4.0	3.7	0.3

Net cash inflows from operating activities for the first nine months of the financial year 2024 amounted to €133.8 million, down from €213.0 million in the comparable period of 2023. This change is primarily due to the change in assets and liabilities, which amounted to -€239.5 million in the first nine months of 2024, -€68.8 million below the prior-year figure. As in the previous year, the high cash outflow is primarily due to advance payments under the allotment agreement with Deutsche Telekom. These payments are expected to be made on a significantly reduced scale from 2025 onwards. The increase in cash outflows compared to the previous year was due in particular to the change in trade payables and tax prepayments.

The cash flow from investments includes in particular investments in intangible and tangible assets in the amount of €71.1 million (9M 2023: €133.8 million). Investments, which will primarily be made in the 1&1 mobile network, are scheduled to increase over the year 2024 and amount to €460 million for the entire year. Accruals of €69.4 million were recorded as of 30 September 2024 for fixed assets that have already been utilised but for which final invoices have not yet been issued. In addition, payments from short-term investments totalled over €15.5 million (9M 2023: €57.5 million). These payments relate to the short-term investment of free cash with United Internet AG. The payments from interest amounted to €12.8 million (9M 2023: €10.1 million).

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 €63.0 million in the first three quarters of 2024 (9M 2023: €79.2 million).

Cash flow from the financing sector included in particular interest paid in the first three quarters of 2024 amounting to €39.7 million (9M 2023: €4.7 million). The interest paid came mainly from the payments related to the expansion of white spots. In return, 1&1 has committed to deferring the purchase price for the 5G frequencies, which is why the payments are like interest and are therefore classified as financing. Additionally, cash flow from financing activities includes lease repayments of €10.8 million (9M 2023: €19.0 million) and dividend payments of €8.8 million (9M 2023: €8.8 million).

The cash and cash equivalents as of 30 September 2024 amounted to €4.0 million (30 September 2023: €3.7 million).

Assets and liabilities in the Group

Development of assets, liabilities and equity (in €m)

	30/09/2024	31/12/2023	Change
Short-term assets	1,939.2	1,927.8	11.4
Long-term assets	6,100.6	5,812.5	288.1
Total assets	8,039.8	7,740.3	299.5
Short-term liabilities	673.1	716.6	-43.5
Long-term liabilities	1,289.7	1,136.6	153.1
Shareholders' equity	6,077.0	5,887.1	189.9
Balance sheet total	8,039.8	7,740.3	299.5

The balance sheet total increased from €7,740.3 million as of 31 December 2023 to €8,039.8 million as of 30 September 2024. On the assets side, the increase is accounted for by current assets at €11.4 million and long-term assets at €288.1 million.

At €4.0 million, cash and cash equivalents are €0.8 million above the 31 December 2023 value of €3.2 million.

Receivables from trade have risen by 7.8 percent due to billing cycles, reaching €359.5 million as of the reporting date, compared to 31 December 2023.

The accounts due from associated companies primarily include receivables related to the investment of free liquidity at United Internet AG. As of 30 September 2024, the total of invested liquid funds at United Internet AG amounted to €425.5 million (31 December 2023: €410.0 million). The total accounts due from associated companies amounted to €433.7 million as of 30 September 2024, compared to €434.3 million as of 31 December 2023.

Due to the scheduled sale of smartphones and hardware, the value of inventories as of 30 September 2024 is €128.1 million (31 December 2023: €178.0 million), below the level at the end of 2023.

Short-term contract assets primarily include receivables from hardware sales and decreased by -€46.2 million compared to the end of the year. The decline is due to the decline in hardware sales compared to the previous year. Short-term prepaid expenses rose from €250.6 million as of 31 December 2023 to €315.3 million as of 30 September 2024 and relate to contract costs and prepaid utilisation fees that will not be recognised through expenditures until later periods.

Other financial assets show an increase from €42.6 million as of 31 December 2023 to €52.3 million as of 30 September 2024. Income tax assets amounted to €19.1 million as of 30 September 2024, staying in line with the same period last year. At €6.6 million, other non-financial assets were slightly below the 2023 year-end level.

Long-term assets increased by €288.1 million to €6,100.6 million. The main driver was tangible assets, which increased by €219.8 million. This increase in tangible assets is primarily due to the balancing of lease rights for rented antenna sites as part of our network expansion and the network infrastructure. The reduction of -€69.2 million in intangible assets compared to the 31 December 2023 is primarily the result of scheduled depreciation of assets identified in the 1&1 purchase price allocation. Goodwill remains unchanged from the previous year at €2,932.9 million. Long-term contract assets decreased from €206.5 million as of 31 December 2023 to €173.8 million.

Long-term prepaid expenses, which essentially include advance payments made within the framework of long-term purchasing contracts as well as long-term costs to obtain and fulfil contracts, increased from €609.3 million as of 31 December 2023 to €779.3 million as of 30 September 2024. This was due to advance payments to Deutsche Telekom as part of the allotment agreement.

On the liabilities side, the increase in total assets is attributable to €189.9 million in equity €109.6 million in debt. Current liabilities have reduced from €716.6 million as of 31 December 2023 to €673.1 million, whereas long-term debts have increased from €1,136.6 million to €1,289.7 million.

Trade accounts payables included in current liabilities increased from €277.1 million to €299.3 million. The main reason for this was outstanding payments relating to investments in the 1&1 mobile network. Accounts due to associated companies of the United Internet Group and amount to €148.7 million (31 December 2023: €165.5 million). The decline is mainly due to accounts payable to 1&1 Versatel.

The current other financial liabilities amount to €140.0 million (31 December 2023: €127.8 million). Current other non-financial liabilities fell to €8.1 million as of 30 September 2024 (31 December 2023: €8.9 million).

Current contract liabilities are unchanged and include short-term liabilities from reimbursement obligations for one-time fees for revoked contracts and deferred income from one-time fees, and amount to €50.3

million (31 December 2023: €51.6 million). Long-term contract liabilities in the amount of €9.6 million (31 December 2023: €11.1 million) include deferred long-term income from one-time fees.

The increase in long-term liabilities results almost entirely from the change in other long-term financial liabilities, which rose by €144.0 million to €1,019.8 million. The increase is attributed to higher lease liabilities associated with the leasing of antenna sites for the 1&1 mobile network. Included in the long-term other financial liabilities, unchanged from 31 December 2023, are the frequency liabilities amounting to €702.6 million.

Deferred tax liabilities decreased slightly from €207.8 million as of 31 December 2023 to €205.9 million as of 30 September 2024.

Group equity rose from €5,887.1 million as of 31 December 2023 to €6,077.0 million as of 30 September 2024. The equity ratio amounts to 75.6 percent as of 30 September 2024 (31 December 2023: 76.1 percent). The subscribed 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. As at the balance sheet date, 1&1 AG holds 465,000 shares in treasury stock (31 December 2023: 465,000), and the issued share capital of 1&1 AG amounts to €193.9 million.

Risks and opportunities report

The risk and opportunity policy of the 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 operations in a controlled corporate environment.

The risk and opportunity management regulates the responsible handling of uncertainties that are always a part of entrepreneurial activities.

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 nine months of 2024 compared with the risk and opportunity reporting in the 2023 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.

In the 2023 annual report on opportunities and risks, 1&1 highlighted the risks associated with the continued development and operation of the 1&1 mobile network. These risks partially materialised in the first nine months of 2024 due to the network disruption at the end of May. The specific causes of the disruption were addressed, allowing for the prevention of further major issues. However, given the high technical complexity of building the mobile network, future disruptions cannot be entirely ruled out.

Following the disruption, audits identified capacity constraints in the network. As a precaution, 1&1 scaled back customer migration. Although the migration will be completed later, the delay reduces the cost-saving potential of advance services. The constraints were resolved in summer 2024. Beginning of November 2024 a notable capacity expansion occurred, when two additional core data centres went into operation.

We are currently negotiating with our expansion partners in response to the network disruption, which could result in compensation payments. These negotiations also involve discussing claims for unplanned additional costs submitted by one of the partners.

In August 2024, the Cologne Administrative Court ruled that the rules for the 2019 auction of 5G mobile phone frequencies, in which 1&1 also acquired mobile phone frequencies, were unlawful. The acquisition of the frequencies was linked to specific expansion obligations, including the construction of 1,000 mobile network sites by the end of 2022. As reported in the past, 1&1 was unable to fulfil this obligation, whereupon the Federal Network Agency initiated a fine procedure, which has not yet been completed. Even though the specific consequences of the court ruling are still unclear, 1&1 is seeking to have the fine proceedings suspended and has contacted the Federal Network Agency in this regard. 1&1 has created a provision for a possible fine. 1&1 will re-evaluate the recognition of this provision depending on the reaction of the Federal Network Agency and the as-yet unpublished reasons for the judgment.

Forecast report

In the context of the intense competition in the market environment, 1&1 is specifying its revenue forecast and expects service revenues to increase to approximately €3.31 billion (previously: approximately €3.33 billion; 2023: €3.243 billion). EBITDA in the Access operating segment is expected to increase by approximately 9 percent to approximately €860 million (2023: €786.2 million). The start-up costs for the 1&1 mobile network are expected to amount to approximately -€174 million (2023: -€132.4 million). Overall, EBITDA in 2024 is thus expected to be approximately €686 million (2023: €653.8 million).

Due to sustained intense competition and unplanned extraordinary terminations in connection with the network disruption in May 2024, subscriber growth of between 100,000 and 200,000 is expected for the 2024 financial year. In the combined management report for the 2023 financial year, the company had still assumed net growth of 200,000 to 300,000 contract customers.

1&1 expects the investment volume (cash capex) to be approximately €460 million (2023: €295.6 million). The background to this is the build-up of the company's own inventory of network components, which were previously stocked by expansion partners.

Future-oriented statements and forecasts

This quarterly release 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 quarterly release.

Explanatory comments on the quarterly release

Information about the Company

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.

With more than 16 million customer contracts in the broadband and mobile communications product sectors, 1&1 is one of Germany's leading internet specialists. Since 8 December 2023, 1&1 has been operating a fully functional, innovative mobile network based on advanced OpenRAN technology. 1&1 has access to one of the largest fibre optic networks in Germany that is operated by its affiliate 1&1 Versatel GmbH, Düsseldorf (hereinafter: "1&1 Versatel"), a member of the United Internet AG Group.

Wherever 1&1 does not yet have its own antennas during the expansion of the mobile network, mobile customers will use the Telefónica and Vodafone networks via national roaming. All customers will gradually be switched to national roaming with Vodafone. Customers who have not yet migrated to the 1&1 O-RAN use Telefónica's mobile network in Germany (so-called Mobile Bitstream Access Mobile Virtual Network Operator = MBA MVNO).

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.

Major accounting, valuation and consolidation principles

The quarterly release from 1&1 AG as of 30 September 2024 was prepared, just as the consolidated annual financial statements as of 31 December 2023, in compliance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU).

This quarterly release does not constitute an interim report within the sense of IAS 34. The accounting and valuation principles applied in the quarterly release are exactly the same as the methods applied as of 31 December 2023 with the exception of the standards that must be applied for the first time, and the release must be read in the context of the consolidated financial statements as of 31 December 2023.

Use of assumptions and estimates

During preparation of the quarterly release, 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 financial key performance indicators relevant to business management

Financial key 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 key performance indicators is available starting on page 59 of the Annual Report 2023 of 1&1 AG.

The financial key performance indicators relevant for the management of the Group are service revenues, EBITDA according to IFRS and cash capex. In addition to these financial key performance indicators, the most important non-financial key indicator is the number of customer contracts.

The aforementioned key performance indicators 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 performance indicators" (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 key 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 roll-over to the unadjusted financial key performance indicators. No adjustments were necessary for the financial years 2023 and 2024, so the unadjusted figures are comparable.

Miscellaneous

All 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 2023.

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

The quarterly release has not been audited in accordance with section 317 Commercial Code [*Handelsgesetzbuch; HGB*] or reviewed by an auditor.

Interim consolidated financial statements as of 30 September 2024

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Consolidated Comprehensive Income Statement

from 1 January to 30 September 2024

	2024 January - September k€	2023 January - September k€
Sales	3,017,237	3,031,758
Cost of sales*	-2,190,860	-2,142,667
GROSS PROFIT FROM REVENUES	826,377	889,091
Distribution costs	-390,551	-386,981
Administration costs*	-86,030	-85,907
Other operating income	30,574	27,745
Other operating expenses	-3,006	-2,900
Impairment losses from receivables and contract assets	-89,860	-77,365
RESULTS FROM OPERATING ACTIVITIES	287,504	363,683
Financing expenses	-13,803	-7,615
Financial income	12,848	13,933
PROFIT BEFORE TAXES	286,549	370,001
Tax expenses	-90,218	-116,982
CONSOLIDATED PROFIT	196,331	253,019
Profit per share (in €)		
- undiluted	1.11	1.44
- diluted	1.11	1.44
Weighted average number of shares outstanding (in millions)		
- undiluted	176.30	176.30
- diluted	177.20	176.30
Rollover to total consolidated profit		
CONSOLIDATED PROFIT	196,331	253,019
Other results	0	0
TOTAL CONSOLIDATED PROFIT	196,331	253,019

*For better comparability, the cost of sales and administration expenses in the 1&1 mobile network segment were adjusted for the 2023 reporting period.

Consolidated Balance Sheet

as of 30 September 2024

	30/09/2024	31/12/2023
	k€	k€
ASSETS		
Short-term assets		
Cash and cash equivalents	4,004	3,197
Trade accounts receivable	359,492	333,372
Receivables due from associated companies	433,658	434,343
Inventories	128,090	177,999
Contract assets	620,604	666,836
Prepaid expenses	315,315	250,586
Other financial assets	52,299	42,620
Income tax assets	19,137	9,744
Other non-financial assets	6,625	9,106
	1,939,224	1,927,803
Long-term assets		
Other financial assets	2,770	2,566
Tangible assets	720,837	501,029
Intangible assets	1,490,921	1,560,144
Goodwill	2,932,943	2,932,943
Contract assets	173,811	206,497
Prepaid expenses	779,327	609,324
	6,100,609	5,812,503
Total assets	8,039,833	7,740,306

	30/09/2024	31/12/2023
	k€	k€
LIABILITIES AND EQUITY		
Short-term liabilities		
Trade accounts payable	299,280	277,053
Liabilities due to associated companies	148,739	165,461
Contract liabilities	50,272	51,564
Other provisions	23,521	24,028
Other financial liabilities	139,970	127,787
Other non-financial liabilities	8,114	8,937
Income tax liabilities	3,244	61,782
	673,140	716,612
Long-term liabilities		
Contract liabilities	9,650	11,065
Other provisions	54,330	42,016
Other financial liabilities	1,019,769	875,758
Deferred tax liabilities	205,929	207,781
	1,289,678	1,136,620
Total liabilities	1,962,818	1,853,232
Equity		
Share capital	194,442	194,442
Treasury shares	-512	-512
Capital reserves	2,441,739	2,439,314
Cumulative consolidated results	3,442,208	3,254,692
Other equity	-862	-862
TOTAL EQUITY	6,077,015	5,887,074
TOTAL LIABILITIES AND EQUITY	8,039,833	7,740,306

Consolidated Cash Flow Statement

from 1 January to 30 September 2024

	2024 January - September k€	2023 January - September k€
RESULTS FROM OPERATING ACTIVITIES		
Consolidated profit	196,331	253,019
Allowances for rollover of consolidated profit to incoming and outgoing payments		
Amortisation and depreciation on intangible and tangible assets	110,841	82,751
Depreciation on assets capitalised within the framework of corporate acquisitions	64,633	64,633
Personnel expenses from employee stock ownership programmes	2,425	1,400
Changes in the adjustment items for deferred tax assets	-1,853	-11,789
Correction profits / losses from the sale of tangible assets	1	9
Financial result	955	-6,318
Other items not affecting payments	13	5
CASH FLOW FROM OPERATING ACTIVITIES	373,346	383,710
Changes in assets and liabilities		
Change in receivables and other assets	-21,965	-80,940
Change in contract assets	78,918	-890
Change in inventories	49,909	16,739
Change in prepaid expenses	-234,733	-252,359
Change in trade accounts payable	-47,174	61,512
Change in other provisions	-3,629	457
Change in income tax liabilities	-58,538	26,118
Change in other liabilities	919	-14,230
Change in receivables due from / liabilities due to associated companies	-537	68,015
Change in contract liabilities	-2,707	4,857
Changes in assets and liabilities, total	-239,537	-170,721
Net inflow of funds from operating activities	133,809	212,989

	2024 January - September k€	2023 January - September k€
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-71,088	-133,846
Inflow of funds from disposal of intangible and tangible assets	263	76
Investments in other financial assets	-207	-235
Outflow of short-term investment	-15,500	-57,500
Interest received	12,831	10,082
Net outflow of funds in investment sector	-73,701	-181,423
CASH FLOW FROM FINANCING SECTOR		
Dividend payment	-8,815	-8,815
Repayment of leasing liabilities	-10,788	-18,995
Interest payments	-39,698	-4,746
Net outflow of funds in financing sector	-59,301	-32,556
Net increase/decline in cash and cash equivalents	807	-990
Cash and cash equivalents at beginning of fiscal year	3,197	4,677
Cash and cash equivalents at end of reporting period	4,004	3,687

Consolidated Change in Equity Statement

in Financial Years 2024 and 2023

	Share capital		Treasury shares		Capital reserve	Cumulative consolidated results	Other equity	Total equity
	Denomination	k€	Denomination	k€	k€	k€	k€	k€
Per 1 January 2023	176,764,649	194,442	465,000	-512	2,437,940	2,948,557	-586	5,579,841
Consolidated profit						253,019		253,019
Total results						253,019		253,019
Dividend payments						-8,815		-8,815
Employee stock ownership programme					1,400			1,400
Per 30 September 2023	176,764,649	194,442	465,000	-512	2,439,340	3,192,761	-586	5,825,445
Per 1 January 2024	176,764,649	194,442	465,000	-512	2,439,314	3,254,692	-862	5,887,074
Consolidated profit						196,331		196,331
Total results						196,331		196,331
Dividend payments						-8,815		-8,815
Employee stock ownership programme					2,425			2,425
Per 30 September 2024	176,764,649	194,442	465,000	-512	2,441,739	3,442,208	-862	6,077,015

Segment reporting

from 1 January to 30 September 2024

	Access k€	1&1 Mobile Network k€	Consolidation k€	Total k€
Service revenue	2,478,652	0	0	2,478,652
Hardware and other revenues	538,585	0	0	538,585
Internal sales	0	22,972	-22,972	0
Segment revenues	3,017,237	22,972	-22,972	3,017,237
Cost of materials for segment	-1,949,355	-174,964	22,972	-2,101,347
Gross profit for segment	1,067,882	-151,992	0	915,890
Segment EBITDA	630,086	-167,108	0	462,978
Customer contracts (in millions)	16.35	-	-	16.35

from 1 January to 30 September 2023

	Access k€	1&1 Mobile Network k€	Consolidation k€	Total k€
Service revenue	2,418,859	0	0	2,418,859
Hardware and other revenues	612,899	0	0	612,899
Segment revenues	3,031,758	0	0	3,031,758
Cost of materials for segment*	-2,022,413	-56,654	0	-2,079,067
Gross profit for segment	1,009,345	-56,654	0	952,691
Segment EBITDA	584,854	-73,787	0	511,067
Customer contracts (in millions)	16.11	-	-	16.11

*For better comparability, the cost of materials in the 1&1 mobile network segment was adjusted for the 2023 reporting period.

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Announcements, information and ordering service

This quarterly release is also available in German.

You can view our annual and quarterly reports, ad hoc announcements, press releases and other publications on the 1&1 AG website at www.1und1.ag/investor-relations.

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

We will of course also be happy to send you the requested information by post or e-mail and, in addition, to answer your personal questions on the phone.

Financial Calendar

12 November 2024 Quarterly Release Q3 2024

Contacts

If you have any questions about the report and 1&1 AG, please do not hesitate to contact our Investor Relations/Press Department:

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Legal information

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Tax number: 3065500513

Montabaur-Diez Tax Office

Management Board

Ralph Dommermuth (CEO)

Markus Huhn

Alessandro Nava

Supervisory Board

Kurt Dobitsch (Supervisory Board Chairman)

Norbert Lang (Supervisory Board Deputy Chairman)

Matthias Baldermann

Vlasios Choulidis

Friedrich Jousen

Christine Schöneweis

Note

Rounding-off differences to the mathematically precise values (monetary units, percentages, etc.) may occur in tables and in references because of the applied computational methods.

To facilitate the readability of the text, this report does not use feminine grammatical structures in addition to the masculine forms. 1&1 points out that the use of the masculine forms must be explicitly understood to include all genders. This quarterly release is available in German and English. Both versions are available for download at www.1und1.ag. In case of doubt, the German version prevails.

Produced in-house with Firesys

Disclaimer

This report contains future-oriented statements that reflect the current views of 1&1's Management Board with regard to future events. These future-oriented statements are based on our plans, estimates and expectations as currently valid. Future-oriented statements are accurate solely in light of circumstances prevailing at the time they are made. Such projections are subject to risks and uncertainties as well as other factors, many of which are beyond the control of 1&1, that could cause actual results to differ materially from these projections. These risks, uncertainties and other factors are described in detail in our Risk report in 1&1 AG's annual reports. 1&1 AG does not intend to update any such future projections.

1&1 AG Brands



For more information such as contact details, please visit:

www.1und1.ag/kontakt



1&1 AG

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