



Fiscal Year 2023 and Outlook 2024

Ralph Dommermuth

- Company Development 2023
- 1&1 Mobile Network

Markus Huhn

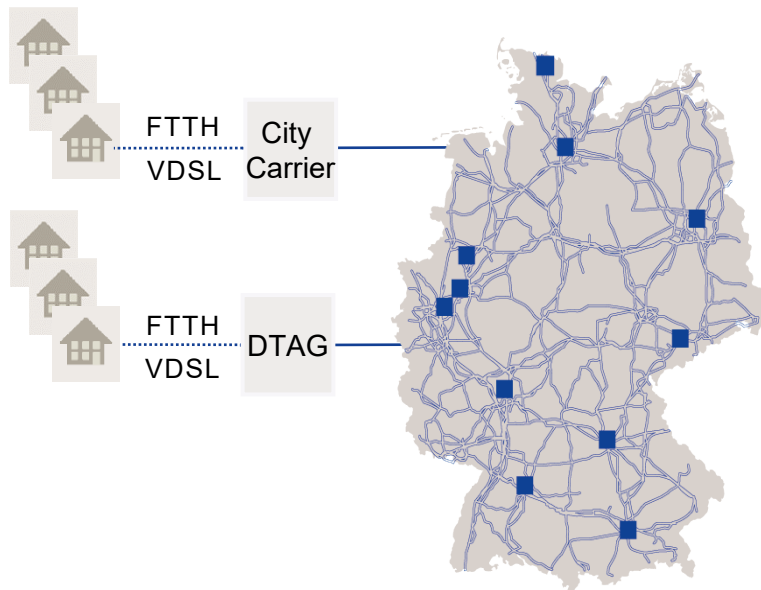
- Financials 2023
- Outlook 2024

Company development 2023

Broadband connections

- 4.01 million broadband connections
- VDSL and FTTH complete package including voice, IP-TV.

Purchase via 1&1 Versatel, last mile via Deutsche Telekom and City Carriers



connect
SEHR GUT
FESTNETZTEST
BUNDESWEITE ANBIETER
1&1
Heft 9/2023
www.connect.de

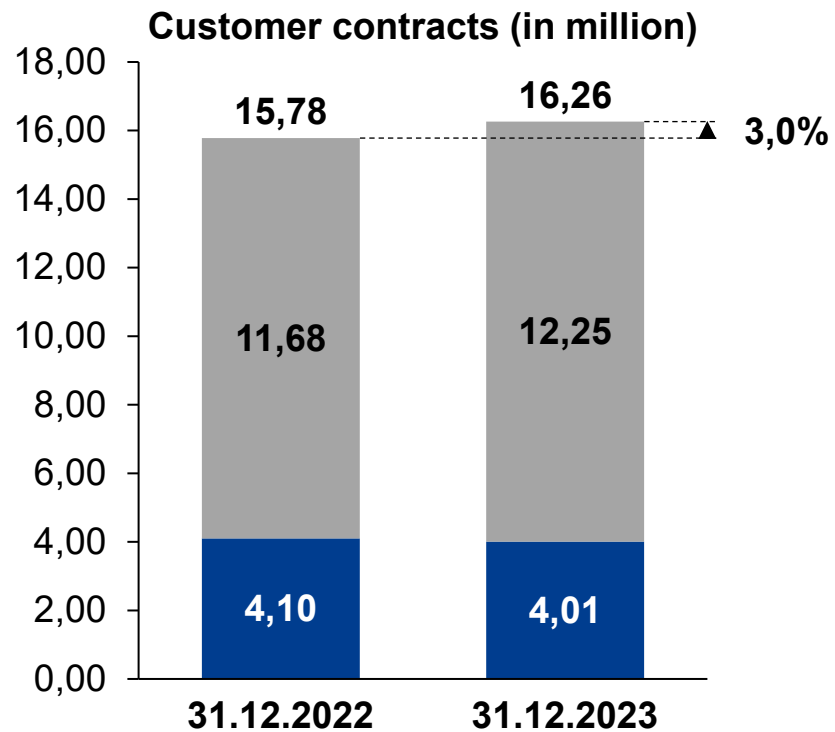
Product portfolio: Mobile



- 12.25 million mobile contracts
- Europe's first Open RAN, fully virtualized
- Broad market coverage – Target group specific marketing approach

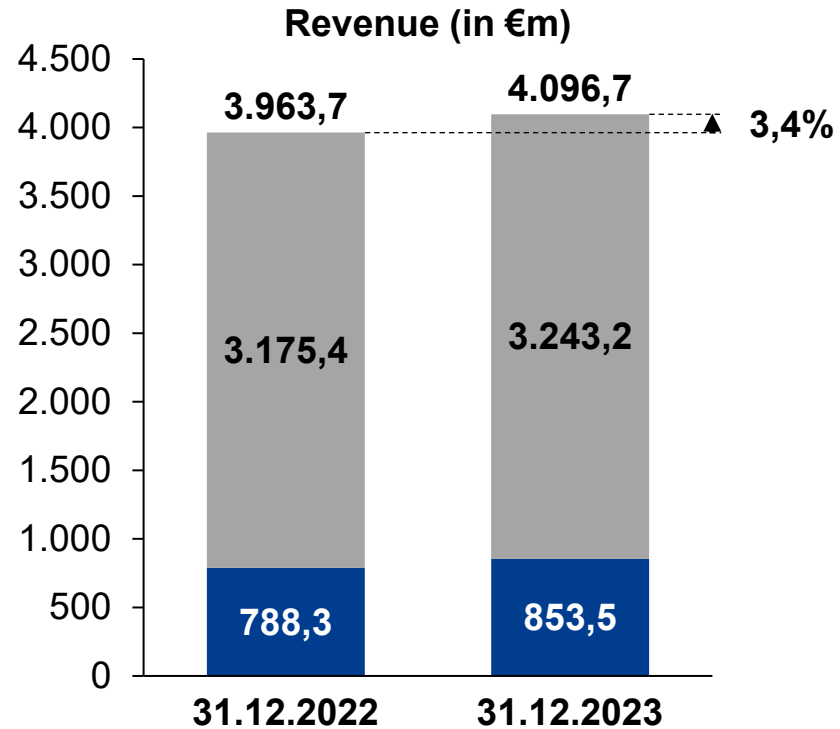


Primary brand	
Co branding	
Discount brands	<p>yourfone</p> <p>smartmobil.de winSIM simplytel</p> <p>DeutschlandSIM maXim PremiumSIM</p>



■ Mobile Internet
■ Broadband Lines

- 16.26m customer contracts (+ 0.48m)
 - 12.25m mobile internet (+ 0.57m)
 - 4.01m broadband lines (- 0.09m)
- Good progress in migration from ADSL to VDSL since Q1/23
- Q4: + 150,000 mobile contracts, broadband ownership stabilized

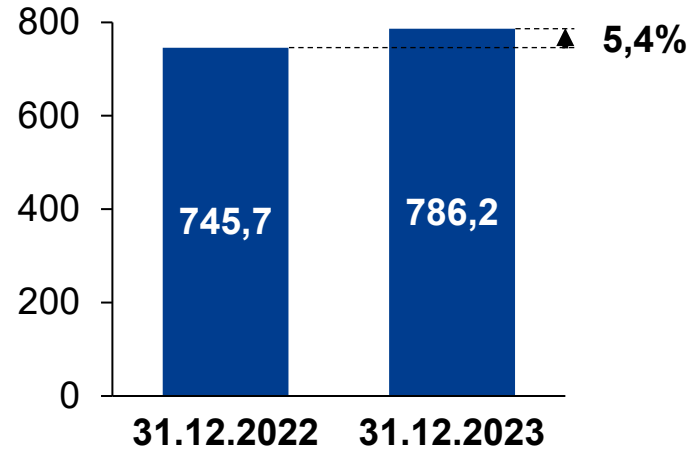


■ Service revenue
■ Hardware revenue

- €4,096.7m revenue (+ 3.4 %)
 - €3,243.2m service revenue (+ 2.1 %)
 - €853.5m other revenue (+ 8.3 %)
especially with smartphones
- Q4: + 4.5 % service revenue to €824.3m (yoy)

EBITDA by segments

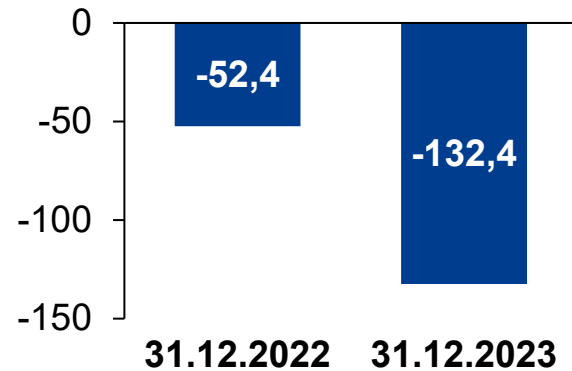
EBITDA Segment „Access“ (in €m)



Segment „Access“

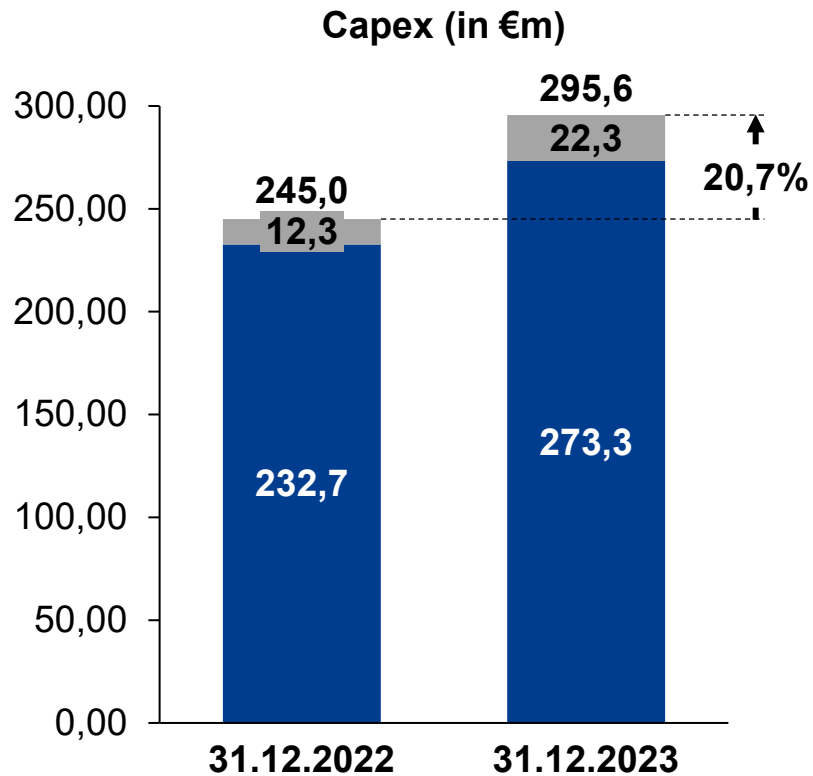
- €786.2m operating EBITDA (+ 5.4 %)

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



Segment „1&1 Mobile Network“

- - €132.4m EBITDA (Plan related start-up costs)



■ Segment Access
■ Segment 1&1 Mobile Network

- €295.6m Capex
 - €22.3m segment „Access“
 - €273.3m segment „1&1 Mobile Network“, primarily for rollout (sites, computers, software etc.)

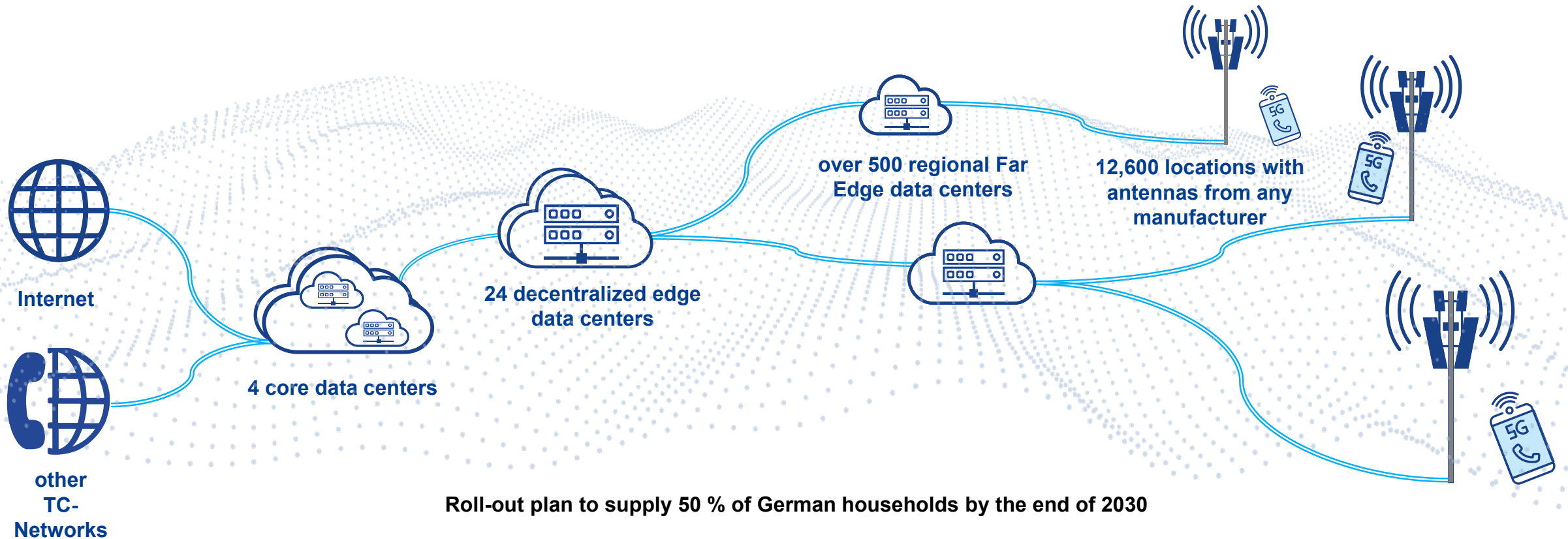
	2022	2023	Change
Customer Contracts	15.78m	16.26m	+ 3.0 %
Revenue	€3.963,7m	€4.096.7m	+ 3.4 %
of which Service Revenue	€3.175,4m	€3.243.2m	+ 2.1 %
EBITDA	€693,3m	€653.8m	- 5.7 %
of which Access segment	€745.7m	€786.2m	+ 5.4 %
of which 1&1 Mobile Network segment	- €52.4m	- €132.4m	
EBIT	€534,9m	€455.8m	-14.8 %

- Dividend proposal to the Annual General Meeting 2024: €0.05 per voting share (minimum dividend according to sec. 254 AktG)

1&1 Mobile Network

8/12/2023: Europe's first Open Ran is fully operational

- **Software** in a private cloud implements all network functions on **standard servers**



Roll-out plan to supply 50 % of German households by the end of 2030

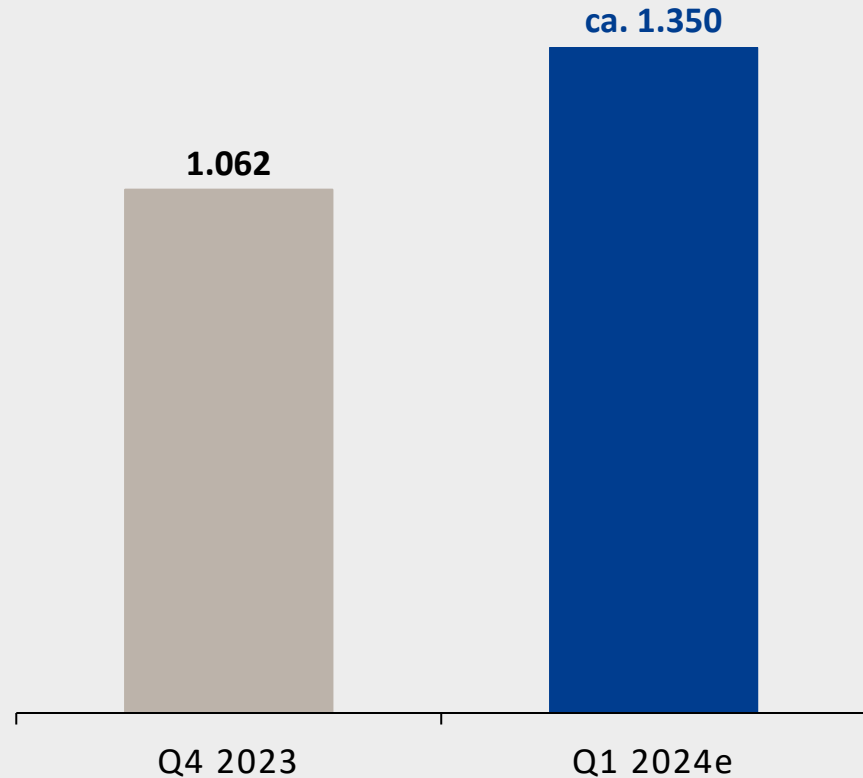
Differentiation from traditional networks

- **Open System**
 - More than 80 partner companies
 - Standardized Interfaces
 - Independent of dominant manufacturers such as HUAWEI
- **Ready for real-time applications**
 - Gigabit antennas at all locations, connected via fiber optics
 - Data processing directly on site in >500 far-edge data centers
- **Low electricity consumption**
 - Savings potential* of 10 to 30 % compared to conventional networks

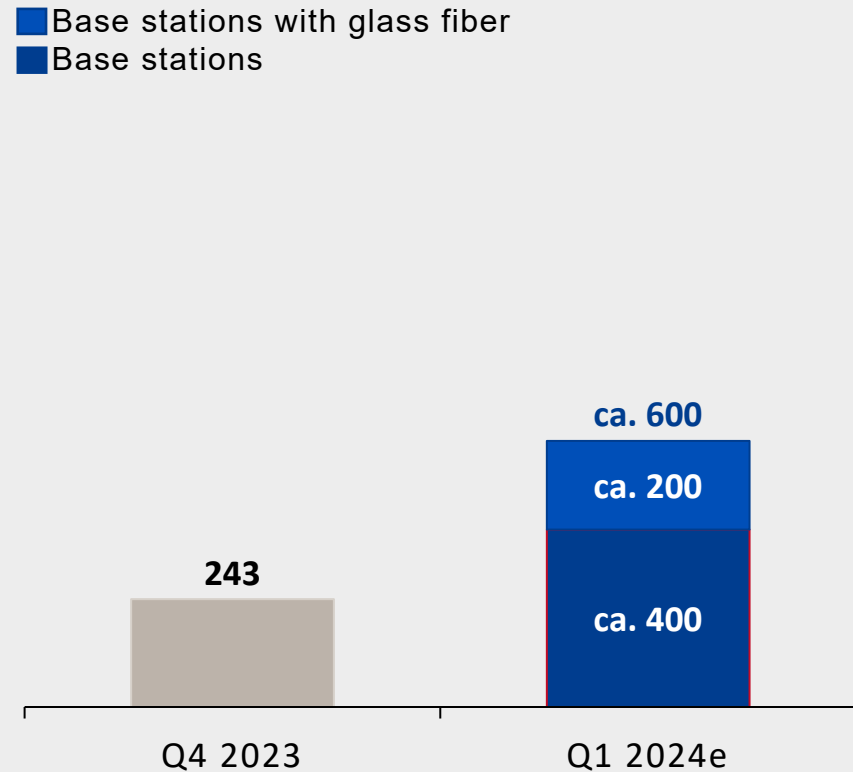


Good progress with the construction of the antenna sites

Antenna locations, total



Antenna locations with base stations



Financials 2023

Earnings



(in €m)	2022	2023	Change
Revenue	3,963.7	4,096.7	+ 3.4 %
Cost of Sales ⁽¹⁾	- 2,734.5	- 2,937.7	+ 7.4 %
<i>thereof start-up costs + depreciation 1&1 mobile network</i>	<i>-40.9</i>	<i>- 166.8</i>	
Gross profits from turnover	1,229.2	1,159.0	- 5.7 %
<i>Gross profit excluding 1&1 mobile network</i>	<i>1,270.1</i>	<i>1,325.7</i>	<i>+ 4.4 %</i>
Distribution costs	- 509.6	- 513.2	+ 0.7 %
Administration costs	- 110.9	- 115.6	+ 4.2 %
Other operating income/expenses	33.5	31.0	- 7.5 %
Impairment losses on receivables and contract Assets	- 107.3	- 105.4	- 1.8 %
Profit/loss from operating activities	534.9	455.8	- 14.8 %
Financial result	- 3.4	9.1	
Profit before taxes	531.5	464.9	- 12.5 %
Tax expense	- 164.2	- 149.9	- 8.7 %
Consolidated result	367.3	315.0	- 14.2 %

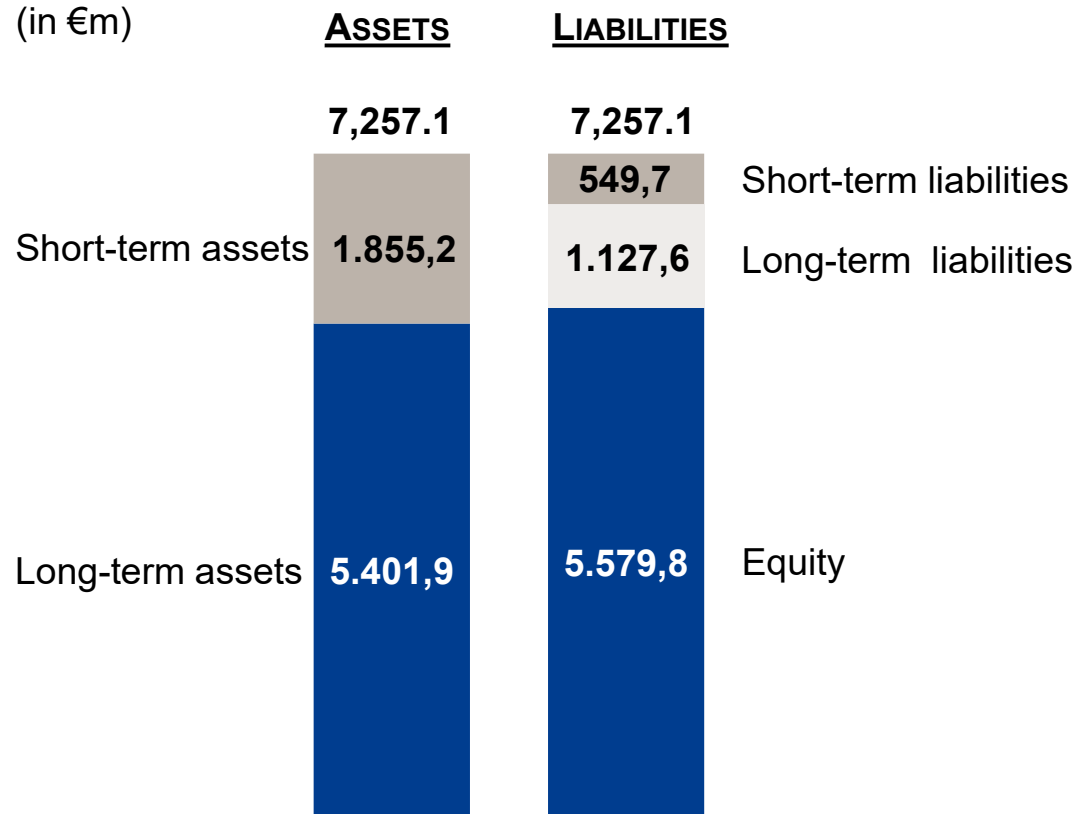
(1) Of which €46.8 million depreciation (previous year: €0.3 million) in the 1&1 Mobile Network segment

Balance sheet



31 December 2022

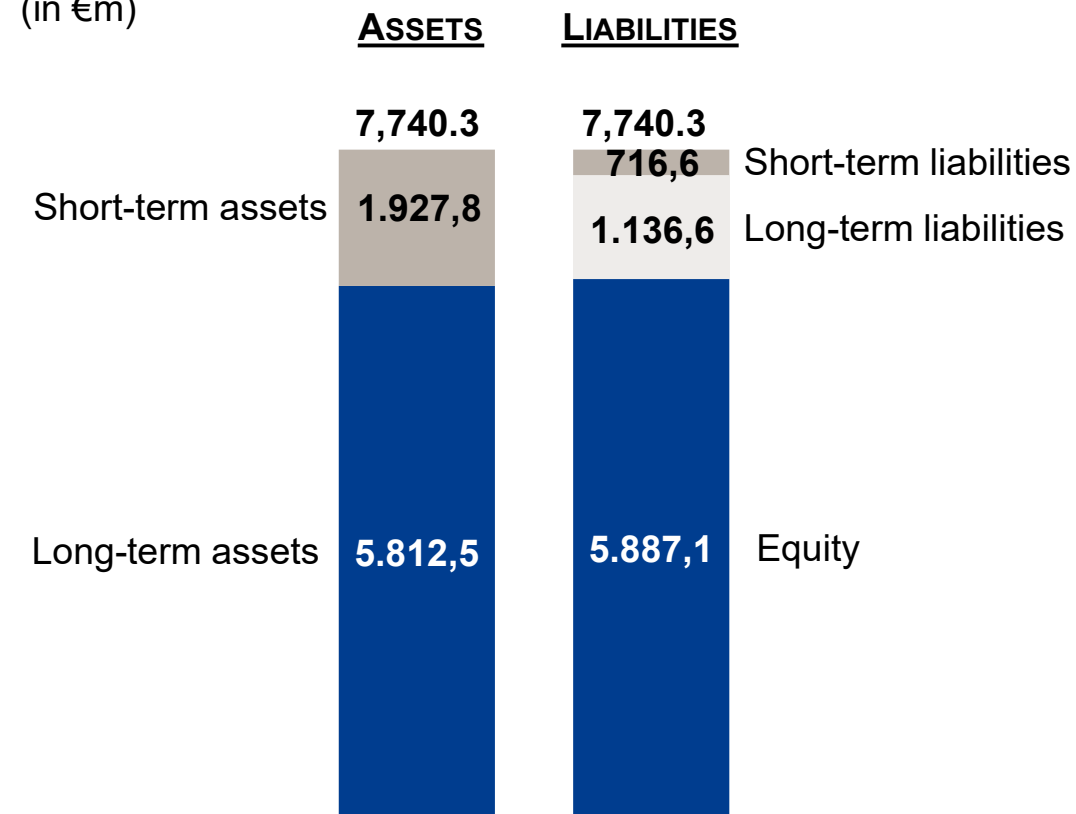
(in €m)



Equity ratio 76.9 %

31 December 2023

(in €m)

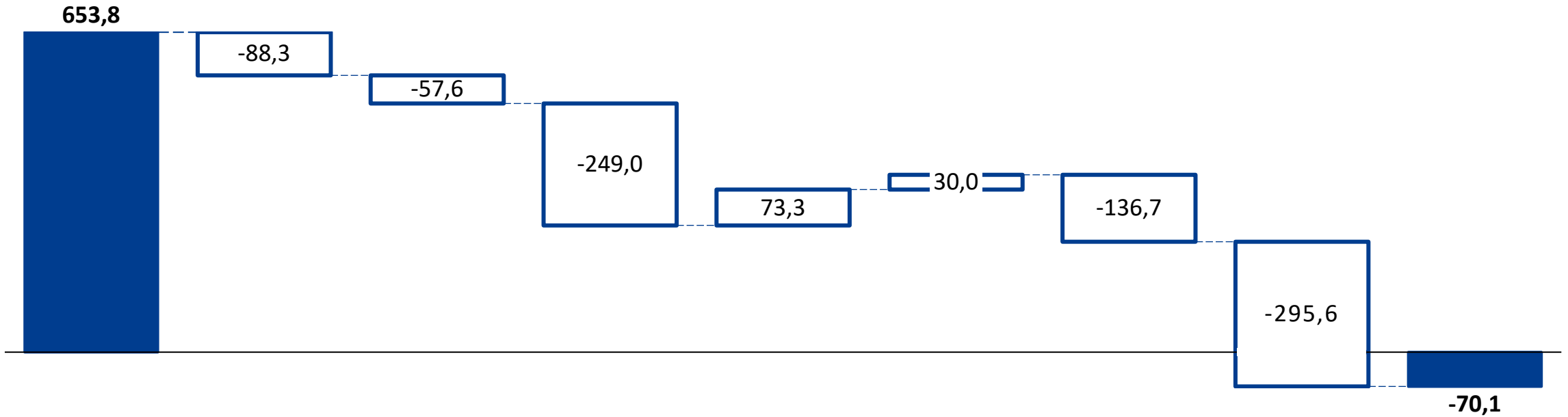


Equity ratio 76.1 %

(in €m)	2022	2023	Change	Comments
Net inflow of funds from operating activities	182.9	225.6	+ 23.3 %	<ul style="list-style-type: none"> +€488.8m Cash flow from operating activities -€88.3m from the change in (L&L) receivables and in other assets -€57.6m from changes in inventories +€73.3m from the change in receivables from and liabilities to related parties -€249.0m from the change in accrued expenses +€58.4m from the change in other working capital
Cash flow from investment activities	- 95.1	- 125.2	- 31.7 %	<ul style="list-style-type: none"> -€295.6m Capex +€155.0m Investment of free cash with United Internet +€15.7m Interest received, mainly from cash investment at UI
Cash flow from financing activities	- 87,7	- 101.8	+ 16,1 %	<ul style="list-style-type: none"> -€12.1m Payment in connection with leases -€8.8m Dividend payment -€61.3m Repayment of 5G spectrum liabilities -€14.9m Other payments of an interest nature -€4.7m Interest payments from leases
Free cash flow ⁽¹⁾	-62.1	- 70.1	- 12.9 %	

(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 12M 2023	Receivables and other assets	Inventories	Deferred expenses	Receivables / Payables from related parties	Other WC	Taxes	Capex	FCF 12M 2023
Q1	182,1	-5,9	-14,8	7,3	0,5	-33,8	-34,3	-40,2	60,9
Q2	169,9	-36,1	6,6	-261,9	61,3	15,8	-33,7	-40,8	-118,9
Q3	159,1	-38,9	24,9	2,2	6,2	70,7	-34,2	-52,8	137,2
Q4	142,7	-7,4	-74,3	3,4	5,3	-22,7	-34,5	-161,8	-149,3

Incl. advanced payments FTTH-/VDSL contingent contract with Deutsche Telekom

Outlook 2024

- Service revenue ca. + 4 % to ca. €3.37 billion (2023: €3,243 billion)
- EBITDA + 10 % to ca. €720 million (2023: €653.8 million)
 - Segment Access + 12 % to ca. €880 million (2023: €786.2 million)
 - Segment 1&1 Mobile Network to ca. - €160 million start-up costs (2023: - €132.4 million)
- Ca. €380 million cash capex (2023: €295.6 million) in particular for the mobile network build

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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