



Fiscal Year 2022 and Outlook 2023

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Company development 2022

Status 1&1 mobile network and next steps

Markus Huhn

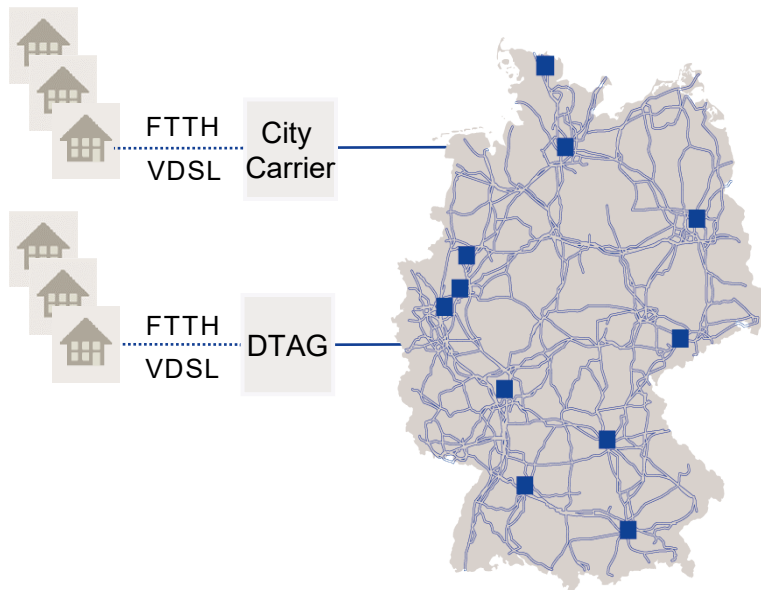
Financials 2022

Forecast 2023

Company development 2022

Product portfolio: Broadband connections

- Largest alternative DSL Provider serving 4.10 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 2022, 2021, 2018, 2016)



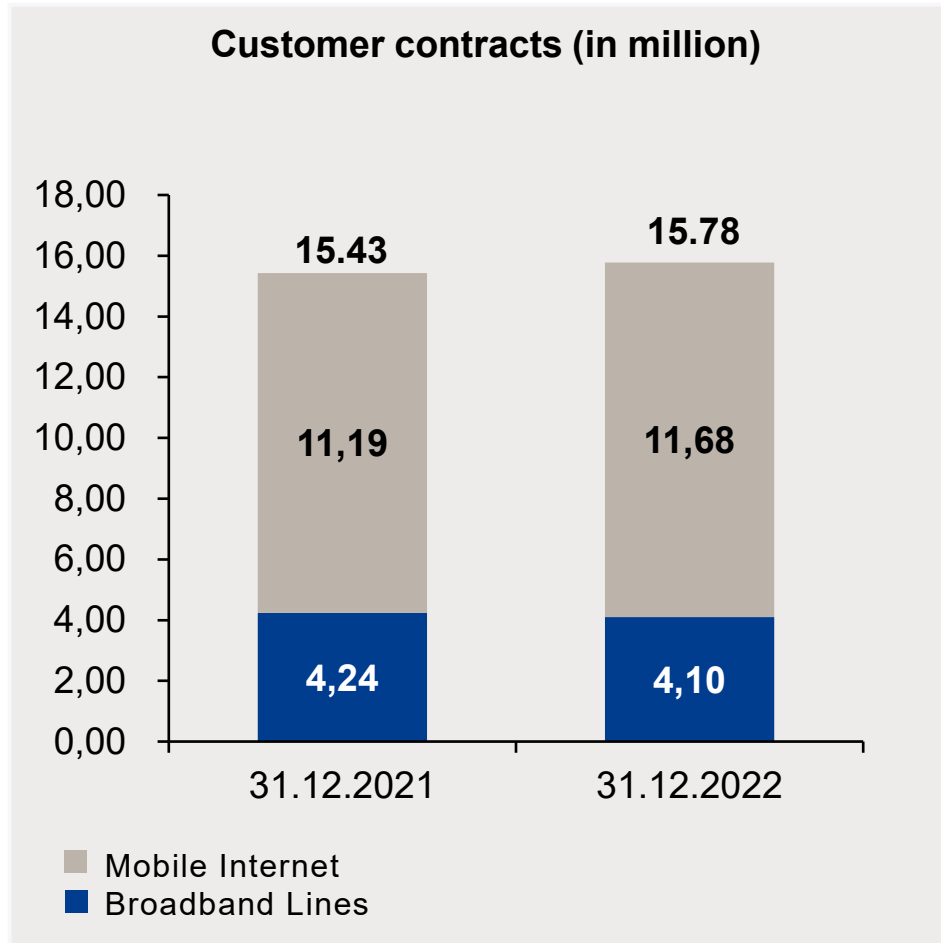
Product portfolio: Mobile

- Germany's leading MVNO with 11.68 million mobile services contracts
- Broad market coverage – Target group specific marketing approach
- Frequent wins connect customer satisfaction

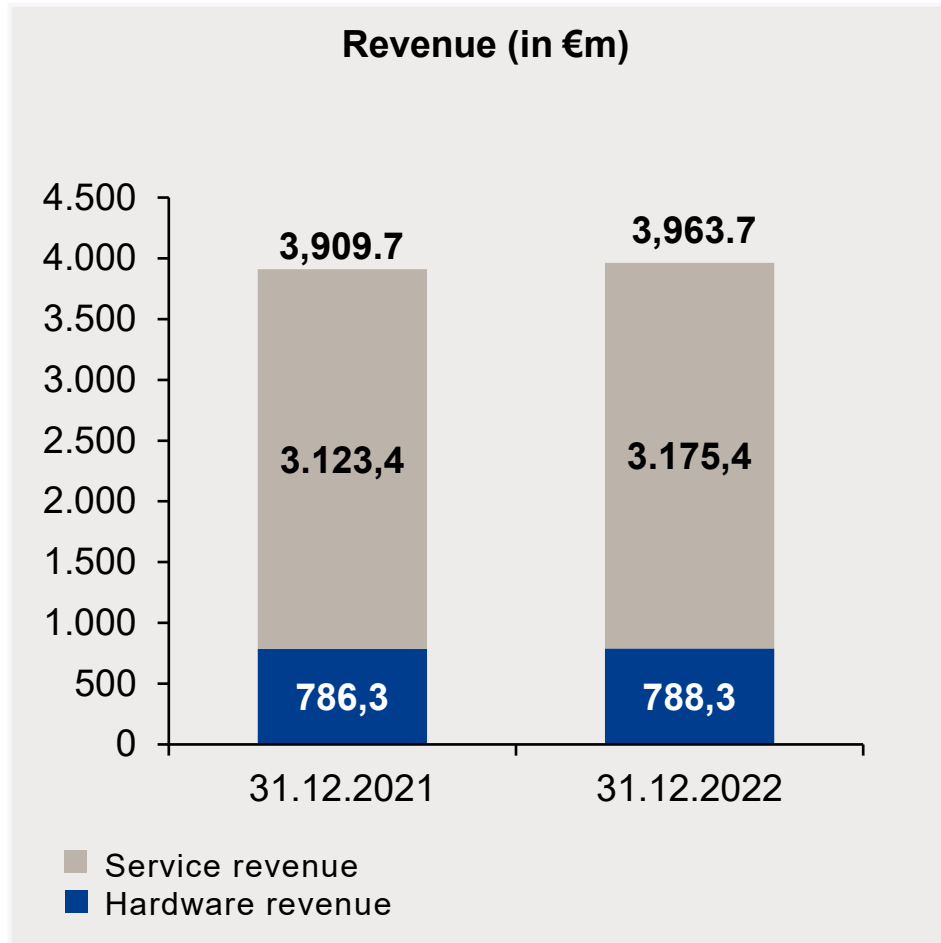


Primary brand	
Co brands	
Discount brands	

- Deployment of powerful 5G network
- Until network launch: MVNO with wholesale purchase from Telefónica and Vodafone

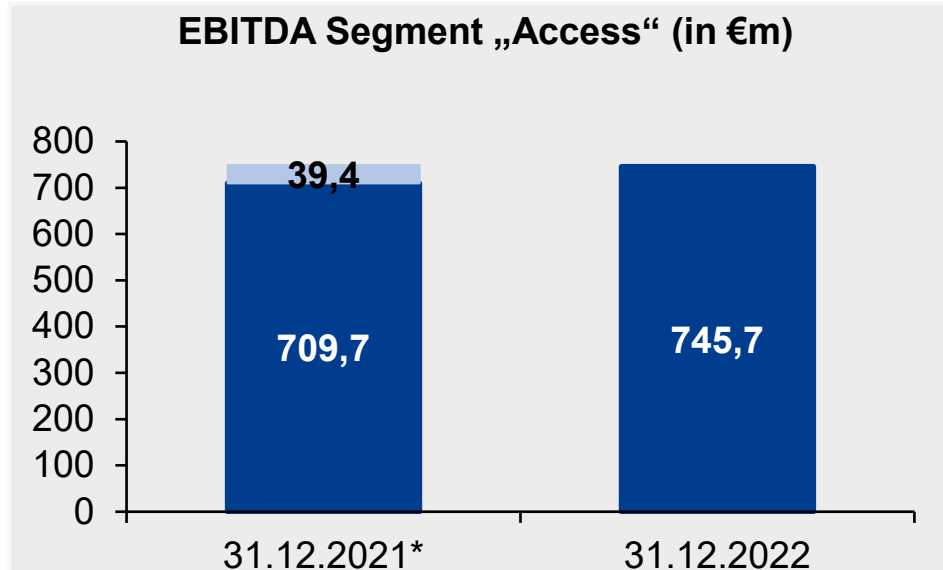


- 15.78m customer contracts (+ 0.35m)
 - 11.68m mobile internet (+ 0.49m)
 - 4.10m broadband lines (- 0.14m)
- Contract figures include shift effects due to the TKG amendment of around - 250,000 contracts (operational growth + 600,000 contracts)



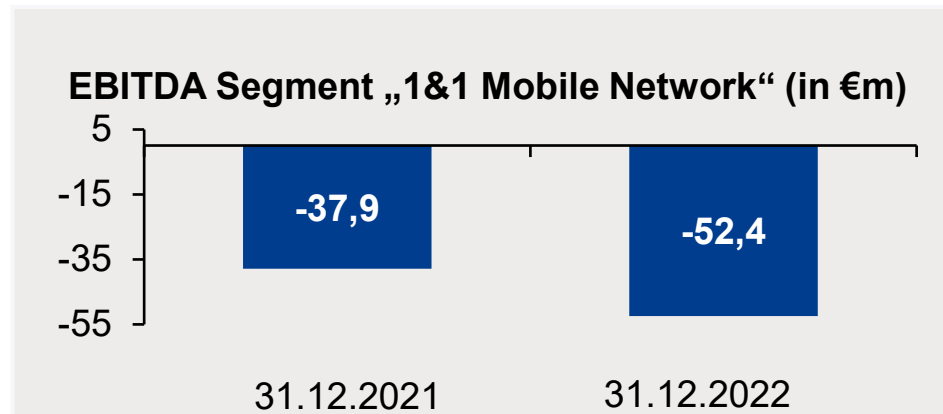
- €3,963.7m revenue (+ 1.4 %)
 - €3,175.4m service revenue (+ 1.7 %)
 - €788.3m other revenue (+ 0.3 %)
especially smartphones

EBITDA by segments



Segment „Access“

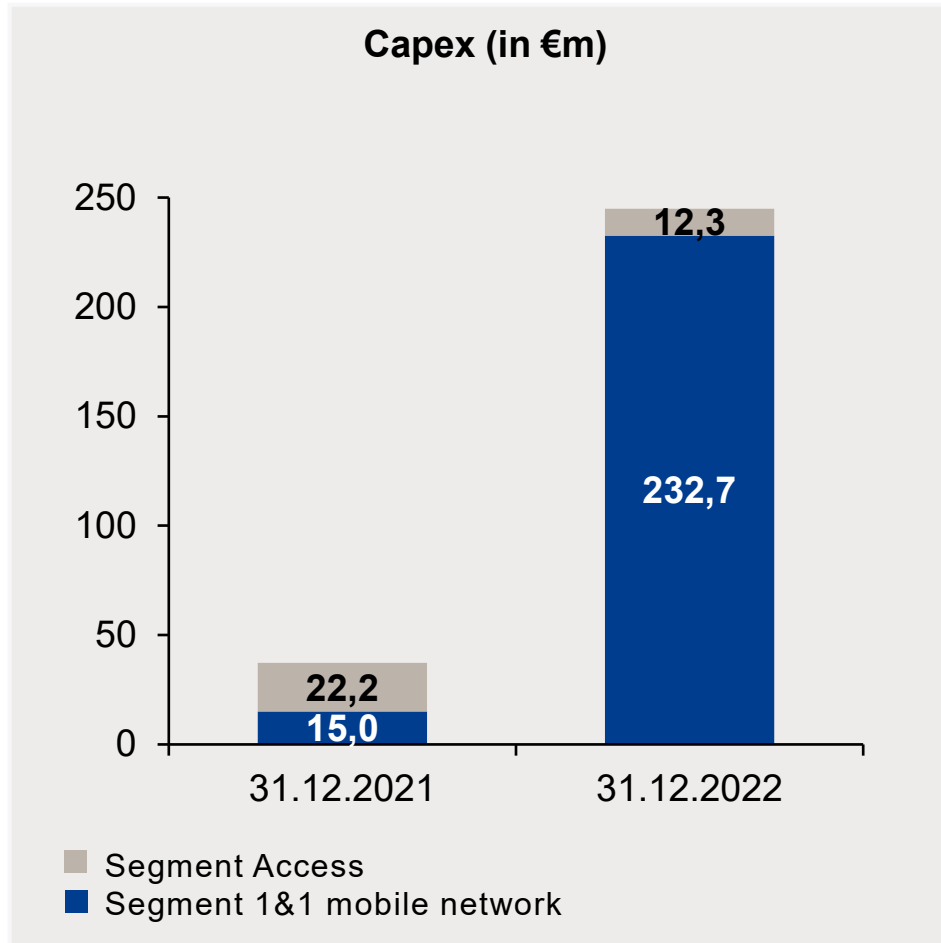
- €745.7m operating EBITDA (+ 5.1 % *)



Segment „1&1 Mobile Network“

- - €52.4m EBITDA (due to initial activities for network setup)

* FY 2021 excluding €39.4 million in out-of-period income due to retroactive price adjustment for MBA MVNO wholesale services.



- €245.0m Capex
 - €232.7m segment „1&1 Mobile Network“ for rollout (computers, software etc.)
 - €12.3m segment „Access“ (incl. €4.4m inflow from sale of assets)

	2021	2022	Change
Customer Contracts	15.43m	15.78m	+ 2.3 %
Revenue	€3,909.7m	€3,963.7m	+ 1.4 %
of which Service Revenue	€3,123.4m	€3,175.4m	+ 1.7 %
EBITDA	€711.3m	€693.3m	- 2.5 %
EBITDA operating	€671.9m	€693.3m	+ 3.2 %
EBIT	€546.7m	€534.9m	- 2.2 %
EBIT operating	€507.3m	€534.9m	+ 5.4 %

- Dividend proposal to the Annual General Meeting 2023: €0.05 per voting share (minimum dividend according to sec. 254 AktG)

1&1 Mobile Network

Network operation (I)

Virtualised OpenRAN, without products from Chinese suppliers

- FWA (Fixed Wireless Access) as an alternative to fixed network connections since 28.12.2022
- 2 (of 4) core data centres
- 17 (of 24) decentralised EDGE data centres
- 61 (of approx. 550) regional Far EDGE data centres
- 94 antenna sites taken over, of which 14 are in operation

Ongoing functional testing

- National Roaming (Telefónica)
- International Roaming (Orange)
- eMBB operation (Enhanced Mobile BroadBand)
- Tests and certifications by renowned terminal manufacturers

Network operation (II)

Key points of the EBIT financial planning are confirmed by network operations

- Following customer migration 2024/2025
 - The costs of network operation (excluding antenna sites) will be financed by savings on voice traffic and international roaming
- Following acquisition of low-band frequencies at the beginning of 2026
 - Operation costs of an antenna site Are largely covered by savings on national roaming, fully from the end of the second expansion stage (50% household coverage)

Wireless spectrum

- Spectrum costs are to be refinanced through new business areas (FWA, branded reselling, B2B tariffs, etc.).

Antenna locations

Deployments in 2022 significantly behind contractual agreements

- Only 5 of approx. 1,000 sites in operation
- Complaint to the Federal Cartel Office against prime contractor Vodafone (Vantage Towers)

New forecasts for 2023

- 1,207 sites (passive infrastructure) until end of 2023
- Further delays indicated: deliveries mainly in Q3/23 and Q4/23
(Commissioning will probably not be possible in 2023)

Outlook

- If ramp-up is as planned, approx. 3,000 antenna sites will be provided annually from 2024 onwards



Next planning steps unchanged

Q2 2023

- Connection to international telecommunications networks
- Test phase national roaming

Q3 2023

- Operational start of the 3rd and 4th core data centre
- National roaming operational - nationwide marketing start of smartphone tariffs
- Discontinuation of MVNO sales

Q4 2023

- Start of the migration of existing customers

Financials 2022

(in €m)	2021	2022	Change
Revenue	3,909.7	3,963.7	+ 1.4 %
Cost of Sales ^{(1) (2)}	- 2,709.9	- 2,734.5	+ 0.9 %
Gross profits from turnover	1,199.8	1,229.2	+ 2.5 %
Distribution costs	- 476.5	- 509.6	+ 6.9 %
Administration costs ⁽³⁾	- 126.1	- 110.9	- 12.0 %
Other operating income/expenses	27.9	33.5	+ 20.1 %
Impairment losses from receivables and contract Assets	- 78.4	- 107.3	+ 36.9 %
Profit/loss from operating activities	546.7	534.9	- 2.2 %
Financial result	- 11.6	- 3.4	
Profit before taxes	535.1	531.5	- 0.7 %
Tax expense	- 165.1	- 164.2	- 0.5 %
Consolidated result	370.0	367.3	- 0.7 %

(1) In FY 2021 incl. €39.4 million reduction in cost of sales relating to other periods due to retroactive price adjustment for MBA MVNO preliminaries.

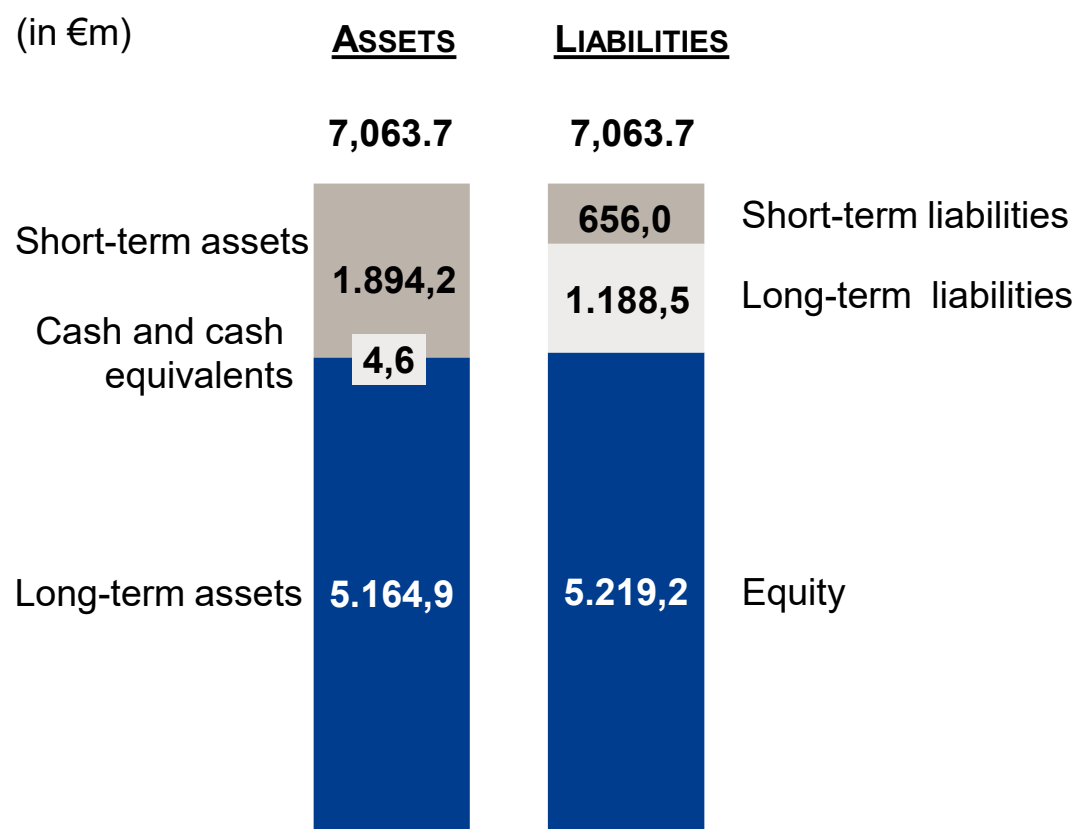
(2) Incl. - €41.1 million in expenses for construction of the 1&T mobile communications network (PY: € 0.0 million)

(3) Incl. - €12.1 million in expenses for the construction of the 1&T mobile communications network (previous year: - €37.9 million).

Balance sheet

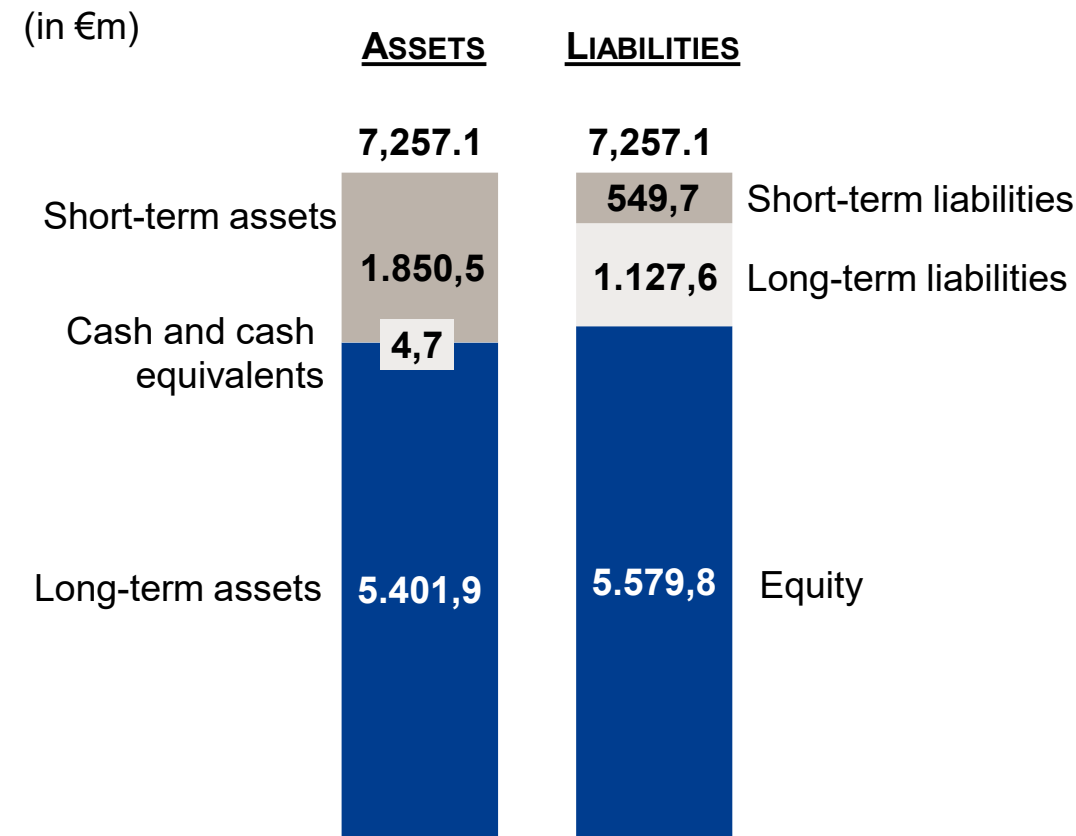


December 31, 2021



Equity ratio 73.9 %

December 31, 2022

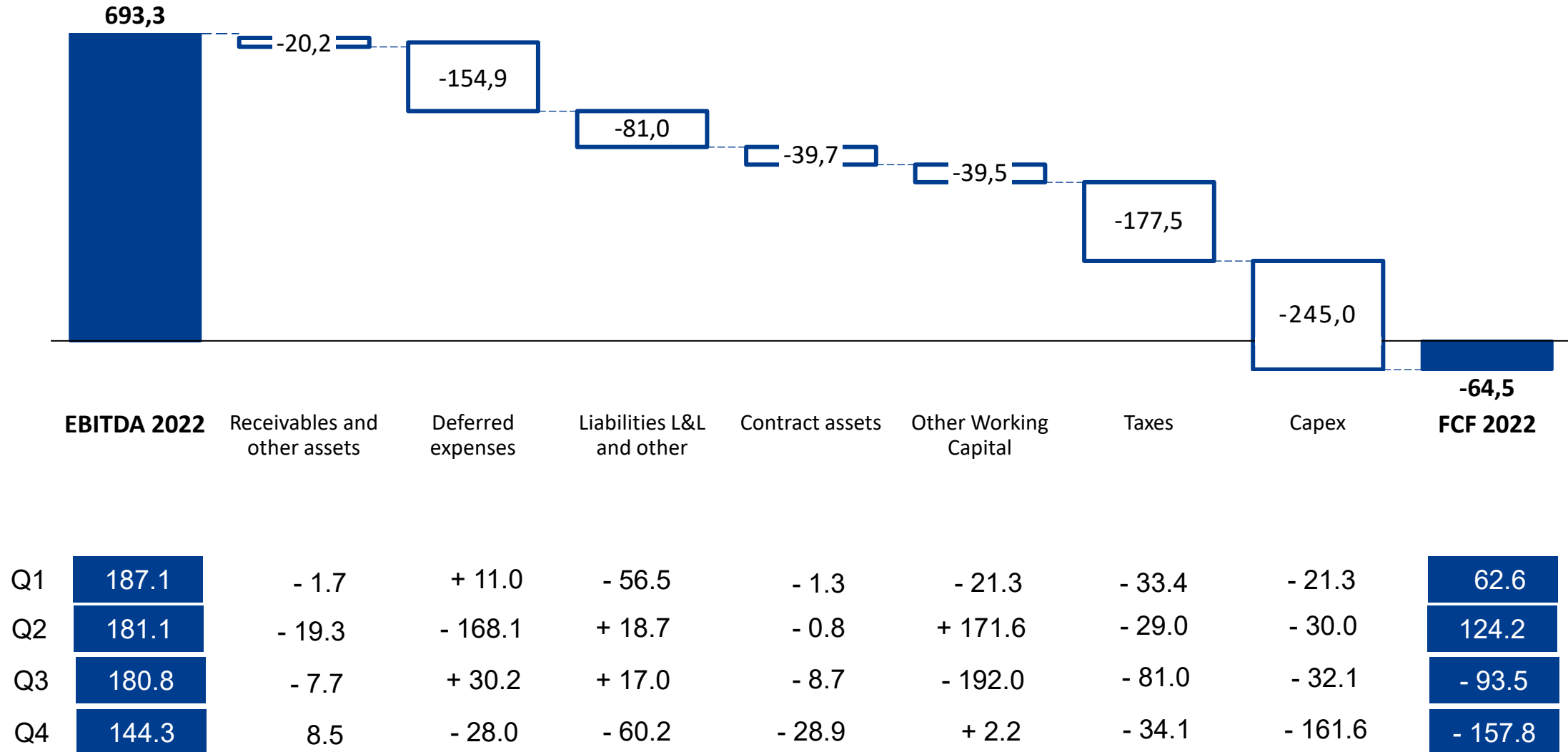


Equity ratio 76.9 %

(in €m)	2021	2022	Change	Comments
Net inflow of funds from operating activities	432,0	180.6	- 58.2 %	<ul style="list-style-type: none"> ▪ €531.0m Cash flow from operating activities ▪ - €40.3m Change in contract assets and contract liabilities ▪ - €7.9m Change in receivables from and liabilities to related companies ▪ - €13.2m Decrease in income tax ▪ - €110.2m Change in trade/other receivables and trade/other payables ▪ - €154.9m Change in accrued expenses ▪ - €23.9m Increase of inventories
Cash flow from investment activities	- 350,8	- 97.4	- 72.2 %	<ul style="list-style-type: none"> ▪ - €245.0m Capex ▪ +€148.0m Investment of free cash with UTDI
Cash flow from financing activities	- 81.2	- 83.0	- 2.2 %	<ul style="list-style-type: none"> ▪ - €8.8m Dividend disbursement ▪ - €12.9m Repayment of lease liabilities ▪ - €61.3m Repayment of spectrum liabilities
Free cash flow ⁽¹⁾	394.8	- 64.5		

(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 2023

- Service revenue ca. + 2 % to ca. €3.23 billion (2022: €3.175 billion)
- EBITDA ca. €655 million (2022: €693.3 million)
 - Segment Access ca. + 4 % to ca. €775 million (2022: €745.7 million)
 - Segment 1&1 Mobile Network to ca. - €120 million start-up costs (2022: - €52.4 million)
- Ca. + 500,000 new subscribers (2022: +350,000 new subscribers, incl. TKG impact)
- Ca. €320 million cash-capex (2022: €250 million) particularly for the mobile network build (antennas, computers, software etc.)

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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