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**9M 2023 and outlook 2023**

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## Ralph Dommermuth

- Company development 9M 2023
- Status 1&1 Mobile Network and next steps
- Forecast 2023

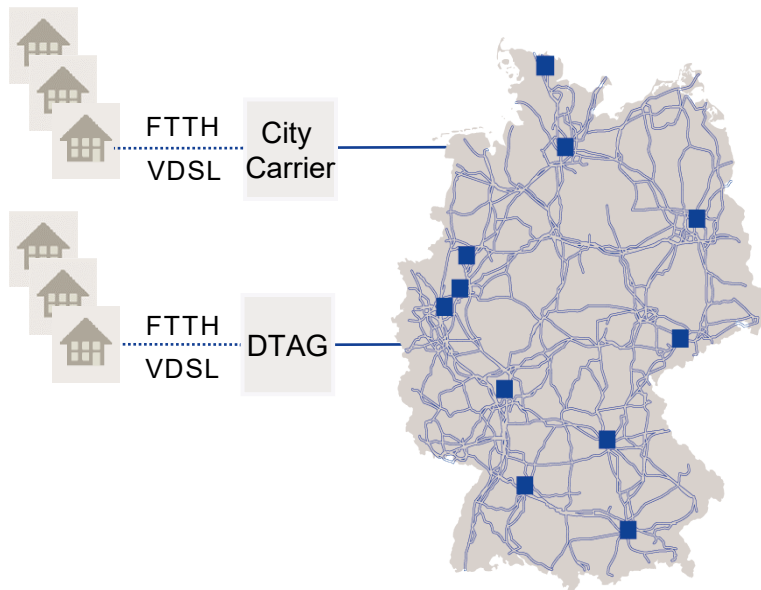
## Oliver Keil

- Financials 9M 2023

## Company development 9M 2023

# Product portfolio: Broadband connections

- Largest alternative DSL-Provider serving 4.01 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



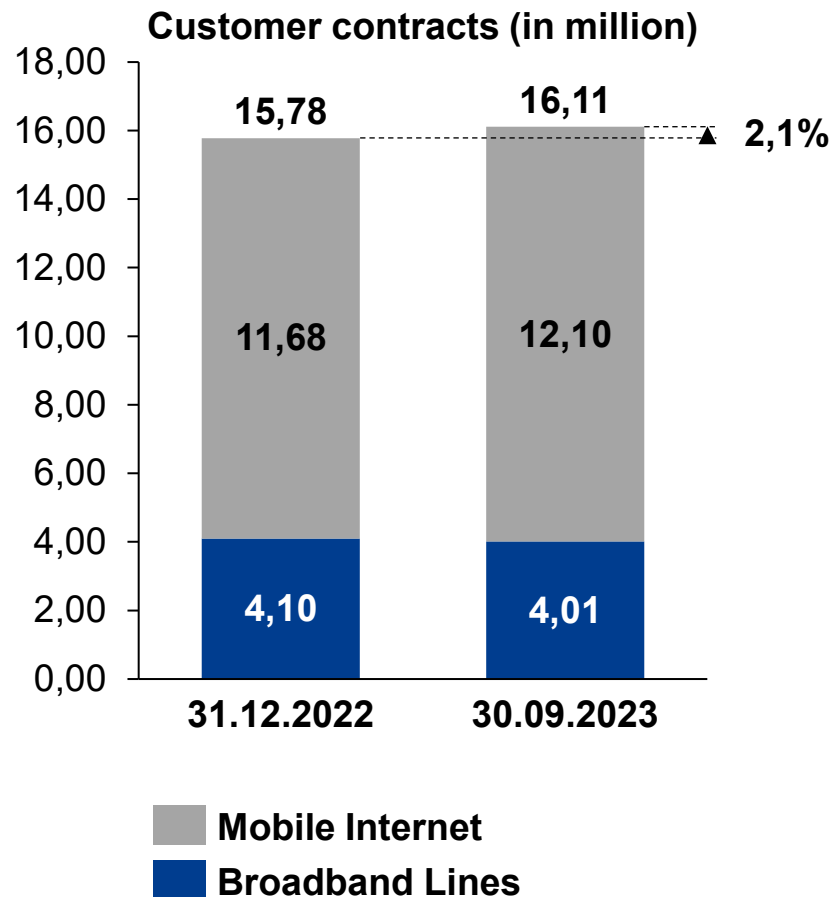
# Product portfolio: Mobile

- Germany's leading MVNO with 12.10 million mobile services contracts
- Broad market coverage – Target group specific marketing approach
- Frequent wins connect customer satisfaction

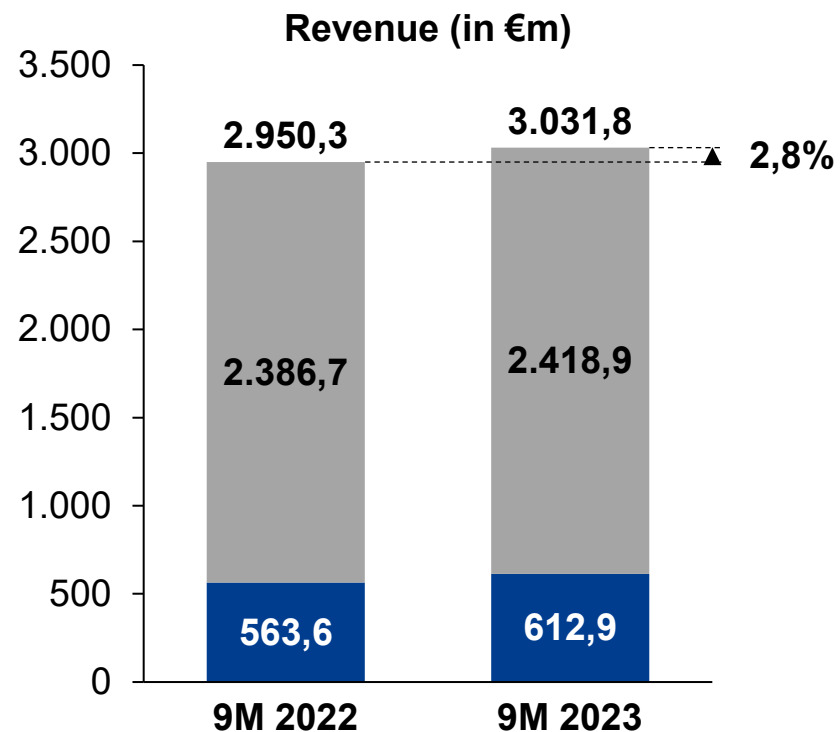


Primary brand	
Co brands	
Discount brands	  

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



- 16.11m customer contracts (+ 0.33m)
  - 12.10m mobile internet (+ 0.42m)
  - 4.01m broadband lines (- 0.09m)
- Good progress in migration from ADSL to VDSL since Q1/23
- ➔ Number of broadband lines expected to stabilize in Q4



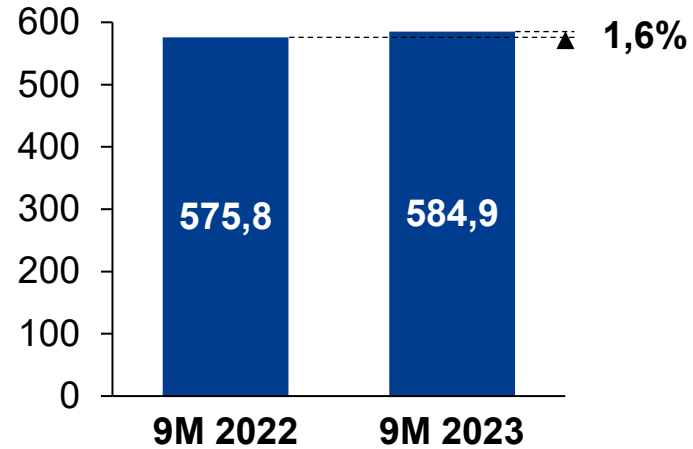
■ Service revenue  
■ Hardware revenue

- €3,031.8m revenue ( + 2.8 %)
  - €2,418.9m service revenue (+ 1.3 %)
  - €612.9m other revenue (+ 8.7 %)  
especially with smartphones

→ Q3 Service revenue: +3.7 % to €834,3m (yoy)

# EBITDA by segments

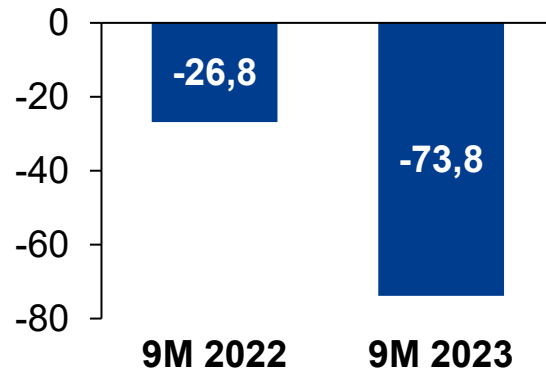
EBITDA Segment „Access“ (in €m)



## Segment „Access“

- €584.9m operating EBITDA (+ 1.6 %)

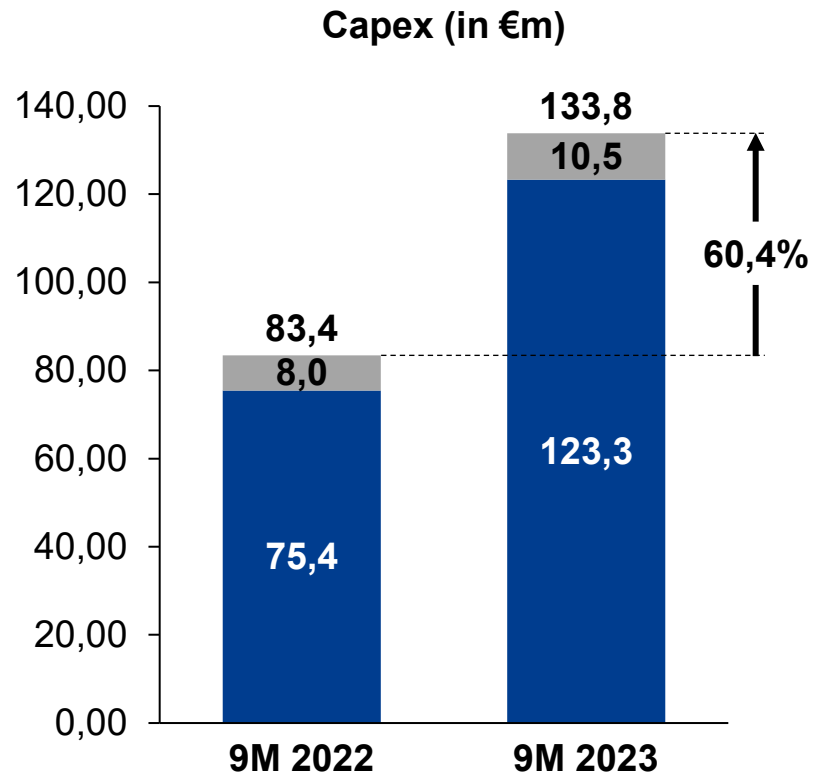
EBITDA Segment „1&1 Mobile Network“ (in €m)



## Segment „1&1 Mobile Network“

- - €73.8m EBITDA (Plan related start-up costs for the construction of the 1&1 mobile network)





■ Segment Access  
■ Segment 1&1 Mobile Network

- €133.8m Capex
  - €10.5m segment „Access“
  - €123.3m segment „1&1 Mobile Network“ for rollout (sites, computers, software etc.)

1&1 Mobile Network

# Network operation – as of 30.09.2023

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## First virtualised OpenRAN in Europe, without products from Chinese producer

- FWA (Fixed Wireless Access) as an alternative to fixed network connections since December 2022
- 2 (of 4) core data centres
- 23 (of 24) decentralised EDGE data centres
- 81 (of approx. 550) regional Far EDGE data centres

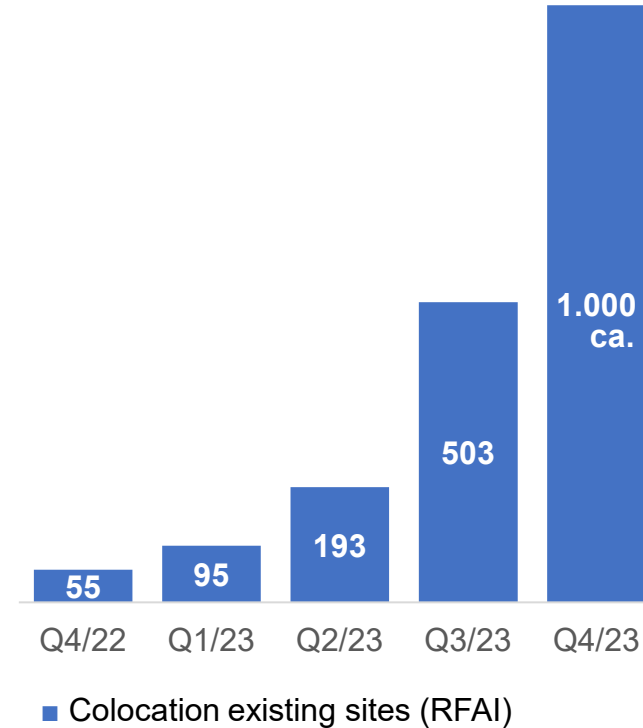
## Milestones achieved

- ✓ Interconnection of all national and international networks
- ✓ Test operation of national roaming with Telefónica
- ✓ Friendly User Test for mobile services with over 300 external customers
- ✓ Conclusion of a binding national roaming pre-contract with Vodafone

# Development of antenna sites

In the current quarter, the number of sites will also increase strongly

- 503 sites end of Q3/2023
- approx. 500 new sites exp. in Q4/2023



➔ Ramp-up ongoing despite renewed delivery delays by our most important expansion partner

# Next planning steps unchanged

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## Q4 2023

- Conclusion of the national roaming contract with Vodafone
- Nationwide marketing start of smartphone tariffs in December

## Q1 2024

- Start of the migration of existing customers

Forecast 2023

## Forecast 2023 confirmed

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- 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) mainly for network construction

# Financials 9M 2023



(in €m)	9M 22	9M 23	Change
<b>Revenue</b>	2,950.3	3,031.8	+ 2.8 %
Cost of Sales <sup>(1)</sup>	- 2,010.6	- 2,135.8	+ 6.2 %
<i>thereof start-up costs + depreciation 1&amp;1 mobile network</i>	<i>-20.7</i>	<i>- 89.8</i>	
<b>Gross profits from turnover <sup>(1)</sup></b>	<b>939.7</b>	<b>896.0</b>	<b>- 4.7 %</b>
Distribution costs	- 374.2	- 387.0	+ 3.4 %
Administration costs <sup>(2)</sup>	- 80.7	- 92.8	+ 15.0 %
<i>thereof start-up costs + depreciation 1&amp;1 mobile network</i>	<i>- 6.4</i>	<i>- 17.5</i>	
Other operating income/expenses	20.8	24.9	+ 19.7 %
Impairment losses on receivables and contract Assets	- 76.8	- 77.4	+ 0.8 %
<b>Profit/loss from operating activities</b>	<b>428.8</b>	<b>363.7</b>	<b>- 15.2 %</b>
Financial result	- 4.6	6.3	
<b>Profit before taxes</b>	<b>424.2</b>	<b>370.0</b>	<b>- 12.8 %</b>
Tax expense	- 127.5	- 117.0	- 8.2 %
<b>Consolidated result</b>	<b>296.7</b>	<b>253.0</b>	<b>- 14.7 %</b>

(1) Incl. -€89.9m expenses for the construction of the 1&1 mobile network (prev. year: -€20.7m), thereof €33.9m depreciation (prev. year: €0.0m)

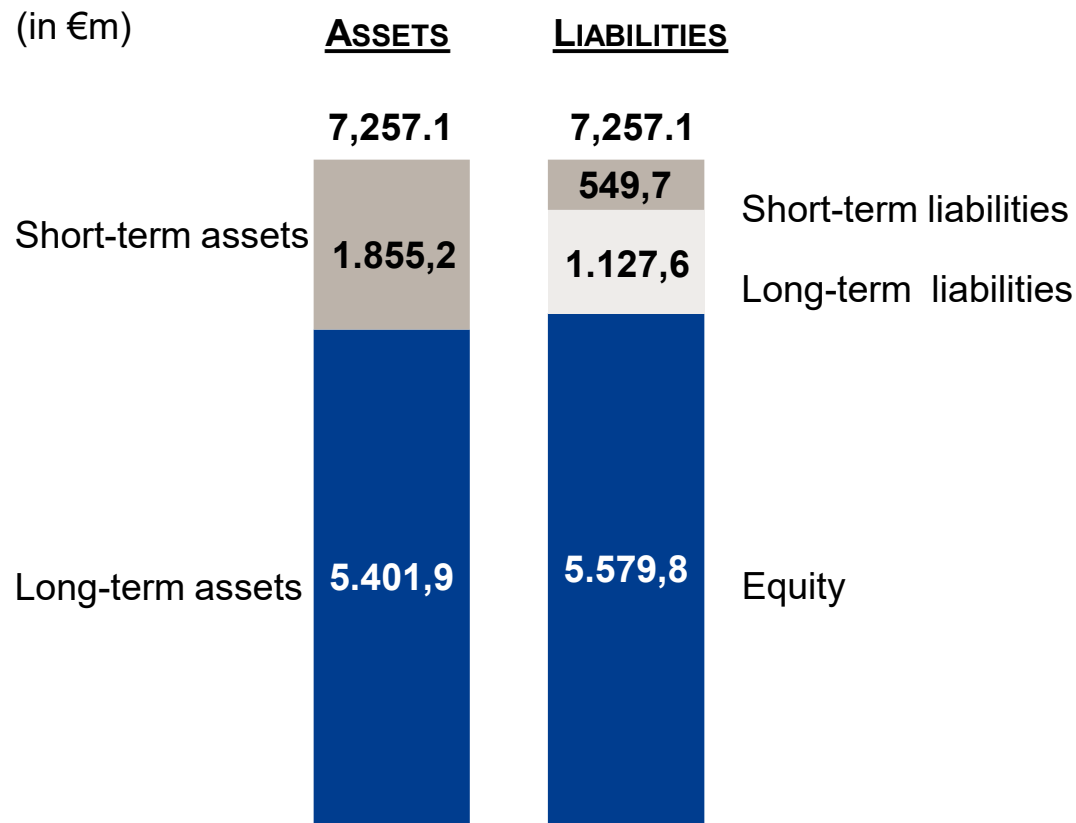
(2) Incl. -€17.5m expenses for the construction of the 1&1 mobile network (prev. year: -€6.4m), thereof €0.6m. € depreciation (prev. year: €0.3m)

I. To improve comparability, administrative expenses, cost of sales and other operating expenses were reclassified in the 1&1 Mobile Network segment for 9M 2022. This results in the adjustments to gross profit.

# Balance sheet

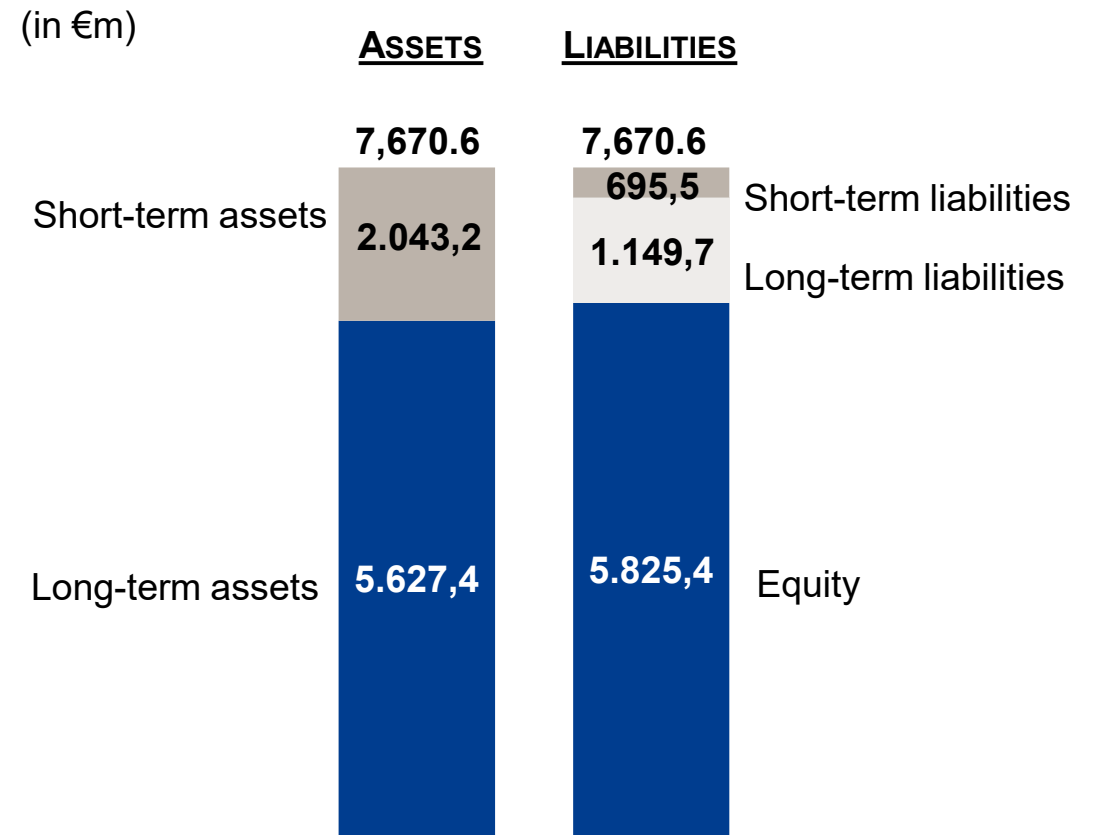


## 31 December 2022



Equity ratio 76.9 %

## 30 September 2023

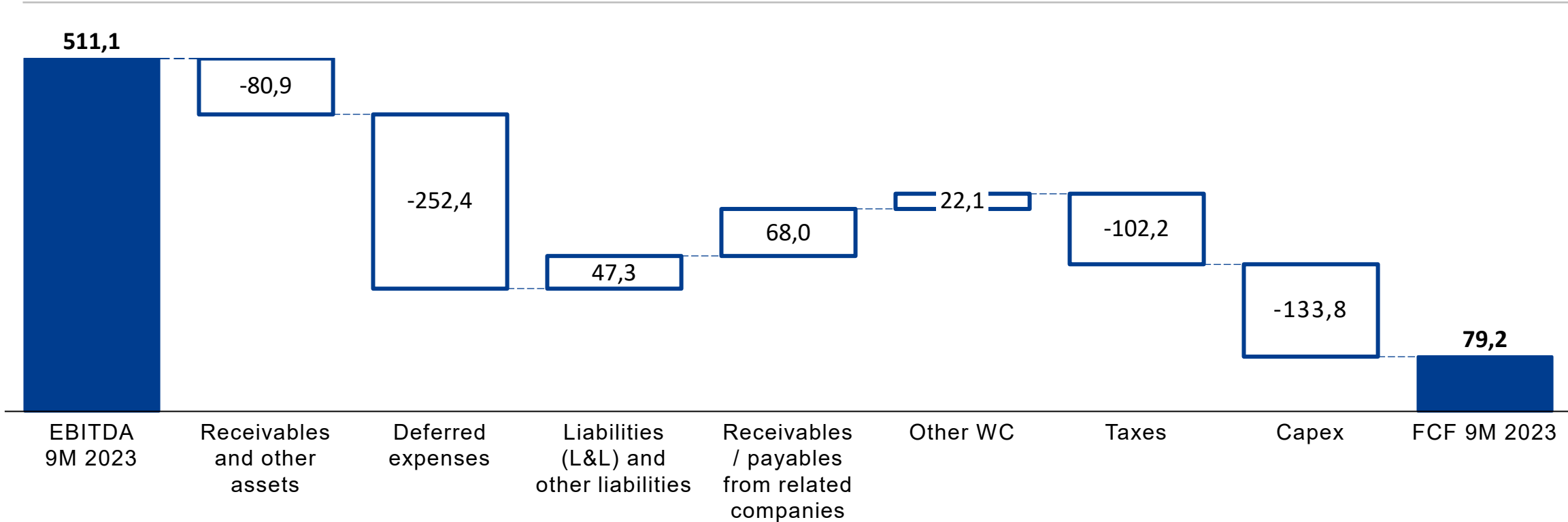


Equity ratio 75,9 %

(in €m)	9M 22	9M 23	Change	Comments
Net inflow of funds from operating activities	179.5	213.0	+ 18.7 %	<ul style="list-style-type: none"> <li>+€383.7m Cash flow from operating activities</li> <li>-€80.9m from the change in (L&amp;L) receivables and in other assets</li> <li>+€47.3m from the change in trade accounts payable and other liabilities</li> <li>+€68,0m from the change in receivables from and payables to related companies</li> <li>-€252.4m from the change in accrued expenses</li> <li>+€47.3m from the change in other working capital</li> </ul>
Cash flow from investment activities	- 155.7	- 181.4	- 16.5 %	<ul style="list-style-type: none"> <li>-€133.8m Capex</li> <li>-€57.5m Investment of free cash with United Internet</li> <li>+€10.1m Interest received, mainly from cash investment at UI</li> </ul>
Cash flow from financing activities	- 22.9	- 32.6	+ 42.4 %	<ul style="list-style-type: none"> <li>-€19.0m Payment in connection with leases</li> <li>-€8.8m Dividend payment</li> </ul>
Free cash flow <sup>(1)</sup>	96.1	79.2		

(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	Receivables and other assets	Deferred expenses	Liabilities (L&L) and other liabilities	Receivables / payables from related companies	Other WC	Taxes	Capex	FCF
Q1	182,1	-5,9	7,3	-3,5	0,5	-45,1	-34,3	-40,2	60,9
Q2	169,9	-36,1	-261,9	-14,4	61,3	36,8	-33,7	-40,8	-118,9
Q3	159,1	-38,9	2,2	65,2	6,2	30,4	-34,2	-52,8	137,2

Incl. advance payment for FTTH/VDSL contingent contract Deutsche Telekom

Our success story  
continues!

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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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