



Fiscal Year 2021 and Outlook 2022

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Company development 2021

Status 5G mobile network and next steps

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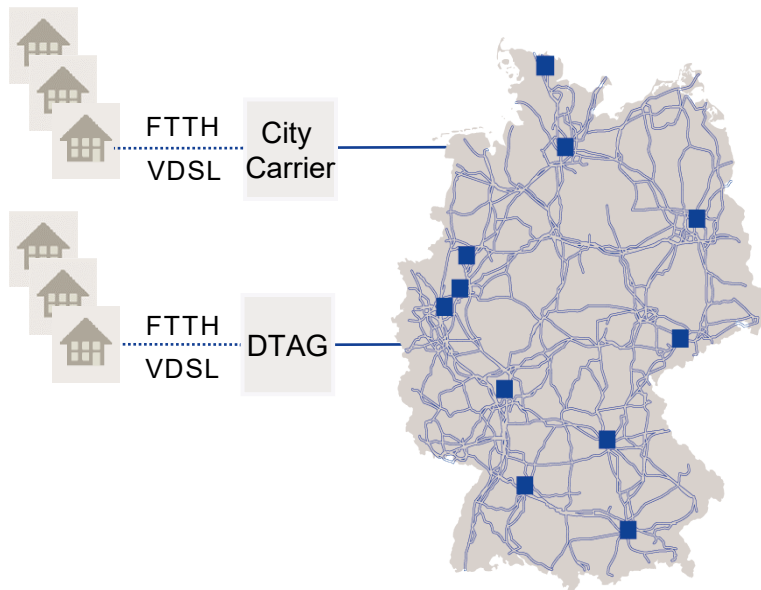
Financials 2021

Forecast 2022

Company development 2021

Product portfolio: Broadband connections

- Largest alternative DSL Provider serving 4.24 million broadband connections
- VDSL and FTTH complete package including voice, IP-TV from a single source via 1&1 Versatel, last mile via Deutsche Telekom and City Carriers
- Frequent wins in connect's landline test: 2020, 2017, 2015 (2nd place in 2021, 2018, 2016)



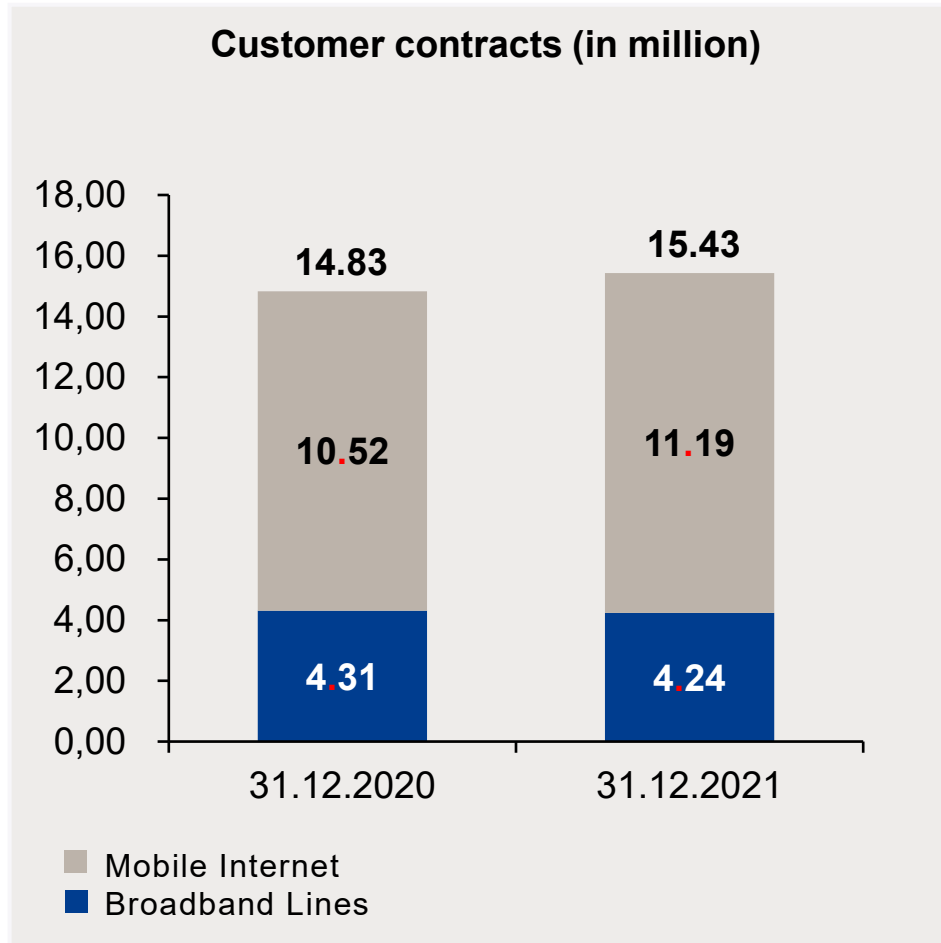
Product portfolio: Mobile

- Germany's leading MVNO with 11.19 million mobile services contracts
- Broad market coverage – Target group specific marketing approach
- Frequent wins connect customer satisfaction

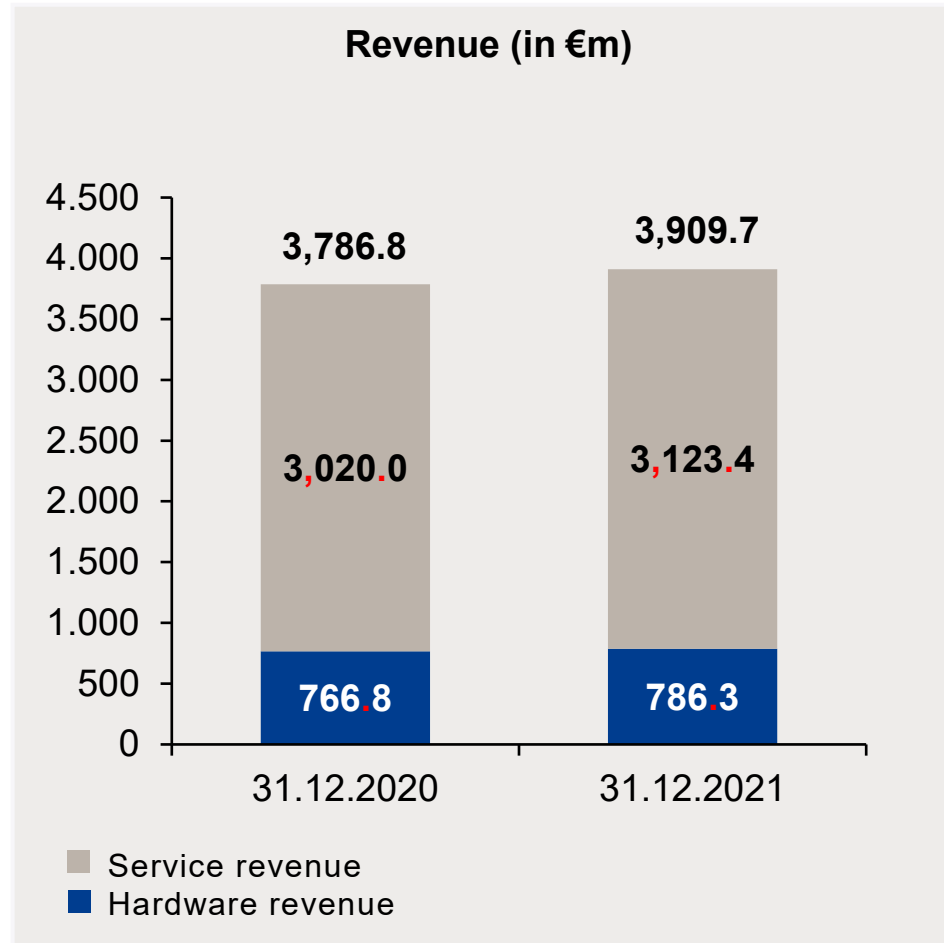


Primary brand			
Co brands			
Discount brands			

- Deployment of own 5G network
- MBA MVNO contract with Telefónica until start of own network
- Additional: Procurement of advance service from Vodafone

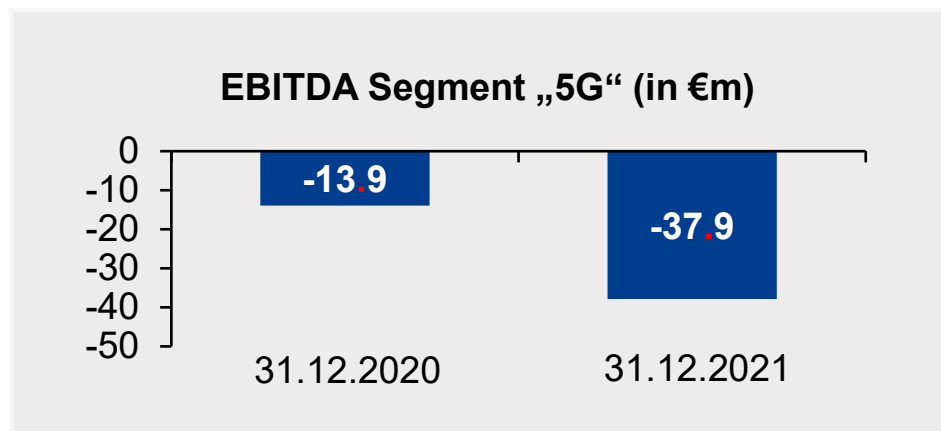
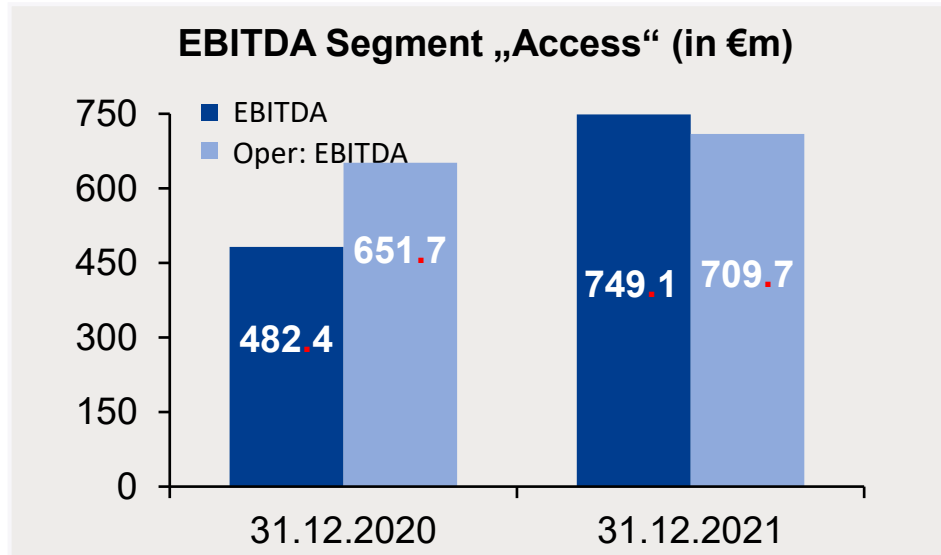


- 15.43m customer contracts (+ 0.60m)
- 11.19m mobile internet (+ 0.67m)
- 4.24m broadband lines (- 0.07m)



- €3,909.7m revenue (+ 3.2 %)
 - €3,123.4m service revenue (+ 3.4 %)
 - €786.3m other revenue (+ 2.5 %)
especially smartphones

EBITDA by segments



Segment „Access“

- €749.1m EBITDA, included in it:
 - €39.4m Out-of-period reduction in cost of sales due to the application of recalculated wholesale prices (MBA MVNO) in 2020 (in 2020 additionally non-cash one-off of €129.9 million for unused VDSL contingents*)
 - €709.7m operating EBITDA (+ 8.9 %)

Segment „5G“

- - €37.9m EBITDA due to initial activities for 5G network setup

* The existing VDSL wholesale contract (1&1 Drillisch and Deutsche Telekom) was terminated earlier in view of the advantages of the new contract constellation, this led to the derecognition of an accrued asset for contingents still available for use, which is to be amortized in the amount of €129.9m.

	2020	2021	Change
Customer Contracts	14.83m	15.43m	+ 4.0 %
Revenue	€3,786.8m	€3,909.7m	+ 3.2 %
of which Service Revenue	€3,020.0m	€3,123.4m	+ 3.4 %
EBITDA	€468.5m	€711.3m	+ 51.8 %
EBITDA operating	€637.8m	€671.9m	+ 5.3 %
EBIT	€313.1m	€546.7m	+ 74.6 %
EBIT operating	€482.4m	€507.3m	+ 5.2 %
EPS (undiluted)	€1.25	€2.10	
EPS (undiluted) operating	€1.92	€1.94	

- Dividend proposal to the Annual General Meeting 2022: €0.05 per voting share (minimum dividend according to sec. 254 AktG)

Status 5G mobile network and next steps

Status 5G mobile network

- Spectrum acquisition (3.6 GHz and 2.1 GHz) ✓
- Spectrum rental (2.6 GHz) via Telefónica Deutschland ✓
- National roaming agreement ✓
- Cooperation agreements
 - General contractor agreement with Rakuten ✓
 - Leasing of antenna sites from Vantage Towers ✓
- Expansion of 1&1 Versatel fiber optic network ongoing
- Set up of the antenna locations ongoing
- Construction of the core and edge data centers ongoing

Next steps

- Colocation negotiations with additional tower companies
- Contracting for the construction of new mobile network sites
- Meeting the first BNetzA roll-out obligation: 1,000 5G antenna sites by the end of 2022
- Auctioning of 800 MHz frequencies

Financials 2021

Earnings



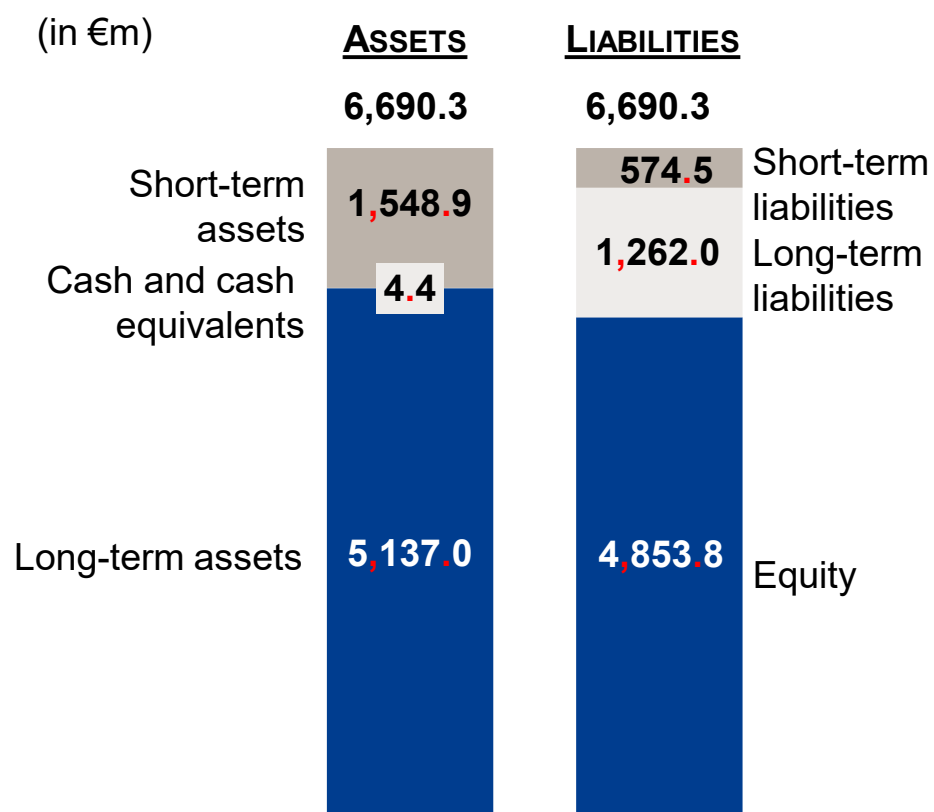
(in €m)	2020	2021	Change
Revenue	3,786.8	3,909.7	+ 3.2 %
Cost of Sales	- 2,881.8	- 2,709.9	- 6.0 %
Gross profits from turnover	905.0	1,199.8	+ 32.6 %
Distribution costs	- 442.3	- 476.5	+ 7.7 %
Administration costs ⁽¹⁾	- 99.4	- 126.1	+ 26.9 %
Other operating income/expenses	32.2	27.9	- 13.4 %
Impairment losses from receivables and contract assets	- 82.4	- 78.4	- 4.9 %
Profit/loss from operating activities	313.1	546.7	+ 74.6 %
Financial result	- 0.5	- 11.6	
Profit before taxes	312.6	535.1	+ 71.2 %
Tax expense	- 93.0	- 165.1	+ 77.5 %
Consolidated result	219.6	370.0	+ 68.5 %

(1) Incl. - €37.9m initial expenses for preparations for 5G mobile communications network (previous year: - €13.9m)

Balance sheet

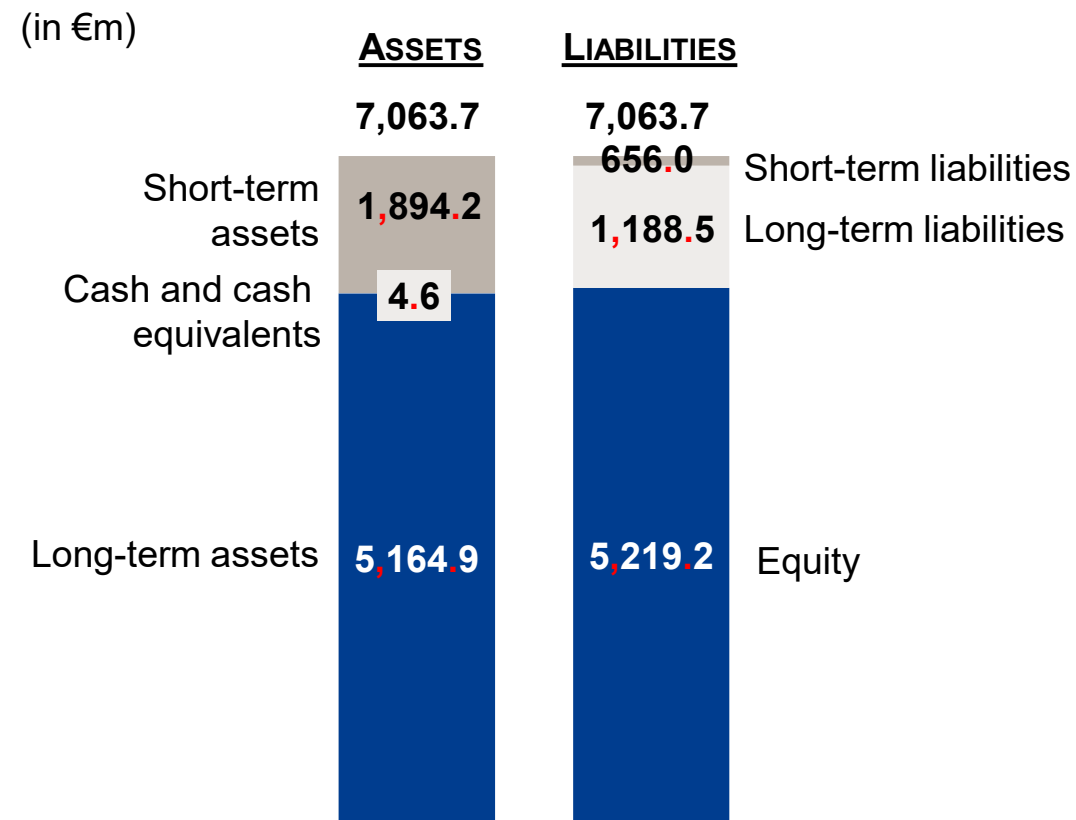


December 31, 2020



Equity ratio 72.5 %

December 31, 2021

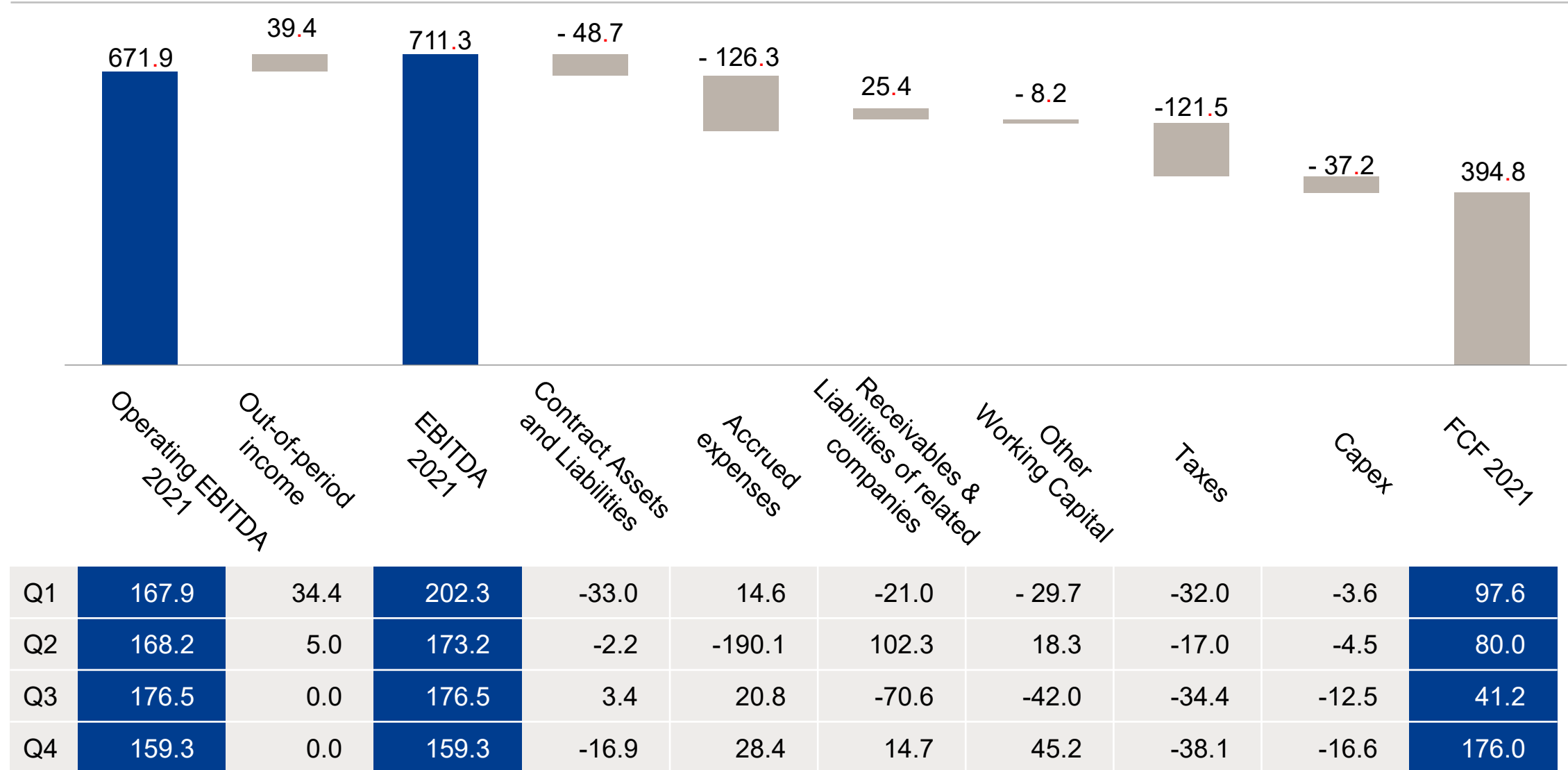


Equity ratio 73.9 %

(in €m)	2020	2021	Change	Comments
Net inflow of funds from operating activities	450.7	432.0	- 4.2 %	<ul style="list-style-type: none"> ▪ €523.8m Cash flow from operating activities ▪ - €48.7m Change Contract Assets and Liabilities ▪ + €25.4m Change in receivables from and liabilities to related companies ▪ + €16.1m Increase in income tax ▪ + €52.8m Change in trade/other receivables and trade/other payables ▪ - €126.3m Change in accrued expenses ▪ - €11.1m Decrease of inventories
Cash flow from investment activities	- 397.4	- 350.6	- 11.8 %	<ul style="list-style-type: none"> ▪ - €37.2m Capex ▪ - €313.0m Investment of free cash with UTDI
Cash flow from financing activities	- 80.7	- 81.2	- 0.6 %	<ul style="list-style-type: none"> ▪ - €8.8m Dividend disbursement ▪ - €11.6m Repayment of lease liabilities ▪ - €61.3m Repayment of spectrum liabilities
Free cash flow ⁽¹⁾	243.7	394.8	+ 62.0 %	

(1) Definition of free cash flow: free cash flow is calculated as the net payments from operating activities in continued operations (items disclosed in the capital flow statement) less investments in intangible and tangible assets plus payments from the disposal of intangible and tangible assets.

Bridge EBITDA to FCF (in €m)



Forecast 2022

- Service Revenue + €100 m to ca. €3.2 bn (2021: €3.1 bn)
- EBITDA on previous year's level (2021: €672 m)
 - Included in earnings forecast: ca. €70 m initial 5G network cost (2021: € 38 m)
- Operating subscriber growth ca. + 650,000 (2021: + 600,000)
 - Less industry-specific shift effects due to recent amendment of TKG (ca.: - 200,000 contracts).
- Ca. €400 m Capex (2021: €37 m) mainly for 5G network (antennas, computers and software)

Our success story
continues!

This presentation contains future-oriented statements and forecasts representing the current assessments of the management at 1&1 AG.

These assessments and statements are subject to changes and uncertain framework conditions that are for the most part difficult to predict and are beyond the control of 1&1 AG.

1&1 AG is not under any obligation to publish any information resulting in changes in framework conditions or to publish revised information.

1&1 AG

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