



H1 and outlook 2023

Ralph Dommermuth

- Company development H1 2023
- Status 1&1 mobile network and next steps

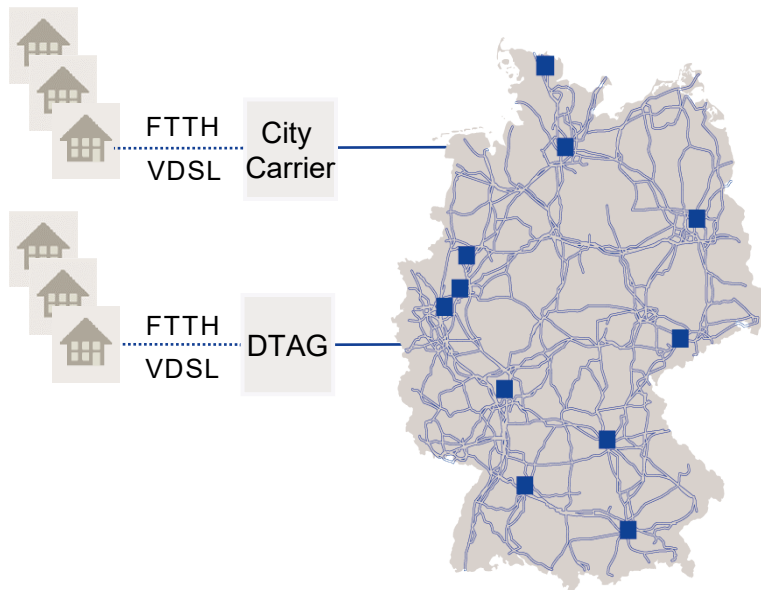
Markus Huhn

- Financial key figures H1 2023
- Forecast 2023

Company development H1 2023

Product portfolio: Broadband connections

- Largest alternative DSL-Provider serving 4.05 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



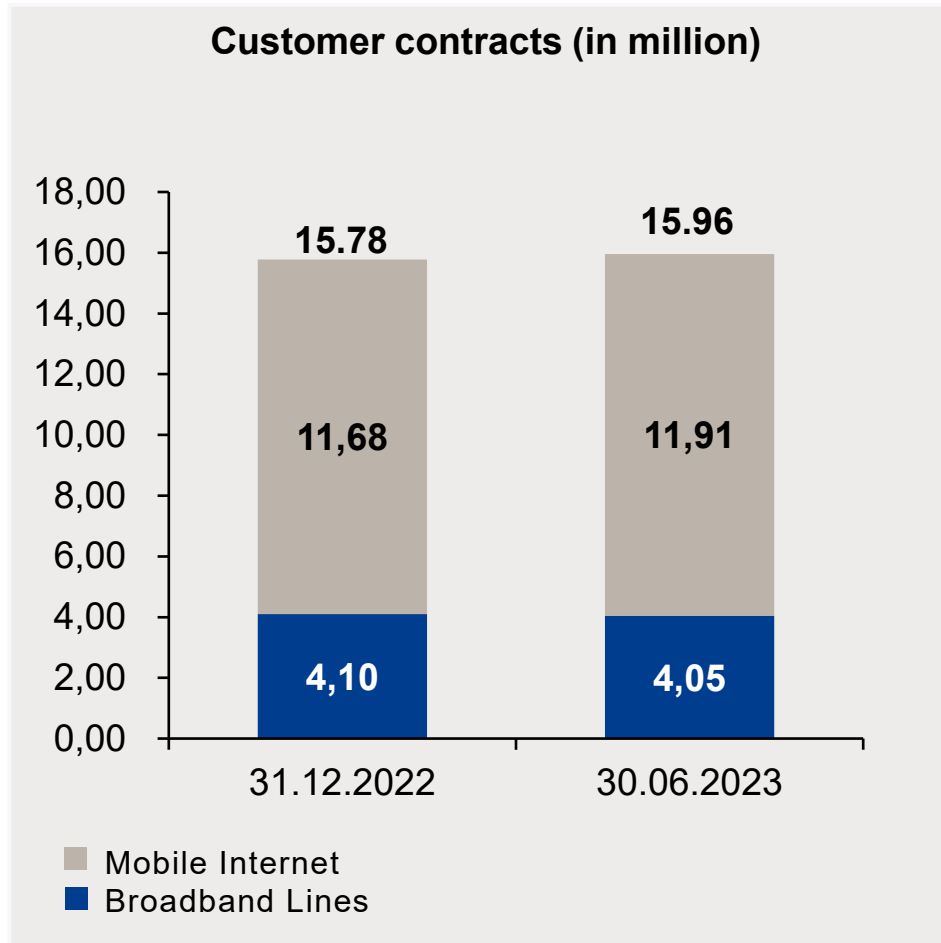
Product portfolio: Mobile

- Germany's leading MVNO with 11.91 million mobile services contracts
- Broad market coverage – Target group specific marketing approach
- Frequent wins connect customer satisfaction

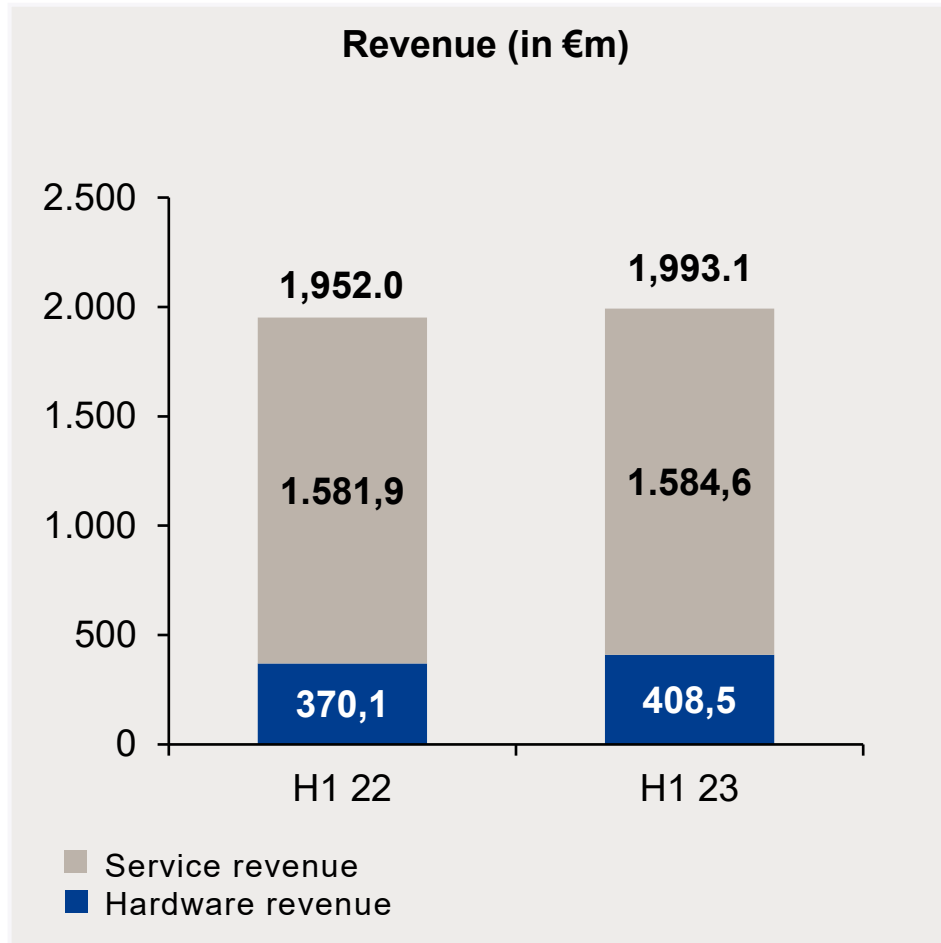


Primary brand	
Co brands	
Discount brands	

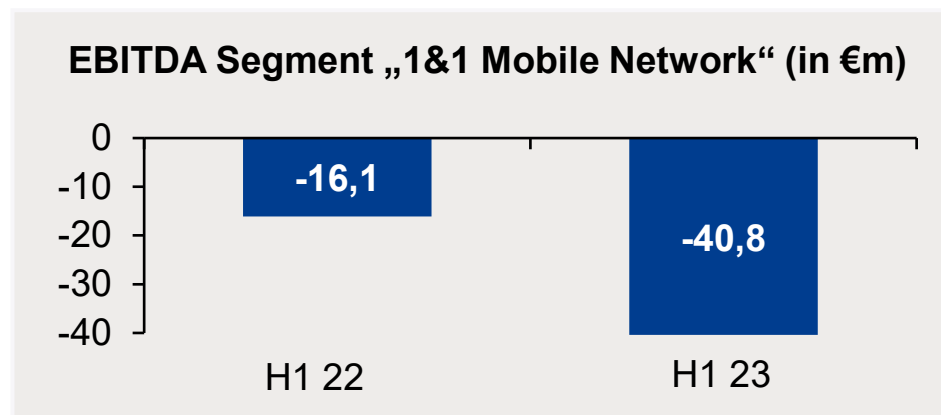
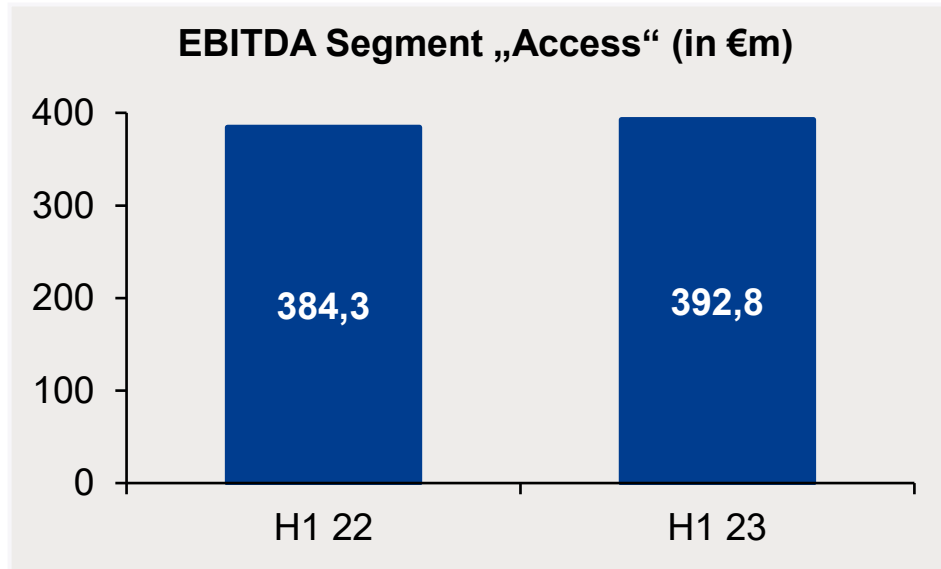
- Deployment of powerful 5G network
- Until network launch: MVNO with wholesale purchase from Telefónica and Vodafone



- 15.96m customer contracts (+ 0.18m)
 - 11.91m mobile internet (+ 0.23m)
 - 4.05m broadband lines (- 0.05m)
- Good progress in migration from ADSL to VDSL since Q1/23
 - ➔ Number of lines expected to stabilize in Q4



- €1,993.1m revenue (+ 2.1 %)
 - €1,584.6m service revenue (+ 0.2 %)
 - €408.5m other revenue (+ 10.4 %)
especially smartphones

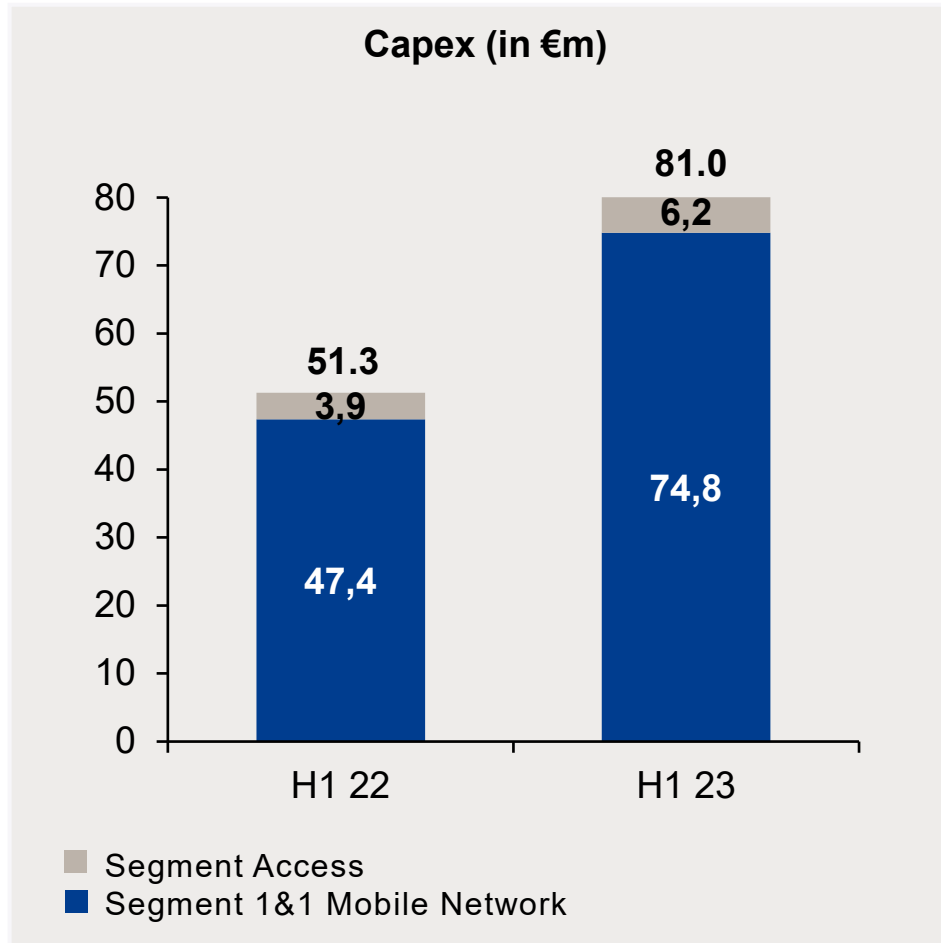


Segment „Access“

- €392.8m operating EBITDA (+ 2.2 %)

Segment „1&1 Mobile Network“

- - €40.8m EBITDA (Start-up costs for the construction of the 1&1 mobile network)



- €81.0m Capex
 - €6.2m segment „Access“
 - €74.8m segment „1&1 Mobile Network“ for rollout (computers, software etc.)

1&1 Mobile Network

Network operation – as of 30.06.2023 (I)

Virtualised OpenRAN, without products from Chinese producer

- FWA (Fixed Wireless Access) as an alternative to fixed network connections since 28.12.2022
- 2 (of 4) core data centres
- 22 (of 24) decentralised EDGE data centres
- 74 (of approx. 550) regional Far EDGE data centres
- 193 antenna sites, of which 40 are in operation

In H1 achieved milestones

- ✓ Interconnection of all national and international networks
- ✓ Test operation of national roaming with Telefónica
- ✓ Start of Friendly User Test for mobile services with over 300 external customers
- ✓ Success in court against Deutsche Telekom: „1&1 is building the most advanced 5G network in Europe!“confirmed in 2nd instance

Network operation – as of 30.06.2023 (II)

Key points of EBIT financial planning confirmed by network operations since December 2022

- 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, completely at 50% household coverage

Wireless spectrum

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

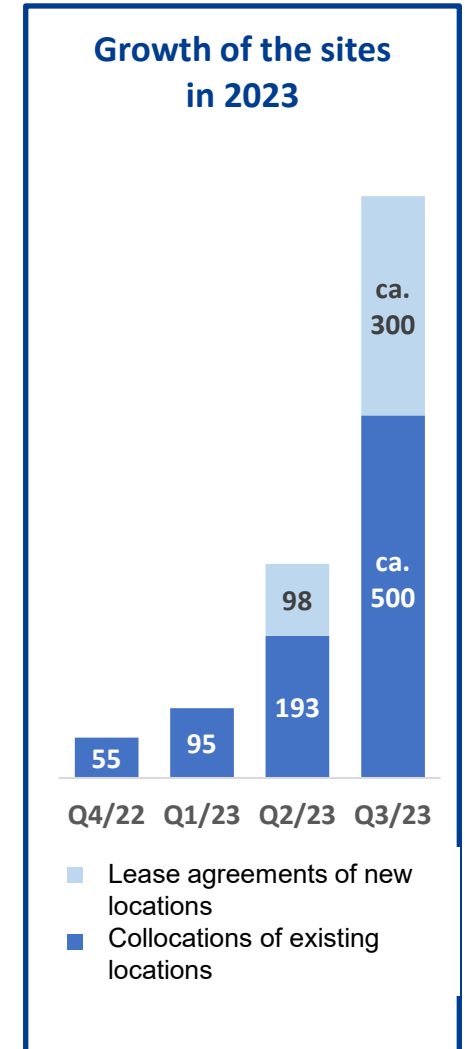
Development of antenna locations – Forecast 2023

Number of antenna sites to increase significantly in current quarter

- approx. 300 additional co-location sites
- additional approx. 200 leases for new locations

A total of ca. 1,000 sites planned by end of 2023 (recently 1,200 sites)

- Display of delays during the year (delayed delivery dates in Q3/23 and Q4/23, making commissioning in 2023 partly no longer possible)
 - Largest expansion partner cancelled the delivery of ca. 300 sites for 2023 in June in breach of contract
 - Compensation by other expansion partners only partly possible
- ➔ **Ramp-up underway despite further delivery failures:** This quarter, ca. 500 new sites will be transferred to roll-out processes controlled by 1&1 the first time



Long-term and exclusive partnership

- Access to all current and future technologies (including 5G, 6G etc.)
 - Made available as of July 1, 2024, but no later than October 1, 2024
 - 5 years basic term from start date (extension option by 2 x 5 years + 3 years transition)
 - Capacity model: remuneration of percentage usage of the Vodafone network on a fixed-price basis per required percentage point
 - Price changes from time to time in line with the percentage cost development of the Vodafone network
- Market-driven supply of 1&1 customers during the years of network roll-out**

Transition period after scheduled network launch in September

- Nationwide coverage of new and existing customers (after migration) with 4G rates through 1&1 antennas as well as national roaming from Telefonica
- Mobile 5G services until provision of Vodafone National Roaming in the previous MVNO model, insofar as the BNetzA permits the longer parallel operation
- After provision of Vodafone national roaming mobile 5G services for new and existing customers (after migration) by 1&1 antennas as well as national roaming by Vodafone

Extension of parallel operation by BNetzA

- Extension requested until Sept. 30, 2024, based on 2019 frequency agreement conditions

→ Long-term nationwide marketing of 5G rates secured

Next planning steps unchanged

Q3 2023

- Operational start of the 3rd and 4th core data centre
- National roaming operational
- Nationwide marketing start of smartphone tariffs

Q4 2023

- Start of the migration of existing customers

Financials H1 2023

(in €m)	H1 22	H1 23	Change
Revenue	1,952.0	1,993.1	+ 2.1 %
Cost of Sales ⁽¹⁾	- 1,324.7	- 1,388.7	+ 4.8 %
<i>thereof start-up costs + depreciation 1&1 mobile network</i>	<i>-12.0</i>	<i>- 54.6</i>	
Gross profits from turnover ⁽¹⁾	627.3	604.4	- 3.7 %
Distribution costs	- 248.8	- 254.3	+ 2.2 %
Administration costs ⁽²⁾	- 53.3	- 57.1	+ 7.1 %
<i>thereof start-up costs + depreciation 1&1 mobile network</i>	<i>- 4.2</i>	<i>- 8.1</i>	
Other operating income/expenses	11.7	13.5	+ 15.4 %
Impairment losses on receivables and contract Assets	- 49.2	- 52.4	+ 6.5 %
Profit/loss from operating activities	287.7	254.1	- 11.7 %
Financial result	- 3.2	3.4	
Profit before taxes	284.5	257.6	- 9.5 %
Tax expense	- 85.6	- 77.6	- 9.3 %
Consolidated result	199.0	180.0	- 9.5 %

(1) Incl. -€54.6m expenses for the construction of the 1&1 mobile network (prev. year: -€16.1m), thereof €22.2m. € depreciation (prev. year: €0.0m)

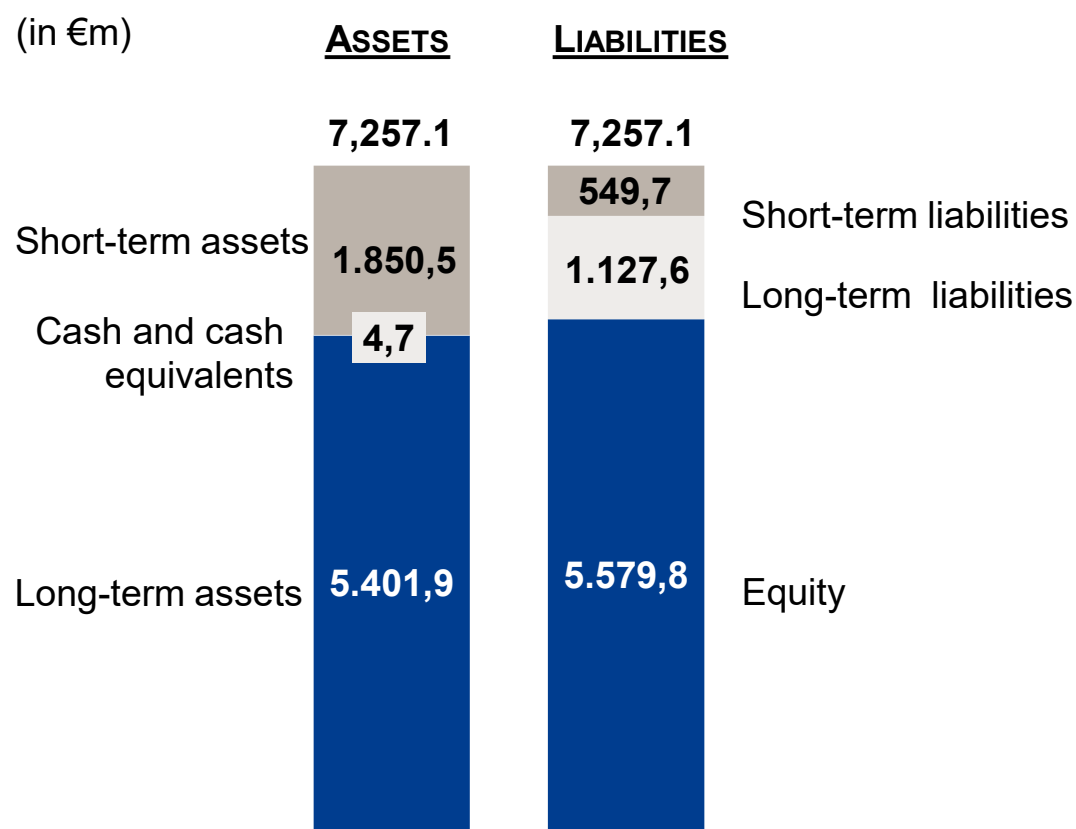
(2) Incl. -€8.1m expenses for the construction of the 1&1 mobile network (prev. year: -€4.2m), thereof €0.3m. € depreciation (prev. year: €0.0m)

I. To improve comparability, administrative expenses, cost of sales and other operating expenses were reclassified in the 1&1 Mobile Network segment for H1 2022. This results in the adjustments to gross profit.

Balance sheet

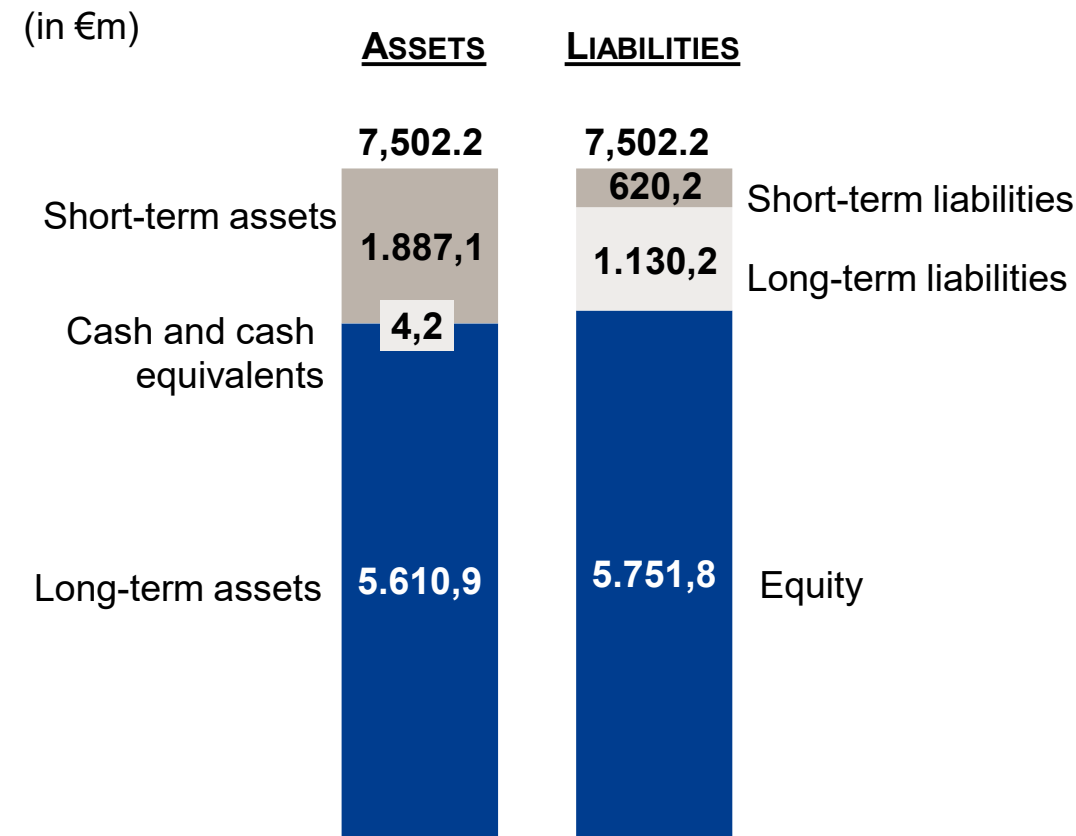


December 31 2022



Equity ratio 76.9 %

30 June 2023

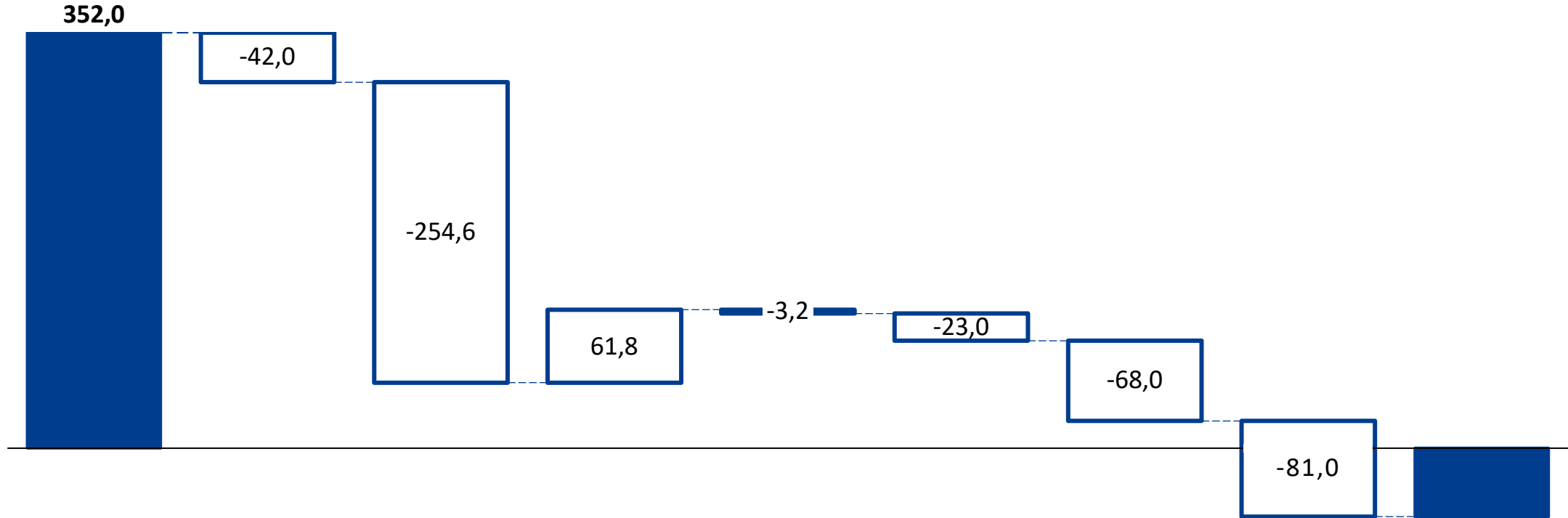


Equity ratio 76.7 %

(in €m)	H1 22	H1 23	Change	Comments
Net inflow of funds from operating activities	240.4	23.0	- 90.4 %	<ul style="list-style-type: none"> ▪ €260.3m Cash flow from operating activities ▪ -€42.0m from the change in (L&L) receivables and in other assets ▪ +€61.8m from the change in receivables from and payables to related companies ▪ -€254.6m from the change in accrued expenses ▪ -€25.5m from the change in other working capital
Cash flow from investment activities	- 219.8	- 0.8	- 99.6 %	<ul style="list-style-type: none"> ▪ - €81.0m Capex ▪ +€75.0m Repayment of free cash from United Internet ▪ +€5.4m Interest received, mainly from cash investment at UI
Cash flow from financing activities	- 19.0	- 22.7	+ 19.5 %	<ul style="list-style-type: none"> ▪ - €9.7m Repayment of lease liabilities ▪ -€8.8m Dividend payment ▪ -€2,6m Payments from deferral of frequency liability
Free cash flow ⁽¹⁾	189.1	- 58.0		

(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)



	EBITDA H1 2023	Receivables and other assets	Deferred expenses	Liabilities and Receivables Related Companies	Contract Assets	Other WC	Taxes	Capex	FCF H1 2023
Q1	182.1	- 5.9	+ 7.3	+ 0.5	- 32.3	- 16.3	- 34.3	- 40.2	60.9
Q2	169.9	- 36.1	- 261.9	+ 61.3	+ 29.1	- 6.7	- 33.7	- 40.8	- 118.9

Forecast 2023

Prognose 2023 confirmed

- 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)
- Ca. €320 million cash-capex (2022: €250 million)

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.

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