Interim Statement
Q1 2025

FACTS & FIGURES

Selected Performance Indicators	3M 2025	3M 2024	Change	Q4 2024	Q3 2024	Q2 2024
Profit (in €m)						
Revenues	1,018.5	1,024.4	–0.6%	1,047.1	1,001.3	991.5
Service revenues	821.9	821.9	0.0%	824.4	833.8	823.0
Hardware and Other revenues	196.6	202.5	–2.9%	222.7	167.5	168.5
EBITDA	**155.9**	**182.3**	**–14.5%**	**127.8**	**136.4**	**144.3**
EBITDA segment Access	222.9	224.7	–0.8%	226.0	192.5	212.9
EBITDA segment 1&1 Mobile Network	–67.0	–42.4	58.0%	–98.2	–56.1	–68.6
EBIT	**73.2**	**117.9**	**–37.9%**	**21.9**	**91.4**	**78.2**
EBIT excluding PPA write-offs	96.4	132.2	–27.1%	36.2	105.6	92.5
EBT	**67.8**	**118.8**	**–42.9%**	**18.7**	**90.0**	**77.7**
EBT excluding PPA write-offs	91.1	133.1	–31.6%	32.9	104.3	92.0
Profit per share (in €)	0.27	0.47	–42.6%	0.10	0.34	0.30
Profit per share excluding PPA write-offs (in €)	0.36	0.53	–32.1%	0.15	0.39	0.36
Cash flow (in €m)						
Net inflow of funds from operating activities	43.8	88.5	–50.5%	177.5	158.4	–113.0
Net outflow of funds in investment sector	–319.6	–69.4		–107.1	–143.2	138.9
Free cash flow	15.8	78.5	–79.9%	–42.2	121.5	–137.0
	31/03/2025	**31/12/2024**	**Change**	**31/12/2024**	**30/09/2024**	**30/06/2024**
Headcount (incl. management board)						
Total per end of March[1]	3,301	3,281	0.6%	3,281	3,280	3,321
Customer contracts (in millions)						
Access, contracts	16.35	16.39	–0.2%	16.39	16.35	16.35
of which mobile internet	12.42	12.44	–0.2%	12.44	12.38	12.36
of which broadband (ADSL, VDSL, FTTH)	3.93	3.95	–0.5%	3.95	3.97	3.99
Balance Sheet (in €m)						
Short-term assets	2,177.9	1,844.0	18.1%	1,844.0	1,939.2	1,847.9
Long-term assets	6,265.0	6,286.0	–0.3%	6,286.0	6,100.6	6,074.4
Shareholders'equity	6,142.5	6,094.0	0.8%	6,094.0	6,077.0	6,016.3
Balance sheet total	8,442.9	8,130.1	3.8%	8,130.1	8,039.8	7,922.3
Equity ratio	72.8%	75.0%		75.0%	75.6%	75.9%

[1] Group headcount from 2025 onwards includes A1 Marketing, Kommunikation und neue Medien GmbH

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Letter from the Management Board

  

Dear Shareholders,

following what was at times a challenging 2024 financial year, 1&1 has made a strong start to the new year. In particular, the roll-out of our antenna sites and the migration of existing customers to the 1&1 mobile network are progressing well and on schedule.

As an innovation leader, we have adopted the most advanced technology from the outset in Germany's fourth mobile network, with no compromises. Open RAN technology provides a future-proof and independent answer to the complex challenges of our time.

Unlike traditional mobile networks, the 1&1 Open RAN consistently separates hardware from software. All network functions are controlled via software within our private cloud, distributed across hundreds of decentralised Edge Data Centres. Combined with gigabit antennas and fibre-optic connections, this makes our 5G network ready for future applications that demand real-time speeds.

In addition, standardised interfaces in the Open RAN put an end to an outdated approach in mobile communications, where individual manufacturers supply a closed, all-in-one system. At 1&1, we work flexibly with a broad range of trusted partners within the Open RAN. This novel technology prevents dangerous dependencies and makes a significant contribution to achieving digital sovereignty. Our 5G network utilises products and services from around 100 partners – approximately 50 percent based in Germany and a further 40 percent across Europe. This ensures we have an exceptionally future-ready network architecture that is transforming the mobile landscape, strengthening resilience, and driving innovation in the interests of consumers.

Our teams continue to deliver outstanding technological achievements. While competitors are still discussing the advantages of Open RAN and testing initial initiatives, 1&1 operates Europe's first fully virtualised Open RAN. Already, more than six million customers are surfing and making calls on our pioneering 5G network. We have regained momentum in migrating our total customer base of over 12 million, and, thanks to expanded core network capacity since November 2024, we are now moving up to 200,000 customer contracts per week to our network. We expect to complete the migration in full by the end of 2025.

The 1&1 Open RAN continues to grow daily. Significant progress has been made in recent months regarding the passive infrastructure of our network. By the end of Q1, 1&1 was operating over 1,000 active antenna sites, with a further 5,000 sites under development. We have also made excellent headway with our data centre infrastructure: all four core data centres are now operational, along with all 24 Edge Data Centres and 241 of the more than 500 decentralised data centres planned in the first expansion phase.

By successfully participating in the 5G auction, we laid the foundation for the 1&1 Open RAN, acquiring initial frequencies worth over one billion euros. In March 2025, the Federal Network Agency announced the extension of further mid- and low-band spectrum licences to Deutsche Telekom, Vodafone and Telefónica for an additional five years. This extension is subject to the condition that the three established network operators provide 1&1 with access to part of the low-band spectrum for shared use. To avoid delays in negotiations over access to these crucial sub-1 GHz frequencies, we immediately reached out to Deutsche Telekom, Vodafone and Telefónica. It is essential that we, too, have access to a sufficiently large share of frequencies to adequately serve our more than 12 million customers. We are confident that this will be achieved and trust in fair offers as well as the promised support of the Federal Network Agency.

On 11 April 2025, the Federal Cartel Office published its preliminary legal assessment regarding Vodafone and Vantage Towers' failure to provide antenna sites to 1&1. In its assessment, the Federal Cartel Office considers the delayed provision of contractually agreed sites to constitute an anti-competitive hindrance of 1&1's market entry as the fourth network operator. Vantage Towers entered into a contractual agreement with 1&1 at the end of 2021 for the shared use of a four-digit number of antenna sites, to be implemented in several phases by the end of 2025. The deadlines for these targets were contractually extended by a year.

However, the provision of the agreed sites has been significantly delayed since the contract was signed. Vodafone and Vantage Towers now have the opportunity to respond.

For 30 years now, 1&1, one of the leading German telecommunications providers, has been a symbol of how innovative and attractive products and service vitalise and mould competition. We are widely recognised for our excellent price-performance ratio. Of course, we do not rely on good offerings alone, quality and service remain key differentiators for both private and business customers. We were pleased to receive several awards in early 2025 that highlight our commitment to excellence. In the 2025 connect comprehensive check of fixed-line providers, 1&1's high-performance products once again stood out: as test winner in the "standard" and "heavy user" categories, 1&1 offers private customers the most attractive and powerful options in fibre, DSL and VDSL. For our business customers, high-performance connectivity remains a top priority. In the 2025 B2B Internet Customer Barometer, 1&1 was awarded a rating of "Very Good". We also achieved top marks in the B2B Mobile Customer Barometer, particularly in the categories of "Customer Service" and "App".

Now for the operating side of the business

While we were able to maintain stable service revenues in Q1 2025 as expected, we recorded a decline in both customer contract numbers and EBITDA, as planned.

Specifically, the number of customer contracts fell by 40,000 to 16.35 million (31 December 2024: 16.39 million). This decline is attributable in equal parts to mobile Internet contracts, which reached 12.42 million at the end of Q1 2025 (31 December 2024: 12.44 million contracts) – and to broadband connections, which fell to 3.93 million end of Q1 (31 December 2024: 3.95 million contracts). In addition to the continuing high competitive pressure, contract development in the mobile Internet segment was also impacted by a slight increase in contract terminations in connection with the migration of all mobile customers to the new 1&1 network, which is scheduled to be completed by the end of the year.

The high-margin service revenue remained stable in the first quarter at €821.9 million, on par with the previous year (3M 2024: €821.9 million). Overall, revenue fell by -0.6 percent or -€5.9 million to €1,018.5 million (3M 2024: €1,024.4 million).

Other low-margin revenue, which largely results from the accelerated recognition of hardware sales (particularly from investments in smartphones that customers repay over the contractual minimum term via higher package prices), declined by -2.9 percent or -€5.9 million to €196.6 million (3M 2024: €202.5 million). The hardware business is low-margin, subject to seasonal fluctuations, and influenced by the attractiveness and life cycle of new devices.

EBITDA in the operational Access segment fell by -0.8 percent or -€1.8 million to €222.9 million in the first quarter of 2025 (3M 2024: €224.7 million). At the same time, start-up costs for building the 1&1 mobile network rose as planned to -€67.0 million (3M 2024: -€42.4 million). Overall, EBITDA decreased by -€26.4 million to €155.9 million (3M 2024: €182.3 million).

Due to increased depreciation, in particular due to more antenna sites, EBIT fell more sharply than EBITDA to €73.2 million (3M 2024: €117.9 million). Accordingly, earnings per share (EPS) amounted to €0.27 in the first quarter of 2025 (3M 2024: €0.47). Excluding the impact of PPA depreciation, EPS was €0.36 (3M 2024: €0.53).

Free cash flow in the first quarter of financial year 2025 came to €15.8 million (previous year: €78.5 million). Free cash flow includes investments in tangible and intangible assets (cash Capex) amounting to €28.0 million (3M 2024: €10.1 million), primarily relating to the expansion of our mobile network.

We confirm our full-year 2025 guidance and expect a stable contract base and service revenue at the prior-year level overall (€3.303 billion in 2024). EBITDA is projected to decline by around 3.4 percent to approximately €571 million (2024: €590.8 million).

This decline is attributed to a lower EBITDA in the Access operating segment, which is expected to total approximately €836 million (2024: €856.1 million). The reduction is due to the expiry of the national roaming agreement with Telefónica, which included 5-year one-off payments that were capitalised and amortised as planned. The commercially equivalent national roaming agreement between 1&1 and Vodafone does not include any such one-off payments. The use of the Vodafone network is recognised in the EBITDA as part of the cost of services purchased. Accordingly, the switch to Vodafone does not result in any change at the EBIT level—the EBITDA impact is offset by a corresponding reduction in depreciation.

We expect the EBITDA in the 1&1 Mobile Network segment to remain unchanged from the previous year at around -€265 million (2024: -€265.3 million). This includes approximately -€100 million in expenses for customer migration and network service costs, which will no longer apply from the 2026 financial year once the customer migration is fully completed this financial year.

The investment volume (Cash Capex) is budgeted at around €450 million (€290.6 million in 2024).

1&1 is well positioned for the next steps in the Company's development. We are optimistic about the future. We would like to express our special thanks to all of our employees for their commitment and work and to our shareholders and business partners for the trust they have placed in 1&1.

Best regards from Montabaur

Ralph Dommermuth | Sascha D'Avis | Alessandro Nava

Montabaur, May 2025

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Principles of the Group

Business Model

1&1 – only MBA MVNO on the German mobile market and roll-out of the 1&1 mobile network

The 1&1 Group, together with 1&1 Aktiengesellschaft, Montabaur the listed parent company (hereinafter: “1&1 AG” or, along with its subsidiaries, “1&1” or “Group”), is a telecommunications provider that operates in Germany and runs its own mobile network. The Group is managed via two business segments: Access and 1&1 mobile network.

Course of business

Development in the Access segment

The Access segment encompasses the Group’s fee-based mobile internet and broadband products, including associated applications such as home networking, online storage, telephony, video-on-demand, and IPTV, meaning that all external revenue is generated within this segment.

1&1 serves more than 16.3 million contracts across its broadband and mobile communications product areas, making it one of Germany’s leading internet specialists. 1&1 uses the landline network of its affiliate 1&1 Versatel GmbH, which, like 1&1, is also part of the United Internet AG Group, and can also market regional networks and broadband household lines from city carriers and Deutsche Telekom pursuant to an agreement with 1&1 Versatel. The bundled packages provided by 1&1 Versatel are supplemented with devices, own developments of applications and services to create an extended portfolio that sets the Company apart from its competitors.

Since the launch of mobile services in the 1&1 mobile network, operating companies in the Access segment have been purchasing wholesale services for new customers from their own network, and millions of existing customers have already migrated across. The full migration is expected to finish by the end of 2025. To ensure full network coverage during the build-out phase of the 1&1 mobile network, 1&1 is using Vodafone’s national roaming services.

As expected, the migration of existing customers to the 1&1 mobile network has led to a rise in customer cancellations. As a result, and due to persistently strong competition in the broadband and mobile communications markets, the number of fee-based contracts in the Access segment fell by 40,000 to 16.35 million in the first three months of the 2025 financial year. This reduction in customer contracts is equally attributable to the mobile internet business (31 March 2025: 12.42 million contracts) and broadband contracts (31 March 2025: 3.93 million contracts).

Development of Access Contracts in the first three months of 2025 (millions)

	31/03/2025	31/12/2024	Change
Access, total contracts	16.35	16.39	–0.04
of which mobile internet	12.42	12.44	–0.02
of which broadband lines	3.93	3.95	–0.02

Customer contracts are marketed in the Access reporting segment while the 1&1 mobile network segment produces infrastructure advance services, so external sales revenues are generated exclusively in the Access segment. The segment reporting is aligned with the internal organisation and reporting structure.

By 31 March 2025, revenues in the Access segment decreased by €5.9 million to €1,018.5 million (3M 2024: €1,024.4 million), and the high-margin service revenues included in this line item remained unchanged from the first quarter of 2024 at €821.9 million. Cost of materials in the Access segment (expenses for purchased services and goods) decreased by €20.1 million to €631.9 million (3M 2024: €652.0 million). Gross profit in the Access segment thus rose from €372.4 million to €386.6 million.

Segment EBITDA was at €222.9 million (3M 2024: €224.7 million).

Major revenue and profit indicators in the Access segment (in €m)

	3M 2025	3M 2024	Change
Sales revenue	1,018.5	1,024.4	–0.6%
Service revenue	821.9	821.9	0.0%
EBITDA	222.9	224.7	–0.8%

1&1 mobile network segment

1&1 operates a fully virtualised, fully functional mobile network based on innovative Open RAN technology. The expenditures and income relating to the ongoing construction and operation of the Company's own 1&1 mobile network are disclosed in the 1&1 mobile network segment.

As at 31 March 2025, approximately 6.5 million customers were using the 1&1 mobile network. The migration of the remaining existing customers is expected to be completed by the end of 2025.

EBITDA in the 1&1 Mobile Network segment amounted to -€67.0 million (3M 2024: -€42.4 million). This change results from the planned increase in costs for the further expansion and operation of the 1&1 mobile network, as well as the migration of existing customers to the company's own network. Every day, 1&1 migrates tens of thousands of existing customers to its own mobile network.

In the first three months of the 2025 financial year, revenue of €45.5 million (3M 2024: €0.9 million) was generated through the provision of mobile services to the Access segment.

Cash Capex stands at €26.7 million (3M 2024: €7.5 million). Planned investment volume is expected to significantly increase throughout the year.

Significant Events

As of 1 January 2025, 1&1 acquired all shares in A1 Marketing, Kommunikation und neue Medien GmbH, Montabaur (hereafter "A1"), from United Internet AG for a provisional purchase price of €4.2 million. A1 acts as a marketing agency for 1&1. The initial consolidation took place in accordance with IFRS 3 as of 1 January 2025. The consolidation of A1 had no material impact on the Group's assets, financial position, or earnings as at 31 March 2025. The initial consolidation is based on a provisional purchase price allocation.

In March 2025, the Federal Network Agency announced the extension of further mid- and low-band spectrum licences to Deutsche Telekom, Vodafone and Telefónica for an additional five years. This extension is subject to the condition that the three established network operators provide 1&1 with access to part of the low-band spectrum for shared use. To avoid delays in negotiations for access to key frequencies below 1 GHz, 1&1 entered into direct discussions with Telekom, Vodafone and Telefónica. 1&1 remains confident of reaching agreements and is relying on fair offers and the promised support of the Federal Network Agency.

On 11 April 2025, the Federal Cartel Office published its preliminary legal assessment regarding Vodafone and Vantage Towers' failure to provide antenna sites to 1&1. In its assessment, the Federal Cartel Office considers the delayed provision of contractually agreed sites to constitute an anti-competitive hindrance of 1&1's market entry as the fourth network operator. Vantage Towers entered into a contractual agreement with 1&1 at the end of 2021 for the shared use of a four-digit number of antenna sites, to be implemented in several phases by the end of 2025. The deadlines for these targets were contractually extended by a year, but the provision of the agreed sites has been significantly delayed since the contract was signed. Vodafone and Vantage Towers now have the opportunity to respond.

In December 2024, United Internet AG secured a subsidised loan of up to €800 million from the Japanese development bank Japan Bank for International Cooperation (JBIC). The loan is designated for the roll-out of the 1&1 mobile network. Under the terms of the agreement, all funds are to be passed directly to 1&1. A loan agreement between 1&1 and United Internet was signed in January 2025. In February 2025, the first tranche of €290 million was drawn down and transferred to 1&1 in line with the agreement.

Position of the Group

Earnings position in the Group

	3M 2025 €m	**3M 2024 €m**
Sales revenue	1,018.5	1,024.4
Cost of sales	–757.5	–725.2
Gross profit	**261.0**	**299.2**
Distribution costs	–136.8	–129.6
Administration costs	–29.3	–29.3
Other operating income / expenses	11.0	8.1
Impairment losses	–32.7	–30.5
Results from operating activities	**73.2**	**117.9**
Financial result	–5.4	0.9
Profit before taxes	**67.8**	**118.8**
Tax expenses	–20.6	–36.1
Group earnings	**47.2**	**82.7**

The main focus in the first quarter of 2025 was on migrating existing customers to the 1&1 mobile network. As expected, some customers exercised their special termination rights in connection with the migration, which had a negative impact on the number of customer contracts.

Competition remained intense in both mobile internet and broadband markets. As a result, 1&1 recorded a decline in paying customer contracts in the first quarter of 2025 of -0.2 percent to 16.35 million contracts year on year.

Sales revenue in the first three months of the 2025 financial year, saw a slight decrease of -0.6 percent to €1,018.5 million as at 31 March 2025 (Q1 2024: €1,024.4 million), which was entirely attributable to other revenue. Sustainable, high-margin service revenue, mainly generated from billing existing customer relationships, remained stable year on year at €821.9 million.

Other revenues, which primarily include sales from hardware (particularly from investments in smartphones repaid by customers via higher package prices over their minimum contract period), fell by -2.9 percent to €196.6 million in Q1 2025 (3M 2024: €202.5 million). This business fluctuates seasonally and its development depends heavily on the attractiveness of new devices and the model cycles of manufacturers. Regardless, these revenue fluctuations have no significant impact on EBITDA development.

The cost of sales increased in Q1 2025 by €32.3 million or 4.5 percent to €757.5 million (3M 2024: €725.2 million). Cost of sales in the Access business segment fell to €656.1 million (3M 2024: €660.8 million), mainly due to lower sales of smartphones and other hardware. This figure includes non-recurring depreciation of €4.4 million related to the discontinuation of a brand.

Cost of sales in the 1&1 mobile network segment, including advance services charged to the Access segment, amounted to €146.9 million (3M 2024: €65.3 million). Cost of sales in the 1&1 mobile network segment mainly related to the costs for the expansion and operation of the 1&1 mobile network. Cost of sales also includes advance payments for mobile services, which are charged to the Access segment. Depreciation and amortization included in the cost of sales amounted to around €39.4 million in the first three months of 2025 (3M 2024: €26.5 million). This increase is due to higher depreciation on network equipment and higher depreciation on leased assets. As in the previous year, the cost of sales includes depreciation on mobile licenses amounting to €10.2 million.

At Group level, the expenses incurred as part of internal cost allocation amounting to €45.5 million are consolidated.

The gross profit margin came to 25.6 percent (3M 2024: 29.2 percent). Gross profit declined by -12.8 percent or -€38.2 million to €261.0 million, due to lower revenue and higher expenses within cost of sales in the 1&1 mobile network segment.

Distribution costs increased by €7.1 million to €136.8 million driven by intensified advertising and marketing activities (3M 2024: €129.6 million). As a percentage of revenue, selling expenses amounted to around 13.4 percent in the first three months of 2025 (3M 2024: 12.7 percent).

Administrative expenses remained unchanged year on year at €29.3 million (2.9 percent of revenue).

Other results totalled €11.0 million (3M 2024: €8.1 million), comprising other operating expenses of €1.7 million (3M 2024: €2.5 million) and other operating income of €12.7 million (3M 2024: €10.6 million). The increase in other income was primarily driven by higher earnings from debt collection processes.

The impairment on receivables and contract assets amounted to around €32.7 million in the first quarter of the financial year 2025, compared to €30.5 million as at 31 March 2024. In relation to sales revenues, the impairment ratio was 3.2 percent (3M 2024: 3.0 percent).

EBITDA was €155.9 million (3M 2024: €182.3 million) in the first quarter of 2025, down -14.5 percent on the prior-year period, reflecting higher expenses for the expansion and operation of the 1&1 mobile network. The EBITDA margin was 15.3 percent, compared to 17.8 percent in the same period of the previous year.

Earnings before interest and taxes (EBIT) in the first quarter of 2024 amounted to €73.2 million (3M 2024: €117.9 million). The EBIT margin came to 7.2 percent (3M 2024: 11.5 percent). Excluding the effects of PPA depreciation (depreciation on the assets recognised as part of the purchase price allocation in the merger of 1&1 and Drillisch), the EBIT came to €96.4 million and the EBIT margin was 9.5 percent (3M 2024: €132.2 million or EBIT margin 12.9 percent). This development results primarily from the increased costs in the 1&1 mobile network segment.

Financing expenses amounted €8.3 million (3M 2024: €4.0 million). The increase was due to higher interest expenses from finance leases and interest on the loan received from United Internet. Financial income amounted to €2.9 million (3M 2024: €4.9 million), comprising, as in the previous year, primarily interest earned on surplus liquidity invested with United Internet AG as part of short-term liquidity management. The decline in financial income is solely attributable to lower interest rates, while the average investment of liquidity remained at the previous year's level.

Earnings before tax (EBT) in the first quarter of 2025 amounted to €67.8 million (3M 2024: €118.8 million). Tax expenses amounted to €20.6 million (3M 2024: €36.1 million). The tax rate remains unchanged from the previous year at 30.4 percent (3M 2024: 30.4 percent).

Consolidated profit for Q1 of 2025 was €47.2 million compared with €82.7 million in Q1 of 2024.

Undiluted earnings per share in the first three months of 2025 were €0.27 (3M 2024: €0.47). Excluding the effects of the PPA write-offs, the basic earnings per share in 2025 amounted to €0.36 (3M 2024: €0.53).

Major revenue and profit indicators

€m	3M 2025	3M 2024	Change
Sales revenue	1,018.5	1,024.4	–5.9
Service revenue	821.9	821.9	0.0
EBITDA	155.9	182.3	–26.4
EBIT	73.2	117.9	–44.7

Financial position in the Group

Development of key cash flow indicators

€m	3M 2025	3M 2024	Change
Net inflow of funds from operating activities	43.8	88.5	–44.7
Net outflow of funds in investment sector	–319.6	–69.4	–250.2
Free cash flow	15.8	78.5	–62.7
Net outflow of funds in financing sector	274.8	–17.9	292.7
Cash and cash equivalents as at 31 March	3.1	4.4	–1.3

Net cash inflows from operating activities in Q1 2025 amounted to around €43.8 million, compared with €88.5 million in the prior-year period. The main changes compared to the previous year, in addition to the €35.5 million reduction in consolidated profit, stemmed from changes in assets and liabilities.

Changes in assets and liabilities resulted in a balance of -€90.1 million, down on the previous year (3M 2024: -€57.6 million). This change was mainly due to repayments of trade payables.

Net cash outflows from investing activities included investments in intangible and tangible assets totalling €28.0 million (3M 2024: €10.1 million). These investments, which will primarily be made in the 1&1 mobile network, are expected to increase steadily over 2025, with total investment for the year planned at €450 million. In addition, payments from short-term investments totalled over €290.5 million (3M 2024: €65.5 million). These payments relate to the short-term investment of free cash with United Internet AG. Interest income from these investments amounted to €3.1 million (3M 2024: €6.3 million).

Free cash flow, defined as net inflow of funds from operating activities less investments in intangible and tangible assets plus inflow of funds from disposals of intangible and tangible assets, amounted to €15.8 million in the first three months of 2025, compared to €78.5 million as at 31 March 2024.

Net cash outflows from financing activities increased in the first quarter of 2025 due to the inflow of a €290 million loan from United Internet. In addition, as in Q1 2024, the cash flow from financing activities included repayments of lease liabilities amounting to €4.9 million (3M 2024: €4.7 million) and interest payments of €10.3 million (3M 2024: €13.2 million). The interest paid also specifically related to payments associated with the expansion of white spots, to which 1&1 committed in exchange for deferring the purchase price for the 5G frequencies. In 2024, significantly higher disbursements were incurred in this context, explaining the reduction in interest paid.

The cash and cash equivalents as at 31 March 2025 amounted to €3.1 million (31 March 2024: €4.4 million).

Assets and liabilities in the Group

Development of assets, liabilities and equity

€m	31/03/2025	31/12/2024	Change
Short-term assets	2,177.9	1,844.1	333.8
Long-term assets	6,265.0	6,286.0	–21.0
Total assets	**8,442.9**	**8,130.1**	**312.8**
Short-term liabilities	679.8	730.6	–50.8
Long-term liabilities	1,620.6	1,305.5	315.1
Shareholders'equity	6,142.5	6,094.0	48.5
Balance sheet total	**8,442.9**	**8,130.1**	**312.8**

The balance sheet total increased from €8,130.1 million as at 31 December 2024 to €8,442.9 million as at 31 March 2025. The increase on the asset side amounted to €333.8 million in current assets, while non-current assets decreased by €21.0 million.

At €3.1 million, cash and cash equivalents are down €1.0 million from €4.1 million as at 31 December 2024.

Trade receivables rose slightly year on year by 4.2 percent to €354.5 million. The accounts due from associated companies primarily include receivables related to the investment of free liquidity at United Internet AG. As at 31 March 2025, liquid funds invested with United Internet AG totalled €609.5 million, compared with €319.0 million at the end of 2024. The total accounts due from associated companies amounted to around €613.8 million as at 31 March 2025, up from €327.3 million as at 31 December 2024.

Inventories in the first quarter of 2025 were slightly above the previous year's level at €128.2 million (31 December 2024: €119.6 million).

Short-term contract assets, mainly comprising receivables from hardware sales, decreased by -€18.6 million compared with year-end. Short-term prepaid expenses rose from €321.0 million to €326.7 million and relate essentially to contract costs and prepaid utilisation fees that will not be recognised through expenditures until later periods.

At €66.9 million, the other financial assets are above the previous year's level of €48.1 million, due to higher advance payments relating to the network expansion. Income tax receivables rose in Q1 from €54.4 million to €73.7 million. Other non-financial assets at €8.7 million, remain unchanged from year-end.

Long-term assets decreased by -€21.0 million to €6,265.0 million. Despite an increase in tangible assets of €28.5 million, the reduction was mainly driven by scheduled depreciation of the assets identified in the 1&1 purchase price allocation. Intangible assets decreased by -€45.4 million to €1,391.9 million as at 31 March 2025. This increase in tangible assets is primarily due to the balancing of lease rights for rented antenna sites as part of our network expansion. Goodwill stood at €2,936.0 million. Goodwill of €3.0 million was recognised as part of the preliminary purchase price allocation for the initial consolidation of A1 Marketing, Kommunikation und neue Medien GmbH. Long-term contract assets increased slightly to €195.2 million.

Long-term prepaid expenses, which essentially include advance payments made within the framework of long-term purchasing contracts as well as long-term costs to obtain and fulfil contracts, decreased from €762.4 million as at 31 December 2024 to €747.9 million as at 31 March 2025.

On the liabilities side, the increase in the balance sheet total was attributable to €48.5 million in equity and €264.3 million in debt. Short-term liabilities have reduced from €730.6 million in the previous year to €679.8 million, while long-term debts have increased from €1,305.5 million to €1,620.6 million.

Trade accounts payables included in short-term liabilities fell from €349.5 million to €306.3 million, primarily due to payments related to the purchase of upstream services from suppliers. Accounts due to associated companies concern companies of the United Internet Group and amount to €90.0 million (31 December 2024: €163.3 million). Since 1 January 2025, 1&1 has no longer been part of the VAT group of United Internet AG. As a result, the VAT payable is now reported under other non-financial liabilities, differing from the position as at 31 December 2024, and has increased by €47.9 million compared with the year-end.

Short-term contract liabilities are unchanged and include short-term liabilities from reimbursement obligations for one-time fees for revoked contracts and deferred income from one-time fees, and amount to €51.4 million (31 December 2024: €55.1 million). Long-term contract liabilities in the amount of €9.0 million (31 December 2024: €9.1 million) include deferred long-term income from one-time fees. Income tax liabilities rose from €6.4 million at year-end to €11.8 million in the first quarter.

The increase in long-term liabilities is mainly due to long-term liabilities to related parties, which rose by €290.0 million. This concerns a long-term loan granted by United Internet in February. Additionally, long-term liabilities increased as a result of higher lease liabilities relating to the rental of antenna sites for the 1&1 mobile network. Frequency liabilities of €641.3 million remain unchanged within long-term other financial liabilities compared with 31 December 2024.

Deferred tax liabilities decreased slightly from €200.7 million as at 31 December 2024 to €197.9 million as at 31 March 2025.

Group equity rose from €6,094.0 million as at 31 December 2024 to €6,142.5 million as at 31 March 2025. The equity ratio amounts to 72.8 percent as at 31 March 2025 (31 December 2024: 75.0 percent). The subscribed capital is distributed in 176,764,649 no-par shares issued to the bearer with a proportionate share in the share capital of €1.10. As at the balance sheet date, 1&1 AG holds 465,000 shares in treasury stock (31 December 2024: 465,000), and the issued share capital of 1&1 AG amounts to €193.9 million.

Risks and opportunities report

The risk and opportunity policy of the 1&1 Group is oriented to the goal of maintaining and sustainably increasing the Company's value by taking advantage of opportunities and identifying and controlling risks at an early stage. The risk and opportunity management as practised ensures that 1&1 can carry out its business operations in a controlled corporate environment.

The risk and opportunity management regulates the responsible handling of uncertainties that are always a part of entrepreneurial activities.

Overall statement by the Management Board on the Group's risk and opportunity position

The assessment of the overall risk position is the result of the consolidated consideration of all significant risk fields or single risks, taking into account interdependencies.

As at the end of 2024, 1&1 reported the risk of potentially lacking sufficient access to mobile frequencies in the future to operate a mobile network economically. In March 2025, the Federal Network Agency announced the extension of further mid- and low-band spectrum licences to Deutsche Telekom, Vodafone and Telefónica for an additional five years. This extension is subject to the condition that the three established network operators provide 1&1 with access to part of the low-band spectrum for shared use. The decision by the Federal Network Agency has therefore reduced this risk.

Beyond that, the overall risk and opportunity situation remained largely stable in the first three months of 2025 compared with the risk and opportunity report included in the 2024 consolidated financial statements. No risks to the continued existence of 1&1 as a going concern were identifiable either from single risk positions or from the general risk situation during the reporting period or at the time this quarterly release was prepared.

By continually expanding the scope of its risk management, 1&1 counters these risks and limits them, insofar as reasonable, to a minimum by implementing specific actions.

Forecast report

1&1 sees no reason to change the growth targets forecast in the 2024 consolidated annual financial statements. The Management Board of 1&1 AG expects a stable contract base and service revenue at the previous year's level (2024: €3,303.1 million) for the 2025 financial year. EBITDA is forecast to decline by around 3.4 percent to approximately €571 million, down from €590.8 million in 2024.

This decline is attributed to a lower EBITDA in the Access operating segment, which is expected to total approximately €836 million (2024: €856.1 million). The reduction is due to the expiry of the national roaming agreement with Telefónica, which included 5-year one-off payments that were capitalised and amortised as planned. The commercially equivalent national roaming agreement between 1&1 and Vodafone does not include any such one-off payments. The use of the Vodafone network is recognised in the EBITDA as part of the cost of services purchased. Accordingly, the switch to Vodafone does not result in any change at the EBIT level—the EBITDA impact is offset by a corresponding reduction in depreciation.

The Management Board anticipates that EBITDA in the 1&1 mobile network segment will remain unchanged year-on-year at around -€265 million (2024: -€265.3 million). This includes approximately -€100 million in expenses for customer migration and network upstream services, which will cease after the full migration of all customers from 2026 onwards.

The investment volume (Cash Capex) is budgeted at around €450 million (€290.6 million in 2024).

Future-oriented statements and forecasts

This quarterly release contains future-oriented statements that are based on the current expectations, assumptions and forecasts of the 1&1 AG Management Board and the information available to the Board at this time. The future-oriented statements are subject to various risks and uncertainties and are based on expectations, assumptions and forecasts that may possibly prove to be false in future. 1&1 AG does not guarantee that the future-oriented statements will prove to be correct, and it neither assumes any obligation nor does it have any intention to adjust or update any future-oriented statements made in this quarterly release.

Explanatory comments on the quarterly release

Information about the Company

1&1 Group, together with 1&1 Aktiengesellschaft, Montabaur, the listed parent company (hereinafter: “1&1 AG” or, along with its subsidiaries, “1&1” or “Group”), is a telecommunications provider that operates solely and exclusively in Germany. The Group is managed via the two business segments Access and 1&1 mobile network.

With more than 16 million customer contracts in the broadband and mobile communications product sectors, 1&1 is one of Germany's leading internet specialists. Since 8 December 2023, 1&1 has been operating a fully functional, innovative mobile network based on advanced OpenRAN technology. Additionally, 1&1 has access to one of the largest fibre optic networks in Germany that is operated by its affiliate 1&1 Versatel GmbH, Düsseldorf (hereinafter: “1&1 Versatel”), a member of the United Internet AG Group.

Wherever 1&1 does not yet have its own antennas during the mobile network expansion, mobile customers use Telefónica and Vodafone’s networks via national roaming.

The address and registered office of 1&1 AG, the parent company of the Group, is Elgendorfer Straße 57 in 56410 Montabaur, Germany. The Company is registered in the Commercial Register of the Montabaur Local Court under the number HRB 28530.

Major accounting, valuation and consolidation principles

The quarterly release from 1&1 AG as at 31 March 2025 was prepared, just as the consolidated annual financial statements as at 31 December 2024, in compliance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU).

This quarterly release does not constitute an interim report within the sense of IAS 34. The accounting and valuation principles applied in the quarterly release are exactly the same as the methods applied as at 31 December 2024 with the exception of the standards that must be applied for the first time, and the release must be read in the context of the consolidated financial statements as at 31 December 2024.

Use of assumptions and estimates

During preparation of the quarterly release, management makes discretionary decisions as well as estimates and assumptions that affect the amounts of the income, expenses, assets and liabilities disclosed on the closing date and the disclosure of contingent liabilities. The uncertainty related to these assumptions and estimates may lead to results that in future require substantial restatements in the carrying value of the relevant assets or liabilities.

Use of financial key performance indicators relevant to business management

Financial performance indicators such as EBITDA, EBITDA margin, operating EBIT(DA), EBIT, EBIT margin or free cash flow are used in addition to the disclosures required by the International Financial Reporting Standards (IFRS) in the Company's annual and interim financial statements to ensure a clear and transparent presentation of 1&1's business development. Information about the use, definition and calculation of these key performance indicators is available starting on page 57 of the Annual Report 2024 of 1&1 AG.

The performance indicators used by 1&1 are adjusted for special effects insofar as necessary to ensure a clear and transparent presentation. As a rule, the special effects are related solely to those effects that, because of their nature, frequency and/or scope, are capable of negatively affecting the meaningfulness of the financial performance indicators for the financial and earnings development of the Company. These special effects are described and explained in the pertinent sections of the financial statements as part of the rollover to the unadjusted financial performance indicators.

Miscellaneous

All subsidiaries are included in the consolidated interim financial statements. The scope of consolidation was expanded as at 1 January 2025 with the acquisition of A1 Marketing, Kommunikation und neue Medien GmbH, Montabaur.

As in the previous year, no companies were sold in the reporting period.

The quarterly release has not been audited in accordance with section 317 Commercial Code [*Handelsgesetzbuch; HGB*] or reviewed by an auditor.

Interim consolidated financial statements as at 31 March 2025

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Consolidated Comprehensive Income Statement

from 1 January to 31 March 2025

	2025 January - March k€	2024 January - March k€
Sales	1,018,510	1,024,401
Cost of sales	–757,516	–725,167
GROSS PROFIT FROM REVENUES	**260,994**	**299,234**
Distribution costs	–136,765	–129,646
Administration costs	–29,306	–29,286
Other operating income	12,662	10,565
Other operating expenses	–1,697	–2,448
Impairment losses from receivables and contract assets	–32,726	–30,481
RESULTS FROM OPERATING ACTIVITIES	**73,162**	**117,938**
Financing expenses	–8,324	–3,981
Financial income	2,926	4,858
PROFIT BEFORE TAXES	**67,764**	**118,815**
Tax expenses	–20,614	–36,155
CONSOLIDATED PROFIT	**47,150**	**82,660**
Profit per share (in €)		
- undiluted	**0.27**	**0.47**
- diluted	**0.27**	**0.47**
Weighted average number of shares outstanding (in millions)		
- undiluted	**176.30**	**176.30**
- diluted	**176.60**	**177.40**
Rollover to total consolidated profit		
CONSOLIDATED PROFIT	**47,150**	**82,660**
Other results	0	0
TOTAL CONSOLIDATED PROFIT	**47,150**	**82,660**

Consolidated Balance Sheet

as at 31 March 2025

	31/03/2025 k€	31/12/2024 k€
ASSETS		
Short-term assets		
Cash and cash equivalents	3,144	4,139
Trade accounts receivable	354,503	340,170
Receivables due from associated companies	613,816	327,308
Inventories	128,234	119,568
Contract assets	602,110	620,757
Prepaid expenses	326,701	320,952
Other financial assets	66,934	48,055
Income tax assets	73,736	54,368
Other non-financial assets	8,748	8,725
	2,177,926	**1,844,042**
Long-term assets		
Other financial assets	2,779	2,727
Tangible assets	991,170	962,650
Intangible assets	1,391,910	1,437,359
Goodwill	2,935,992	2,932,943
Contract assets	195,231	187,921
Prepaid expenses	747,901	762,431
	6,264,983	**6,286,031**
Total assets	**8,442,909**	**8,130,073**

	31/03/2025	31/12/2024
	k€	k€
LIABILITIES AND EQUITY		
Short-term liabilities		
Trade accounts payable	306,337	349,454
Liabilities due to associated companies	89,980	163,283
Contract liabilities	51,382	55,068
Other provisions	21,504	21,577
Other financial liabilities	125,383	109,250
Other non-financial liabilities	73,420	25,490
Income tax liabilities	11,786	6,434
	679,792	**730,556**
Long-term liabilities		
Liabilities due to associated companies	290,000	0
Contract liabilities	8,989	9,060
Other provisions	63,124	59,505
Other financial liabilities	1,060,553	1,036,244
Deferred tax liabilities	197,942	200,738
	1,620,608	**1,305,547**
Total liabilities	**2,300,400**	**2,036,103**
Equity		
Share capital	194,442	194,442
Treasury shares	–512	–512
Capital reserves	2,443,609	2,442,220
Cumulative consolidated results	3,505,791	3,458,641
Other equity	–821	–821
TOTAL EQUITY	**6,142,509**	**6,093,970**
TOTAL LIABILITIES AND EQUITY	**8,442,909**	**8,130,073**

Consolidated Cash Flow Statement

from 1 January to 31 March 2025

	2025 January - March k€	2024 January - March k€
RESULTS FROM OPERATING ACTIVITIES		
Consolidated profit	47,150	82,660
Allowances for rollover of consolidated profit to incoming and outgoing payments		
Allowances for rollover of consolidated profit to incoming and outgoing payments	59,115	42,851
Depreciation on assets capitalised within the framework of corporate acquisitions	23,657	21,544
Personnel expenses from employee stock ownership programmes	1,389	699
Changes in the adjustment items for deferred tax assets	–2,796	–717
Correction profits / losses from the sale of tangible assets	3	0
Financial result	5,398	–877
Other items not affecting payments	0	0
Cash flow before changes in balance sheet items (sub-total)	133,916	146,160
Changes in assets and liabilities		
Change in receivables and other assets	–30,563	–29,750
Change in contract assets	11,336	12,618
Change in inventories	–8,666	41,671
Change in prepaid expenses	9,083	–17,544
Change in income tax assets	–19,369	8,920
Change in trade accounts payable	–48,322	–30,772
Change in other provisions	–1,422	3,207
Change in income tax liabilities	5,351	–54,232
Change in other liabilities	58,069	13,741
Change in receivables due from / liabilities due to associated companies	–61,755	–5,905
Change in contract liabilities	–3,876	418
Changes in assets and liabilities, total	**–90,134**	**–57,628**
Net inflow of funds from operating activities	**43,782**	**88,532**

	2025 January - March k€	2024 January - March k€
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	–28,014	–10,075
Inflow of funds from disposal of intangible and tangible assets	67	11
Changes in cash and cash equivalents from obtaining control over subsidiaries	–4,200	0
Investments in other financial assets	–53	–79
Outflow of short-term investment	–290,500	–65,500
Interest received	3,139	6,270
Net outflow of funds in investment sector	**–319,561**	**–69,373**
CASH FLOW FROM FINANCING SECTOR		
Repayment of leasing liabilities and rights of use	–4,875	–4,688
Deposits from loans from related companies	290,000	0
Interest payments	–10,341	–13,249
Net outflow of funds in financing sector	**274,784**	**–17,937**
Net increase/decline in cash and cash equivalents	–995	1,222
Cash and cash equivalents at beginning of fiscal year	4,139	3,197
Cash and cash equivalents at end of reporting period	**3,144**	**4,419**

Consolidated Change in Equity Statement

in Financial Years 2025 and 2024

	Share capital		Treasury shares		Capital reserve	Cumulative consolidated results	Other equity	Total equity
	Denomination	k€	Denomination	k€	k€	k€	k€	k€
Per 1 January 2024	**176,764,649**	**194,442**	**465,000**	**–512**	**2,439,314**	**3,254,692**	**–862**	**5,887,074**
Consolidated profit						82,660		82,660
Total results						**82,660**	**0**	**82,660**
Employee stock ownership programme					699			699
Per 31 March 2024	**176,764,649**	**194,442**	**465,000**	**–512**	**2,440,013**	**3,337,352**	**–862**	**5,970,433**
Per 1 January 2025	**176,764,649**	**194,442**	**465,000**	**–512**	**2,442,220**	**3,458,641**	**–821**	**6,093,970**
Consolidated profit						47,150		47,150
Total results						**47,150**	**0**	**47,150**
Employee stock ownership programme					1,389			1,389
Per 31 March 2025	**176,764,649**	**194,442**	**465,000**	**–512**	**2,443,609**	**3,505,791**	**–821**	**6,142,509**

Segment reporting

from 1 January to 31 March 2025

	Access	1&1 Mobile Network	Consolidation	Total
	k€	k€	k€	k€
Service revenue	821,854			821,854
Hardware and other revenues	196,656			196,656
Internal sales		45,509	–45,509	0
Segment revenues	**1,018,510**	**45,509**	**–45,509**	**1,018,510**
Cost of materials for segment	**–631,865**	**–118,195**	**45,509**	**–704,551**
Gross profit for segment	**386,645**	**–72,686**	**0**	**313,959**
Segment EBITDA	**222,964**	**–67,030**	**0**	**155,934**
Customer contracts (in millions)	**16.35**	**-**	**-**	**16.35**

from 1 January to 31 March 2024

	Access	1&1 Mobile Network	Consolidation	Total
	k€	k€	k€	k€
Service revenue	821,879			821,879
Hardware and other revenues	202,522			202,522
Internal sales		912	–912	0
Segment revenues	**1,024,401**	**912**	**–912**	**1,024,401**
Cost of materials for segment	**–652,024**	**–38,606**	**912**	**–689,718**
Gross profit for segment	**372,377**	**–37,694**	**0**	**334,683**
Segment EBITDA	**224,730**	**–42,398**	**0**	**182,332**
Customer contracts (in millions)	**16.30**	**-**	**-**	**16.30**

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Announcements, information and ordering service

This quarterly release is also available in German.

You can view our annual and quarterly reports, ad hoc announcements, press releases and other publications on the 1&1 AG website at www.1und1.ag/investor-relations.

Please use our online ordering service on our website at www.1und1.ag/investor-relations#bestellservice.

We will of course also be happy to send you the requested information by post or e-mail and, in addition, to answer your personal questions on the phone.

Financial calendar*

12/05/2025	Quarterly Release Q1 2025
14/05/2025	Annual General Meeting
07/08/2025	Semi-annual Financial Report Q2 2025, press and analyst conference
11/11/2025	Quarterly Release Q3 2025

*These dates are provisional and subject to change.

Contacts

If you have any questions about the report and 1&1 AG, please do not hesitate to contact our Investor Relations/Press Department:

Investor Relations
Elgendorfer Straße 57
56410 Montabaur

Phone: +49 (0) 61 81 / 412 200
Fax: +49 (0) 61 81 / 412 183
Email: ir@1und1.de

Press (Trade Press)
Elgendorfer Straße 57
56410 Montabaur

Email: presse@1und1.de

Legal notice

1&1 AG is a member of the United Internet Group.

Company's Registered Office
Elgendorfer Straße 57
56410 Montabaur

Phone: +49 (0) 26 02 / 96 0
Fax: +49 (0) 26 02 / 96 1010

Controller
1&1 AG

Commercial Register Entry No.:
HRB 28530 Montabaur
VAT Reg. No.: DE 812458592
Tax number: 3065500513
Montabaur City Tax Office

Management Board
Ralph Dommermuth (CEO)
Sascha D'Avis
Alessandro Nava

Supervisory Board
Kurt Dobitsch (Supervisory Board Chairman)
Norbert Lang (Supervisory Board Deputy Chairman)
Matthias Baldermann
Vlasios Choulidis
Friedrich Joussen
Christine Schöneweis

Note

Rounding-off differences to the mathematically precise values (monetary units, percentages, etc.) may occur in tables and in references because of the applied computational methods.

To facilitate the readability of the text, this report does not use feminine grammatical structures in addition to the masculine forms. 1&1 points out that the use of the masculine forms must be explicitly understood to include all genders. This quarterly release is available in German and English. Both versions are available for download at www.1und1.ag. In case of doubt, the German version prevails.

Produced in-house with Firesys

Disclaimer

This report contains future-oriented statements that reflect the current views of 1&1's Management Board with regard to future events. These future-oriented statements are based on our plans, estimates and expectations as currently valid. Future-oriented statements are accurate solely in light of circumstances prevailing at the time they are made. Such projections are subject to risks and uncertainties as well as other factors, many of which are beyond the control of 1&1, that could cause actual results to differ materially from these projections. These risks, uncertainties and other factors are described in detail in our Risk report in 1&1 AG's annual reports. 1&1 AG does not intend to update any such future projections.

1&1 AG Brands

For more information such as contact details, please visit:
www.1und1.ag/kontakt

1&1 AG
Elgendorfer Straße 57
56410 Montabaur
Germany

www.1und1.ag