REPORT ON THE FIRST HALF-YEAR 2020

DATA & FACTS

Selected Performance Indicators	H1 2020	H1 2019	Change	Q2 '20	Q2 '19	Change	Q1 '20	Q4 '19	Q3 '19
PROFIT (IN €M)									
Revenues	1,881.2	1,806.3	4.1%	940.4	903.8	4.1%	940.7	945.3	923.3
Service revenues	1,497.0	1,451.8	3.1%	749.2	731.0	2.5%	747.8	742.7	748.5
Hardware and Other revenues	384.2	354.5	8.4%	191.2	172.8	10.6%	192.9	202.6	174.7
EBITDA	329.6	340.4	-3.2%	165.6	172.0	-3.7%	164.0	174.8	168.3
EBITDA margin in % of revenue	17.5%	18.8%		17.6%	19.0%		17.4%	18.5%	18.2%
EBIT without PPA write-offs	309.7	318.3	-2.7%	155.5	160.9	-3.3%	154.2	165.0	158.5
EBIT margin in % of revenue without PPA write-offs	16.5%	17.6%		16.5%	17.8%		16.4%	17.5%	17.2%
EBIT	254.1	261.1	-2.7%	127.7	132.3	-3.5%	126.4	137.2	130.2
EBIT margin in % of revenue	13.5%	14.5%		13.6%	14.6%		13.4%	14.5%	14.1%
EBT	253.9	256.0	-0.8%	127.7	128.4	-0.6%	126.2	139.3	127.2
EBT margin in % of revenue	13.5%	14.2%		13.6%	14.2%		13.4%	14.7%	13.8%
Profit per share in € excluding PPA write-offs	1.27	1.24	2.4%	0.66	0.62	5.8%	0.61	0.72	0.61
Profit per share in €	1.05	1.01	3.5%	0.55	0.51	7.6%	0.50	0.60	0.51
CASH FLOW (IN €M)									
Net inflow of funds from operating activities	197.7	67.2	194.1%	92.7	50.3	84.5%	105.0	148.2	160.2
Net outflow of funds in investment sector	-209.5	-14.3	-1,369.5%	-86.0	-12.0	-616.3%	-123.6	-58.6	-157.6
Free cash flow	179.4	62.1	188.8%	81.9	47.3	73.2%	97.5	136.5	156.7
HEADCOUNT (INCL. MANAGEMENT BOARD)									
Total per end of June	3,191	3,108	2.7%	3,191	3.108	2.7%	3,159	3,163	3,082
CUSTOMER CONTRACTS (IN MILLIONS)									
Access, contracts	14.57	13.92	4.7%	14.57	13.92	4.7%	14.43	14.33	14.12
of which mobile internet	10.24	9.58	6.9%	10.24	9.58	6.9%	10.10	9.99	9.78
of which broadband (ADSL, VDSL, FTTH)	4.33	4.34	-0.2%	4.33	4.34	-0.2%	4.33	4.34	4.34

	30/06/20	31/12/19	Change	30/06/20	31/12/19	Change	31/03/20	31/12/19	30/09/19
BALANCE SHEET (IN €M)									
Short-term assets	1,578.1	1,309.2	20.5%	1,578.1	1,309.2	20.5%	1,454.4	1,309.2	1,220.7
Long-term assets	5,086.8	5,152.7	-1.3%	5,086.8	5,152.7	-1.3%	5,089.9	5,152.7	5,161.6
Shareholders' equity	4,817.5	4,640.8	3.8%	4,817.5	4,640.8	3.8%	4,729.3	4,640.8	4,538.6
Balance sheet total	6,664.9	6,461.9	3.1%	6,664.9	6,461.9	3.1%	6,544.2	6,461.9	6,382.3
Equity ratio	72.3%	71.8%		72.3%	71.8%		72.3%	71.8%	71.1%

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LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

1&1 Drillisch AG was able to increase its customer base and revenue yet again in the first half of 2020.

Thanks to the positioning of our brand names and products in mobile internet and landline services, we can be counted among the leading service providers in Germany, offering comprehensive services and outstanding price-benefit ratios. In the respected nationwide landline network test conducted by the trade magazine connect for 2020, our premium brand 1&1 took first place for the third time since 2015 and received especially high marks in the categories stability, reliability, fast internet and good supplementary services. 1&1 is also a leader in customer satisfaction. In the connect Customer Barometer 2020, we posted the highest customer satisfaction rating of all wireless network providers for the fifth time since 2015.

The first half of the year was impacted by the inexorable spread of the coronavirus and the restrictions that have been in place since the beginning of March. These circumstances led to negative effects on revenues and operating profit in the amounts of €-4.6 million and €-10.2 million, respectively. Whether the crisis will cause even greater disruption of our operating business will be dependent on how long the virus remains a threat and the related restrictions must remain in effect.

Besides the operating business, the first half of the year was marked by preparations for our own wireless communications network and the ongoing negotiations for a national roaming agreement the network will require.

Now for the operating side of the business

During the first six months of 2020, we were able to increase the number of customer contracts over the final quarter of 2019 by 240,000 to 14.57 million contracts (Q4 2019: 14.33 million). While broadband lines declined slightly by ten thousand to 4.33 million (Q4 2019: 4.34 million), customer contracts in the sector mobile internet rose by 250,000 to 10.24 million (Q4 2019: 9.99 million). In comparison with the first half of 2019, we increased the number of customer contracts in the mobile internet sector by 660,000.

Total revenues increased by 4.1 percent to €1.881 billion (HY1 2019: €1.806 billion). The high-margin service revenues increased in HY1 2020 by 3.1 percent to €1.497 billion (HY1 2019: €1.452 billion). This figure takes into account negative revenue effects of €-4.6 million (in particular the lack of international roaming revenues) that are a consequence of the coronavirus pandemic and the temporary restrictions on our customers’ travel opportunities. Without this effect, service revenues would have increased by 3.4 percent. We focus on service revenues because these revenues are sustainable and decisive for our business results.

Low-margin Other sales – essentially from the realisation of hardware sales brought forward (in particular from investments in smartphones that will be reimbursed by the customers over the minimum contract term in the form of higher package prices) – increased by 8.4 percent to €384.2 million (HY1 2019: €354.5 million). Hardware sales in HY1 2020 exceeded our expectations, but this business fluctuates according to season and is dependent on the attractiveness of new devices and the model cycles of the hardware manufacturers.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation) fell by €10.8 million (3.2 percent) to €329.6 million during the first six months of 2020 (HY1 2019: €340.4 million). The decline in EBITDA resulted above all from regulatory effects in the form of the subscriber line price increases (since 1 July 2019) of about €-8.2 million and the increased expenses from the EU regulatory decision regarding text message costs (since 15 May 2019) of about €-5.5 million (HY1 2019: €-1.0 million). Costs of €-5.6 million (HY1 2019: €-1.9 million) were incurred for the planning and preparation of our 5G wireless network. The one-off expenses from the ongoing integration projects amounted to €-0.4 million (HY1 2019: €-2.3 million). In addition, earnings were reduced by around €-10.2 million because of the temporary change in use behaviours of our customers as a consequence of the coronavirus pandemic. Excluding all the aforementioned effects, comparable EBITDA would have grown by 4.0 percent.

Profit per share in HY1 2020 amounted to €1.05 (HY1 2019: €1.01). Excluding the effects of the PPA write-offs, the profit per share in the first half of 2020 amounted to €1.27 (HY1 2019: €1.24).

Free cash flow increased by €117.3 million from €62.1 million in HY1 2019 to €179.4 million in HY1 2020. At this time, about €406 million is freely available as cash.

We expect growth in the number of customers to continue throughout the entire year 2020. As announced in the ad hoc disclosure on August 11, 2020, the company expects sales growth of approximately 4 percent from previous year EUR 3,674.9 million (service revenues: +2 - 3 percent, previous year EUR 2,943.0 million) for the full year 2020. EBITDA is still expected on a par with the previous year (EUR 683.5 million). This forecast is subject to uncertainties as an exact assessment of the duration and further impact of the coronavirus pandemic is not currently possible.

We are in an excellent position to take the next steps in our corporate development and look ahead to the future with confidence. Finally, we would like to express our heartfelt thanks to our employees for their continuous commitment and high motivation, which we appreciate particularly in the current crisis. In addition, we want to express our gratitude to our shareholders, customers and business partners for the trust they have placed in us.

Best regards from Maintal,

Ralph Dommermuth Markus Huhn Alessandro Nava

Maintal, August 2020

INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF 2020

PRINCIPLES OF THE GROUP

Business model

1&1 Drillisch Group, together with 1&1 Drillisch Aktiengesellschaft, Maintal, the listed parent company (hereinafter: "1&1 Drillisch AG" or, along with its subsidiaries, "1&1 Drillisch" or "1&1 Drillisch Group"), is a telecommunications provider that operates solely and exclusively in Germany. With more than 14.5 million contracts, 1&1 Drillisch is a leading internet specialist and is authorised to use one of the largest fibre optic networks in Germany because of its affiliation with the company 1&1 Versatel GmbH, Düsseldorf (hereinafter: "1&1 Versatel GmbH"), which is a member of the United Internet AG corporate group. As a virtual wireless network operator, 1&1 Drillisch has guaranteed access to up to 30 percent of the capacity of Telefónica's wireless network in Germany (so-called Mobile Bitstream Access Mobile Virtual Network Operator = MBA MVNO). In addition, 1&1 Drillisch utilises capacities in Vodafone's wireless network. The Group's business unit Access offers landline and wireless network-based internet access products. They include, among others, chargeable landline and wireless access products and the related applications such as home networks, online storage, telephony, video on demand or IPTV.

1&1 Drillisch – sole MBA MVNO on the German mobile market

Pursuant to the MBA MVNO agreement concluded with Telefónica in June 2014, Telefónica grants to 1&1 Drillisch via its wholly-owned subsidiary Drillisch Online GmbH, Maintal (as the only competitor on the German wireless market) access to up to 30 percent of the utilised network capacity of Telefónica in the wireless network of Telefónica and E-Plus that is controlled after the merger of the two companies. This right applies to all future as well as current technologies, including 5G. At the same time, 1&1 Drillisch obtains access rights to the so-called "Golden Grid Network" of Telefónica that has been created by the merger. This means access to the enhanced footprint of the wireless network of Telefónica, including all necessary technical specifications and the technical capability to reduce speed and restrict transport in the event of excessive data utilisation by end customers.

In accordance with the concluded agreement, there are also the following options: (1) to become a so-called full MVNO in the wireless network of Telefónica, that is, a wireless provider that operates its own full core network and uses solely the access network of Telefónica ("Full MVNO"), and/or (2) to become a licensed wireless network operator ("MNO").

On 30 December 2019, 1&1 Drillisch exercised as planned the first option to extend the MBA MVNO contract with Telefónica Germany that was set to expire on 30 June 2020; with the renewal, the contract will now remain effective until at least 30 June 2025. Thanks to this extension and its right to a second extension option, 1&1 Drillisch has secured long-term access to the Telefónica wireless network. Ensuring uninterrupted coverage during the construction phase of our own nationwide network will require the conclusion of a national roaming agreement with one of the three established network operators. To this end, 1&1 Drillisch is currently conducting negotiations with various parties, including Telefónica Germany; the talks with the latter company are based on its voluntary commitment within the framework of the EU approval for the merger with E-Plus in 2014.

Group structure, strategy and management

Reference is made to the explanatory comments in the group management report for fiscal year 2019 relating to the group structure, strategy and management of the Company. There have not been any significant changes here from the perspective of the Group.

Within 1&1 Drillisch Group, 1&1 Drillisch AG, the parent company, concentrates on the holding tasks such as management, finances and accounting, financial controlling, cash management, human resources, risk management, corporate communications and investor relations along with the definition, management and monitoring of the global corporate strategy.

The operating business is essentially conducted by 1&1 Telecom GmbH and by Drillisch Online GmbH.

1&1 Drillisch AG is a listed subsidiary of United Internet AG, Montabaur, which is also listed.

1&1 Drillisch AG

- 1&1 Telecommunication SE
  - 1&1 Telecom Holding GmbH
    - 1&1 Telecom GmbH
  - 1&1 Telecom Sales GmbH
  - 1&1 Telecom Service Montabaur GmbH
  - 1&1 Telecom Service Zweibrücken GmbH
  - 1&1 Logistik GmbH
- Drillisch Online GmbH
  - Drillisch Netz AG
  - Mobile Ventures GmbH
- IQ-optimize Software AG
- Drillisch Logistik GmbH

Business activities

Chargeable contracts with 14.57 million subscribers make 1&1 Drillisch one of the leading providers of broadband and wireless services products in Germany.

Company management and group reporting encompass the segments “Access,” “5G” and “Miscellaneous”.

Segment “Access”

The Group’s chargeable wireless access and landline products, including the related applications (such as home networks, online storage, telephony, video on demand or IPTV), are grouped together in the segment “Access”. 1&1 Drillisch operates solely and exclusively in Germany. The Company uses the landline network of the affiliate 1&1 Versatel GmbH, a member company of United Internet AG Group, and its access right to the Telefónica network; in addition, it purchases standardised network services from various providers of advance services. Access to the networks is enhanced by offerings of devices, own developments of applications and services to set the Company apart from its competitors.

The Access products are marketed via the well-known brand name 1&1 and discount brands such as yourfone or smartmobil.de, which address specific target groups on the market.

Segments “5G” and “Miscellaneous”

The expenses and income relating to the acquisition of the 5G frequencies and to the preparations for and the future expansion and operation of the Company’s own 5G wireless network are disclosed in the segment “5G”. Negotiations on national roaming agreements were conducted in the first half of 2020; there were not yet any definite results at the time of reporting. Once these negotiations have been concluded, the selection of partners for the construction of a high-performance 5G network will follow.

The segment “Miscellaneous” comprises essentially all the activities related to the offering of custom software solutions and of maintenance and support services.

Owing to the low profit contributions of these two segments, no further details will be reported.

General economic and industry-related conditions

Development of the overall economy

Against the backdrop of the coronavirus pandemic, the International Monetary Fund (IMF) revised its growth forecasts for Germany in 2020 by 8.9 percentage points downwards in its updated economic outlook (World Economic Outlook, Update April 2020) after the end of Q1 2020 and expects a decline in economic output of -7.8 percent (previous year: +0.6 percent).

Changes in growth forecasts 2020

	January forecast	April forecast	**July forecast**	Change from January forecast
World economy	3.3 %	-3.0 %	-4.9 %	-8.2 percentage points
Germany	1.1 %	-7.0 %	-7.8 %	-8.9 percentage points

Source: International Monetary Fund, World Economic Outlook (Update), June 2020

Calculations of the Federal Statistical Office (Destatis) reveal that gross domestic product (GDP) in Germany in Q1 2020 (adjusted for price, season and calendar) declined by -2.2 percent (in comparison with the previous quarter) because of the coronavirus pandemic. This was the sharpest decline since the global financial and economic crisis of 2008/2009 and the second-sharpest decline since German reunification. In its weekly report 24/2020 “Baselines of Economic Development in Summer 2020,” the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung; DIW Berlin) foresees an unprecedented decline in German gross domestic product (adjusted for seasonal and calendar) of -12.2 percent in Q2 2020 (compared to the previous quarter) as a result of the lockdown and contact restrictions.

Development of gross domestic product (GDP) in Germany in comparison with the previous quarter

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	**Q2 2020e**
GDP	0.5 %	-0.2 %	0.3 %	-0.1 %	-2.2 %	-12.2 %

Source: Destatis (Q1 2019–Q1 2020) and DIW Berlin (Q2 2020e), June 2020

General legal conditions/Major events

The legal framework conditions for the business activities of 1&1 Drillisch remained essentially constant in the first half of 2020 compared to fiscal year 2019 and had no significant impact on the business development of the 1&1 Drillisch Group.

COURSE OF BUSINESS

Development in the Segment “Access”

The Group’s chargeable wireless and broadband access products, including the related applications (such as home networks, online storage, telephony, video on demand or IPTV), are grouped together in the segment “Access.”

1&1 Drillisch operates exclusively in Germany and its 14.57 million contracts mean it is one of the country’s leading providers in the telecommunications sector. The Company uses the landline network of the affiliate 1&1 Versatel GmbH, a member company of United Internet AG Group, and the access right to the Telefónica network; in addition, it purchases standardised network services from various providers of advance services. Access to the wireless or landline networks is combined with devices, own developments of applications and services to create an extended portfolio that sets the Company apart from its competitors.

The Access products are marketed via (for example) the well-known brands 1&1, smart-mobil.de or yourfone, which address specific target groups on the market.

In the first half of year 2020, 1&1 Drillisch again invested in the acquisition of new customers and in the retention of current customer relationships. Focus was on the marketing of mobile internet contracts.

The number of chargeable contracts in the segment “Access” rose by 0.24 million to 14.57 million contracts in the first half of 2020. In the mobile internet business, it was possible to acquire 0.25 million customer contracts, raising the number of contracts to 10.24 million. Broadband lines declined slightly by ten thousand contracts to 4.33 million.

Development of contracts in the first six months of 2020 (in millions)

	30/06/2020	31/03/2020	31/12/2019	Change H1
Contracts in total	14.57	14.43	14.33	+0.24
of which mobile internet	10.24	10.10	9.99	+0.25
of which broadband lines	4.33	4.33	4.34	-0.01

Revenue in the segment “Access” rose by €74.8 million (4.1 percent) in comparison with the first six months of 2019 to €1,881.1 million (HY1 2019: €1,806.3 million). While positive revenue effects of €+3.1 million resulted in Q1 2020 primarily from temporary changes in customer use behaviour (especially in the area of telephony, including home office regulations and contact bans), the temporarily limited travel opportunities of customers due to the coronavirus pandemic had a negative impact of €-7.7 million (especially the lack of international roaming revenues) on revenue development in Q2 2020 in particular. For the first half of 2020, this resulted in a total negative revenue effect of €-4.6 million. Adjusted for this effect, comparable revenue rose by 4.4 percent.

In the segment “Access”, the cost of materials rose by €81.8 million to €1,297.1 million (HY1 2019: €1,215.3 million).

The segment EBITDA amounted to €335.4 million (HY1 2019: €342.8 million) and was down 2.2 percent over the previous year. The segment EBITDA includes one-off expenses of €-0.4 million from ongoing integration projects (HY1 2019: €-2.3 million) and additional expenses resulting from the regulatory decision for an increase in the subscriber line charges (since 1 July 2019) of around €-8.2 million and additional expenses resulting from the EU regulatory decision regarding costs of text messages (since 15 May 2019) of approximately €-5.5 million (HY1 2019: €-1.0 million). In addition to these expected negative effects, the temporary change in customer use behaviour as a result of the coronavirus pandemic (particularly in the areas of telephony and international roaming, including home office regulations and contact bans as well as the greatly restricted travel activities) in the first half of 2020 had a negative impact of €-10.2 million on the segment’s key earnings figures.

Excluding the above-mentioned effects, comparable EBITDA would have risen by 3.9 percent.

Major revenue and profit indicators in the segment “Access”

	HY1 2020	HY1 2019	Change
Revenue (in €m)	1,881.1	1,806.3	+74.8
Service revenue (in €m)	1,497.0	1,451.8	+45.2
EBITDA (in €m)	335.4	342.8	-7.4
EBITDA margin (in %)	17.8	19.0	-1.2

Quarterly development: Change over the same quarter of the previous year

	Q2 2020	Q2 2019	Change
Revenue (in €m)	940.4	903.8	+36.6
Service revenue (in €m)	749.2	731.0	+18.2
EBITDA (in €m)	167.8	173.6	-5.8
EBITDA margin (in %)	17.8	19.2	-1.4

Per 30 June 2020, 1&1 Drillisch Group employed a workforce of 3,191 (previous year: 3,108).

POSITION OF THE GROUP

Profitability

Growth in HY1 2020 was driven above all by the contract customer business. The number of chargeable customer contracts increased in comparison with the first half of 2019 by 0.65 million to 14.57 million contracts.

Sales revenues rose in the first half of 2020 by 4.1 percent from €1,806.3 million in the first half of 2019 to €1,881.2 million. The positive revenue development results from the continued rise in the number of contract customers and the related monthly payments. The high-margin service revenues rose by €45.2 million (3.1 percent) from €1,451.8 million in the first half of 2019 to €1,497.0 million in the first half of 2020. While positive revenue effects of €+3.1 million resulted in Q1 2020 primarily from temporary changes in customer use behaviour (especially in the area of telephony, including home office regulations and contact bans), the temporarily limited travel opportunities of customers due to the coronavirus pandemic had a negative impact of €-7.7 million (especially the lack of international roaming revenues) on revenue development in Q2 2020 in particular. For the first half of 2020, this resulted in a total negative revenue effect of €-4.6 million. Adjusted for this effect, comparable service revenue rose by 3.4 percent. Service revenues are sustained earnings and determine profit. Low-margin other sales revenues increased by 8.4 percent from €354.5 million to €384.2 million in the first half of 2020. These sales concern primarily revenues from the realisation of hardware sales brought forward (in particular from investments in smartphones that will be reimbursed by the customers over the minimum term of the contract in the form of higher package prices). The hardware sales were above expectations in HY1 2020, but this business fluctuates according to season and is dependent on the attractiveness of new devices and the model cycles of the hardware manufacturers. However, these revenue fluctuations have no significant impact on EBITDA development.

Cost of sales increased in the first half of 2020 by €75.7 million (6.0 percent) to €1,341.4 million (HY1 2019: €1,265.7 million). They include additional expenses from the regulatory decision on subscriber line price increases (in effect since 1 July 2019) in the amount of approximately €-8.2 million as well as additional expenses from the EU regulatory decision on costs of text messages (in effect since 15 May 2019) of approximately €-5.5 million (HY1 2019: €-1.0 million) and higher costs for advance services in connection with the temporary change in customer use behaviour, especially in voice telephony, as a consequence of the coronavirus crisis in the amount of €-5.6 million. Excluding these additional expenses that were not incurred in HY1 2019, the cost of sales would have risen by 4.5 percent (€57.4 million). The gross profit margin came to 28.7 percent (HY1 2019: 29.9 percent). Gross profit decreased slightly in HY1 2020 by €0.9 million from €540.6 million to €539.7 million. Adjusted for the aforementioned effects in revenues and cost of sales, gross profit in the first half of 2020 amounted to €563,6 million (HY1 2019: €541.6 million) and the gross margin came to 29.9 percent (HY1 2019: 30.0 percent).

At €213.7 million, distribution costs in the first half of 2020 are almost constant compared to the previous year (HY1 2019: €213.9 million). In relation to revenue, distribution costs amounted to 11.4 percent in the first half of 2020 (HY1 2019: 11.8 percent). Administration costs increased from €43.0 million (2.4 percent of revenue) in HY1 2019 to €48.1 million (2.6 percent of revenue) in HY1 2020. The change is due mainly to higher consulting expenses relating to planning and preparations for the 5G wireless network and third-party services.

Other operating income and expenses fell from €14.9 million in the first half of 2019 to €12.1 million in the first half of 2020. Impairment losses on receivables and contract assets amounted to €35.9 million (HY1 2019: €37.6 million).

EBITDA in the first half of 2020 amounted to €329.6 million (HY1 2019: €340.4 million) and was down 3.2 percent over the previous year. The EBITDA includes one-off expenses of €-0.4 million from ongoing integration projects (HY1 2019: €-2.3 million) and additional expenses of about €-8.2 million from the regulatory decision regarding the increase in the subscriber line charges (since 1 July 2019), additional expenses from the EU regulatory decision regarding costs of text messages (since 15 May 2019) of about €-5.5 million (HY1 2019: €-1.0 million) and costs of €-5.6 million (HY1 2019: €-1.9 million) relating to the planning and preparations for the 5G wireless communications network. In addition to these anticipated negative effects, the temporary change in customer use behaviour as a consequence of the coronavirus pandemic had a negative impact of €-10.2 million on key earnings figures in HY1 2020.

Excluding the above-mentioned effects, comparable EBITDA would have risen by 4.0 percent.

The EBITDA margin came to 17.5 percent (previous year: 18.8 percent).

Earnings before interest and taxes (EBIT) in the first half of 2020 amounted to €254.1 million (HY1 2019: €261.1 million). The EBIT margin came to 13.5 percent (HY1 2019: 14.5 percent). Excluding the effects from PPA write-offs, the EBIT amounted to €309.7 million and the EBIT margin to 16.5 percent (HY1 2019: €318.3 million and 17.6 percent).

Financing expenses in HY1 2020 amounted to €0.5 million (HY1 2019: €5.4 million). The significantly higher expenses in the same period of the previous year resulted by and large from the conclusion of a line of credit with a European bank syndicate in January 2019 and the related one-off fees together with expenses relating to the provision of this line of credit, which was negotiated in preparation of the acquisition of the 5G frequencies. This credit line was terminated during fiscal year 2019. Financial income in HY1 2020 amounted to €0.3 million (HY1 2019: €0.2 million).

Earnings before taxes (EBT) in the first half of 2020 amounted to €253.9 million (HY1 2019: €256.0 million). Tax expenses amounted to €69.2 million (HY1 2019: €77.0 million).

Consolidated earnings came to €184.7 million (HY1 2019: €178.9 million).

Profit per share in HY1 2020 amounted to €1.05 (HY1 2019: €1.01). Excluding the effects of the PPA write-offs, the profit per share in the first half of 2020 amounted to €1.27 (HY1 2019: €1.24).

Major revenue and profit indicators (in €m)

	HY1 2020	HY1 2019	Change
Revenue	1,881.2	1,806.3	+74.9
Service revenues	1,497.0	1,451.8	+45.2
EBITDA	329.6	340.4	-10.8
EBITDA margin (in %)	17.5	18.8	-1.3
EBIT	254.1	261.1	-7.0
EBIT margin (in %)	13.5	14.5	-1.0

Financial position

Cash flow from operating activities increased from €246.2 million (HY1 2019) to €258.0 million in the first six months of 2020. Net cash inflow from operating activities increased significantly by €130.5 million from €67.2 million (HY1 2019) to €197.7 million in 2020. There were higher cash outflows in HY1 2019 than in the first half of 2020. They resulted mainly from higher prepayments for purchased services that are not recognised through expenses until subsequent periods and the change in contract assets due to increased smartphone sales.

Cash flow from investments shows total net outgoing payments of €209.5 million during the reporting period (HY1 2019: outgoing payments of €14.3 million). Payments of €18.3 million (HY1 2019: payments of €5.3 million) were effected for investments in intangible and tangible assets. The investment of free cash resulted in outgoing payments of €191.0 million (HY1 2019: €9.0 million). They relate to the short-term investment of free cash at United Internet AG within the framework of the current cash management agreement.

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 €179.4 million in the first half of 2020 (HY1 2019: €62.1 million). In the previous year, investments in wireless communications contracts with hardware that will be reversed or amortised in subsequent periods and higher advance payments for purchased services that will not be recognised through expenses until subsequent periods led to higher cash outflows.

The cash flow from financing activities in the first six months of 2020 relates to payments of dividends in May 2020 in the amount of €8.8 million (HY1 2019: €8.8 million) and to the repayment of finance leasing liabilities in the amount of €5.7 million (HY1 2019: €2.3 million). In the same period of the previous year, outflow of funds resulted from the repayment of loans to United Internet AG and the acquisition of own stock in the amounts of €32 million and €3.8 million, respectively, and from the repayment of liabilities from utilisation rights in the amount of €5.0 million.

Cash and cash equivalents per 30 June 2020 amounted to €5.5 million in comparison with €31.8 million per 31 December 2019.

Assets and liabilities

The balance sheet total increased from €6,461.9 million per 31 December 2019 to €6,664.9 million per 30 June 2020.

Short-term assets rose from €1,309.2 million per 31 December 2019 to €1,578.1 million per 30 June 2020. The cash holdings disclosed in the short-term assets declined from €31.8 million to €5.5 million. Trade accounts receivable rose from €228.3 million per 31 December 2019 to €247.2 million per 30 June 2020. Accounts due from associated companies increased from €215.3 million per 31 December 2019 to €403.7 million per 30 June 2020 and, at €401.0 million (31 December 2019: €210.0), relate mainly to receivables from the short-term investment of free cash at United Internet AG.

Short-term prepaid expenses increased from €62.1 million to €91.5 million and concern essentially prepaid utilisation fees that will not be recognised through expenditures until later periods. The line item short-term contract assets rose by €17.4 million from €498.1 million per 31 December 2019 to €515.5 million per 30 June 2020 and includes short-term receivables from customers with a term of up to one year from the revenue realisation brought forward because of the application of IFRS 15. The line items costs for contract acquisition and costs for contract fulfilment include the short-term expenditures related to customer acquisition and costs of contract fulfilment during the term of the contracts. They rose in total by €7.6 million from €149.7 million per 31 December 2019 to €157.3 million per 30 June 2020.

Inventories increased by €21.2 million from €79.2 million per 31 December 2019 to €100.4 million. Other short-term financial assets increased slightly from €28.9 million per 31 December 2019 to €34.0 million. Other non-financial assets increased from €15.8 million to €23.1 million and concern primarily short-term claims for short-term income and value-added tax.

Long-term assets declined in total from €5,152.7 million per 31 December 2019 to €5,086.8 million per 30 June 2020. Intangible assets declined from €1,686.0 million per 31 December 2019 to €1,635.6 million per 30 June 2020. Goodwill remains unchanged from the previous year at €2,932.9 million. The assets determined as part of the 1&1 Drillisch purchase price allocation were reduced as scheduled by depreciation and amortisation attributable to these items. Tangible assets increased from €64.5 million per 31 December 2019 to €101.1 million per 30 June 2020. The increase in the amount of €34.5 million is primarily due to additions related to the recognition of new rental obligations in accordance with IFRS 16.

Long-term prepaid expenses fell from €168.3 million per 31 December 2019 to €121.0 million per 30 June 2020 and comprise basically advance payments made pursuant to long-term purchase contracts. The line items contract assets, costs for contract acquisition and costs for contract fulfilment include analogously to the short-term assets the long-term part of the receivables due from customers from the application of IFRS 15 and declined as a total by €5.0 million from €299.3 million per 31 December 2019 to €294.3 million per 30 June 2020.

Total short-term debts decreased from €548.9 million per 31 December 2019 to €545.3 million per 30 June 2020. Short-term trade accounts payable increased by €7.1 million to €273.5 million (31 December 2019: €266.4 million). Accounts due to associated companies declined from €79.3 million per 31 December 2019 to €57.8 million per 30 June 2020. They relate to accounts due to United Internet AG and other group companies of the United Internet Group from purchase of advance services and other service charges. Short-term other financial liabilities increased by €6.7 million from €102.6 million to €109.3 million.

Contract liabilities include short-term liabilities from reimbursement obligations for one-time fees for revoked contracts and deferred income from one-time fees related to the application of IFRS 15. Income tax liabilities increased from €24.5 million per 31 December 2019 to €37.4 million per 30 June 2020.

Long-term debt rose from €1,272.2 million per 31 December 2019 to €1,302.6 million per 30 June 2020. Deferred tax liabilities fell by €3.3 million from €229.7 million per 31 December 2019 to €226.4 million per 30 June 2020. The contract liabilities in the amount of €5.8 million (31 December 2019: €5.0 million) include long-term income from one-time fees that is to be deferred in accordance with the application of IFRS 15.

Group equity rose from €4,640.8 million per 31 December 2019 to €4,817.5 million per 30 June 2020. The share capital remains unchanged at €193.9 million. The share 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 each and represents the share capital of 1&1 Drillisch AG. In fiscal years 2018 and 2019, a total of 500,000 1&1 Drillisch AG shares were acquired as part of the stock repurchase programme, reducing the number of shares outstanding to 176,264,649 shares. The balancing of the consolidated profit of €184.7 million per 30 June 2020 and the dividend disbursement of €8.8 million in May 2020 lead to an increase of the cumulative consolidated profit of €175.9 million. The equity ratio rose accordingly from 71.8 percent per 31 December 2019 to 72.3 percent per 30 June 2020.

General statement from the Management Board regarding the Company's economic position

1&1 Drillisch continued to invest in new customer relationships and the retention of existing customers during the first half of 2020. These investments led to a total rise in the number of chargeable customer contracts of 0.24 million contracts during the reporting period. Mobile internet contracts increased by 0.25 million from 9.99 million per 31 December 2019 to 10.24 million contracts. Broadband lines declined slightly by ten thousand contracts to 4.33 million.

The achievement of this growth in the number of subscribers and the good development of service revenues along with the increase in the adjusted EBITDA demonstrate that 1&1 Drillisch, despite the coronavirus pandemic, continued its good development in HY1 2020 and, in doing so, laid the foundation for future growth.

The Company's successful development once again demonstrates the advantages of the 1&1 Drillisch business model, which is based predominantly on electronic subscriptions with fixed monthly charges and contractually agreed terms. This secures stable and plannable revenues and cash flows, provides protection from economic fluctuations and opens up financial manoeuvring room so that opportunities arising in existing and new business fields and markets can be exploited, whether organically or through investments and acquisitions.

After evaluating the figures achieved in the first half of 2020 in terms of customer contracts, revenues and earnings as well as the investments made in new and existing customers, the Management Board concludes that the Company is on track overall in terms of its planning and is well positioned for its further corporate development.

RISKS, OPPORTUNITIES AND FORECAST REPORT

1&1 Drillisch Group pursues risk and opportunity policies that are oriented to the objective of maintaining and raising sustainably the Company's value by taking advantage of opportunities and by recognising and managing risks at an early stage. The risk and opportunity management as practised ensures that 1&1 Drillisch 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 situation

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

The overall risk and opportunity situation remained largely stable in the first half of 2020 compared with the risk and opportunity reporting in the 2019 annual financial statements. No risks to the continued existence of 1&1 Drillisch as a going concern were identifiable either from single risk positions or from the overall risk situation during the reporting period or at the time this semi-annual financial report was prepared.

In the course of fiscal year 2020 to date, the risk situation has not changed as a consequence of the global spread of the coronavirus (Sars-CoV-2) in the risk areas of "procurement market" and "external risks – personnel crises" and others in comparison with the presentation in the consolidated annual financial statements per 31 December 2019. The spread of the virus may have a negative impact on consumer and business demand, the procurement of advance services (e.g. smartphones, Wi-Fi routers, servers or network technology) or the health and fitness of employees, ultimately having a detrimental effect on the performance capability of 1&1 Drillisch. In addition, changes in use behaviour (e.g. increased working from home) may also have long-lasting effects on the key earnings indicators.

By employing efficient risk management, 1&1 Drillisch counters identified risks and limits them, insofar as justifiable, to a minimum by implementing specific actions.

OUTLOOK

This report contains certain statements oriented to the future which are based on the current assumptions and projections of the Company's management. Various risks, uncertainties and other factors, both known and unknown, can cause the actual results, financial position, development or performance of the Company to deviate substantially from the assessment shown here.

Against the backdrop of the coronavirus pandemic, the International Monetary Fund (IMF) drastically reduced its growth forecasts for the global economy in 2020 by -6.3 percentage points to -3.0 percent (in comparison with the January outlook) in its updated economic outlook (World Economic Outlook, Update April 2020) at the end of Q1 2020. These figures mean that the IMF was already preparing for the worst recession since the Great Depression in the 1930s. The projections for Germany have also been revised during the year.

Economic Projection – Economic Development in Percent

	2021e	2020e	2019
World	+5.4	-4.9	+2.9
Germany	+5.4	-7.8	+0.6

Source: International Monetary Fund, World Economic Outlook (Update), July 2020

After the sharp declines in German gross domestic product in Q1 and Q2 2020 by -2.2 percent and -12.2 percent, respectively, in each case compared to the previous quarter, the weekly report 24/2020 “Baselines of Economic Development in Summer 2020” from the German Institute for Economic Research (DIW Berlin) indicates that Germany has passed the low point and expects – provided that the pandemic is contained – a slight increase in economic output of +2.8 percent in Q3 and +1.2 percent in Q4.

The Institute does not expect the easing of restrictions to allow economic output to return to previous levels in the near future as substantial restrictions – such as physical distancing or the wearing of protective masks – that limit capacities and put a damper on consumer behaviour remain in force. Above all, however, the impact of uncertainties – such as many people's worries about their jobs or companies' concerns about the potential of sales markets – and of the massive losses of income is likely to continue.

Industry/market expectations

The industry association BITKOM also believes that the German ITC market (information technology, telecommunications and consumer electronics) has bottomed out and, at its semi-annual press conference for 2020 on 29 June 2020, noted that the business climate in the industry has brightened considerably in comparison with the two previous months following the “coronavirus shock” in June 2020. Nevertheless, based on current calculations, the association now expects a decline in revenues of -3.3 percent to €163.5 billion for 2020 as a whole. At the beginning of the year (i.e. before the coronavirus pandemic) BITKOM was still projecting revenue growth of +1.5 percent (previous year: +2.0 percent). The association expects that it will be possible to recapture most of the expected decline and forecasts revenue growth of +2.0 percent to €166.7 billion – subject to the proviso that another wide-area lockdown does not become necessary.

The decline in the overall ICT market in 2020 is due in particular to declining sales in information technology. According to Bitkom forecasts, sales in this largest sub-market will fall by -5.6 percent to €88.2 billion in 2020, a significant change from the growth of 2.7 percent (previous year: +3.5 percent) projected at the beginning of the year. Declines are expected in all areas: -4.0 percent for software, -5.4 percent for IT services and -7.5 percent for IT hardware.

BITKOM estimates that the telecommunications submarket will have a stabilising effect on the general ICT market. The industry association currently expects that this key market for 1&1 Drillisch will increase by +0.4 percent to €67.1 billion in comparison with the growth of +1.0 percent (previous year: +2.0 percent) forecast at the beginning of the year. Bitkom calculates that telecommunications services will generate turnover of €48.8 billion, an increase of +0.7 percent. A rise of +0.5 percent to €7.1 billion is expected for the investments in the infrastructure. Business with telecommunications devices, on the other hand, is projected to decline by -1.1 percent to €11.2 billion.

In particular, the German broadband and mobile internet market in the business unit “Access”, financed primarily by subscriptions, is of special importance to 1&1 Drillisch.

Outlook for fiscal year 2020

1&1 Drillisch aims to achieve further customer growth in fiscal year 2020. In view of the uncertainties in overall economic conditions because of the continuing spread of the coronavirus pandemic, the management specifies the outlook for fiscally year 2020 and expects from now on an increase in total revenues by approximately 4 percent (service revenues by 2 to 3 percent) and EBITDA to remain roughly at the previous year’s level.

General statement from the Management Board on presumable development

The 1&1 Drillisch AG Management Board remains optimistic in its outlook for the future. Thanks to a business model that is based for the most part on electronic subscriptions, 1&1 Drillisch views its position as by and large stable and secure from economic fluctuations.

1&1 Drillisch will continue to pursue this sustainable business policy in the coming years.

Marketing and sales of Access products in the second half of 2020 will focus in particular on the marketing of mobile internet products. 1&1 Drillisch intends to claim its share of market growth in this sector.

Following a successful start to the second half of 2020 as well as at the point in time of the preparation of this management report, the Management Board believes that the Company is well on its way to achieving the goals explained in greater detail in the above section "Outlook for fiscal year 2020."

Major accounting, valuation and consolidation principles

The semi-annual financial report of 1&1 Drillisch AG per 30 June 2020 was prepared, as were the consolidated annual financial statements per 31 December 2019, in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU).

The accounting and valuation principles applied in the semi-annual financial report are exactly the same as the methods applied per 31 December 2019 with the exception of the standards that must be applied for the first time, and it must be read in the context of the consolidated financial statements per 31 December 2019.

Future-oriented statements and forecasts

This semi-annual financial report contains future-oriented statements that are based on the current expectations, assumptions and forecasts of the 1&1 Drillisch 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 in future to be false. 1&1 Drillisch 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 semi-annual financial report.

Use of assumptions and estimates

During preparation of the semi-annual financial report, 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. The coronavirus pandemic did not have any significant impact on the discretionary decisions and estimates or on the measurement of assets and liabilities in the first half of 2020.

Use of key financial indicators relevant to business management

Financial performance indicators such as EBITDA, EBITDA margin, EBIT or EBIT margin 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 Drillisch's business development. Information about the use, definition and calculation of these performance indicators is available starting on page 37 of the Annual Report 2019 of 1&1 Drillisch AG.

The performance indicators used by 1&1 Drillisch 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. All special effects are pointed out and explained in the relevant chapter of the financial statements for the purpose of the rollover to the unadjusted financial performance indicators.

Miscellaneous

All major subsidiaries are included in the consolidated interim financial statements. The group of consolidated companies has essentially remained unchanged in comparison with the consolidated annual financial statements per 31 December 2019.

No major companies have been acquired or sold in the 2020 reporting period.

The semi-annual financial report has not been audited in accordance with Section 317 Commercial Code [Handelsgesetzbuch; HGB] or reviewed by an auditor.

Important events after 30 June 2020

There were no significant events after the balance sheet date.

Maintal, 13 August 2020

The Management Board

Ralph Dommermuth | Markus Huhn | Alessandro Nava

INTERIM FINANCIAL STATEMENT FOR THE FIRST SIX MONTHS OF 2020

CONSOLIDATED BALANCE SHEET

per 30 June 2020

	30/06/2020 €k	31/12/2019 €k
ASSETS		
Short-term assets		
Cash and cash equivalents	5,497	31,785
Trade accounts receivable	247,152	228,261
Receivables due from associated companies	403,659	215,329
Inventories	100,414	79,227
Contract assets	515,475	498,111
Costs of obtaining contracts	94,732	88,942
Costs of fulfilling contracts	62,564	60,747
Prepaid expenses	91,473	62,056
Other financial assets	33,991	28,923
Other non-financial assets	23,143	15,844
	1,578,100	**1,309,225**
Long-term assets		
Other financial assets	1,892	1,678
Tangible assets	101,083	64,496
Intangible assets	1,635,588	1,686,027
Goodwill	2,932,943	2,932,943
Contract assets	187,574	173,747
Costs of obtaining contracts	72,319	81,985
Costs of fulfilling contracts	34,434	43,584
Prepaid expenses	120,951	168,259
	5,086,784	**5,152,719**
TOTAL ASSETS	**6,664,884**	**6,461,944**

	30/06/2020 €k	31/12/2019 €k
LIABILITIES AND EQUITY		
Short-term liabilities		
Trade accounts payable	273,464	266,369
Liabilities due to associated companies	57,814	79,294
Contract liabilities	37,185	40,314
Other provisions	6,803	6,559
Other financial liabilities	109,292	102,634
Other non-financial liabilities	23,352	29,256
Income tax liabilities	37,416	24,469
	545,326	**548,895**
Long-term liabilities		
Contract liabilities	5,771	4,960
Other provisions	44,519	45,670
Other financial liabilities	1,025,391	991,825
Deferred tax liabilities	226,379	229,748
	1,302,060	**1,272,203**
TOTAL LIABILITIES	**1,847,386**	**1,821,098**
Equity		
Share capital	193,891	193,891
Capital reserves	2,430,631	2,429,876
Cumulative consolidated results	2,193,952	2,018,055
Other equity	-976	-976
TOTAL EQUITY	**4,817,498**	**4,640,846**
TOTAL LIABILITIES AND EQUITY	**6,664,884**	**6,461,944**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

from 1 January to 30 June 2020

	2020 January-June €k	2019* January-June €k
Sales	1,881,168	1,806,341
Cost of sales	-1,341,441	-1,265,729
GROSS PROFIT FROM REVENUES	**539,727**	**540,612**
Distribution costs	-213,704	-213,909
Administration costs	-48,136	-42,971
Other operating income / expenses	12,085	14,927
Impairment losses from receivables and contract assets	-35,902	-37,566
RESULTS FROM OPERATING ACTIVITIES	**254,070**	**261,093**
Financing expenses	-465	-5,371
Financial income	313	231
PROFIT BEFORE TAXES	**253,918**	**255,953**
Tax expenses	-69,208	-77,023
CONSOLIDATED PROFIT	**184,710**	**178,930**
Profit per share (in €)		
- undiluted	1.05	1.01
- diluted	1.05	1.01
Weighted average number of shares outstanding (in millions)		
- undiluted	176.26	176.34
- diluted	176.26	176.34
Rollover to total consolidated profit		
CONSOLIDATED PROFIT	**184,710**	**178,930**
Categories that may subsequently be reclassified in the profit and loss account (net)	0	0
Categories that will not subsequently be reclassified in the profit and loss account (net) - Net profits or losses from equity instruments that are measured at fair market value as non-operating results in other results	0	0
Other results	0	0
TOTAL CONSOLIDATED PROFIT	**184,710**	**178,930**

* The consolidated comprehensive income statement January to June 2019 has been restated for better comparability. Additional information can be found in item 3 of the explanatory comments on the interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

from 1 January to 30 June 2020

	2020 January-June €k	2019 January-June €k
RESULTS FROM OPERATING ACTIVITIES		
Consolidated profit	184,710	178,930
Allowances for rollover of consolidated results to incoming and outgoing payments		
Depreciation on intangible and tangible assets	14,662	15,700
Depreciation on assets capitalised within the framework of corporate acquisitions	60,871	63,636
Personnel expenses from employee stock ownership programmes	754	2,313
Changes in the adjustment items for deferred tax assets	-3,369	-14,360
Correction profits/losses from the sale of tangible assets	407	5
CASH FLOW FROM OPERATING ACTIVITIES	**258,035**	**246,224**
Changes in assets and liabilities		
Change in receivables and other assets	-31,258	31,011
Change in contract assets	-31,190	-58,671
Change in inventories	-21,186	-1,154
Change in costs of obtaining and fulfilling contracts	11,209	5,147
Change in deferred expenditures	17,890	-27,093
Change in trade accounts payable	7,095	-94,089
Change in other provisions	-907	-3,120
Change in income tax liabilities	12,946	-27,132
Change in other liabilities	-3,772	22,517
Change in receivables due from/liabilities due to associated companies	-18,810	-21,057
Change in contract liabilities	-2,317	-5,353
Changes in assets and liabilities, total	**-60,300**	**-178,994**
Net inflow of funds from operating activities	**197,735**	**67,230**

	2020 January-June €k	2019 January-June €k
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-18,321	-5,284
Inflow of funds from disposal of intangible and tangible assets	4	184
Investments in other financial assets	-215	-159
Outflow of funds for the grant of loans to associated companies	-191,000	-9,000*
Reimbursements from other financial assets	0	2
Net outflow of funds in investment sector	**-209,532**	**-14,257**
CASH FLOW FROM FINANCING SECTOR		
Dividend payment	-8,813	-8,813
Repayment of leasing liabilities and rights of use	-5,678	-7,329
Acquisition of treasury stock	0	-3,844
Outflow of funds to associated companies in repayment of loans	0	-32,000
Net outflow of funds in financing sector	**-14,491**	**-51,986**
Net decline/increase in cash and cash equivalents	-26,288	987
Cash and cash equivalents at beginning of fiscal year	31,785	3,968
Cash and cash equivalents at end of reporting period	**5,497**	**4,955**

* Disclosed in the half-year report 2019 under cash flow from financing sector

CONSOLIDATED CHANGE IN EQUITY STATEMENT

in Fiscal Years 2020 and 2019

	Share capital		Capital reserves	Cumulative consolidated results	Other equity	Total equity
	Denomination	€k	€k	€k	€k	€k
Per 1 January 2019	**176,363,945**	**194,000**	**2,433,531**	**1,653,248**	**-704**	**4,280,075**
Consolidated profit		0	0	178,930	0	178,930
Total results		**0**	**0**	**178,930**	**0**	**178,930**
Dividend payments		0	0	-8,813	0	-8,813
Employee stock ownership programme		0	2,313	0	0	2,313
Acquisition of own shares	-99,296	-109	-3,734	0	0	-3,844
Per 30 June 2019	**176,264,649**	**193,891**	**2,432,110**	**1,823,364**	**-704**	**4,448,661**
Per 1 January 2020	**176,264,649**	**193,891**	**2,429,876**	**2,018,055**	**-976**	**4,640,846**
Consolidated profit		0	0	184,710	0	184,710
Total results		**0**	**0**	**184,710**	**0**	**184,710**
Dividend payments		0	0	-8,813	0	-8,813
Employee stock ownership programme		0	754	0	0	754
Per 30 June 2020	**176,264,649**	**193,891**	**2,430,631**	**2,193,952**	**-976**	**4,817,498**

EXPLANATORY COMMENTS ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information about the Company and the financial statements

1&1 Drillisch Group, together with 1&1 Drillisch Aktiengesellschaft, Maintal, the listed parent company (hereinafter: "1&1 Drillisch AG" or "Company" or, along with its subsidiaries, "1&1 Drillisch" or "Group"), is a telecommunications provider that operates solely and exclusively in Germany. With more than 14.5 million contracts, 1&1 Drillisch is a leading internet specialist and is authorised to use one of the largest fibre optic networks in Germany because of its affiliation with the company 1&1 Versatel GmbH, Düsseldorf, a member of the United Internet AG corporate group. As a virtual wireless network operator, 1&1 Drillisch has guaranteed access to up to 30 percent of the capacity of Telefónica's wireless network in Germany (so-called Mobile Bitstream Access Mobile Virtual Network Operator = MBA MVNO). In addition, 1&1 Drillisch utilises capacities in Vodafone's wireless network. The Group's business unit Access offers landline and wireless network-based internet access products. They include, among others, chargeable landline and wireless access products and the related applications such as home networks, online storage, telephony, video on demand or IPTV.

Company headquarters of 1&1 Drillisch are at Wilhelm-Röntgen-Strasse 1–5 in 63477 Maintal, Germany, and the Company is registered under the number HRB 7384 at Hanau Local Court.

1&1 Drillisch AG is included in the consolidated interim financial statements of United Internet AG, Montabaur.

2. Major accounting, valuation and consolidation principles

The interim report from 1&1 Drillisch AG per 30 June 2020 was prepared, just as the consolidated annual financial statements per 31 December 2019, in compliance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU).

The abbreviated consolidated interim financial statements for the period from 1 January 2020 to 30 June 2020 were prepared in accordance with IAS 34 "Interim Financial Reporting".

The reporting scope chosen for the presentation of these consolidated interim financial statements is abbreviated in comparison with the consolidated annual financial statements and should therefore be read in association with the consolidated annual financial statements per 31 December 2019. The accounting and valuation methods applied in the abbreviated consolidated interim financial statements are the same as the methods used in the previous year with the exception of the standards whose application has in the interim become mandatory; they are briefly designated below.

2.1 Mandatory application of new accounting standards

The application of the following standards became mandatory in the EU for the first time for fiscal years beginning on or after 1 January 2020:

Standard		**Mandatory application for fiscal years beginning as of**	**Adoption by EU Commission**
General concept	Revised general concept	01/01/2020	Yes
IFRS 3	Change: definition of a business operation	01/01/2020	Yes
IAS 1, IAS 8	Amendment: Definition of materiality	01/01/2020	Yes
IFRS 9, IAS 39, IFRS 7	Reform of reference interest rates	01/01/2020	Yes

There were no significant effects for these financial statements as a result of the changes in IFRS.

2.2 Application of assumptions and estimates

During preparation of the abbreviated consolidated interim financial statements, management makes discretionary decisions, estimates and assumptions that affect the amounts of the income, expenses, assets and liabilities disclosed on the closing date and the disclosure of contingent debts. The uncertainty related to these assumptions and estimates may, however, lead to results that in future require substantial restatements in the carrying value of the relevant assets or liabilities.

The principles for discretionary decisions and estimates are essentially unchanged compared to the consolidated annual financial statements per 31 December 2019. The coronavirus pandemic did not have any significant impact on the discretionary decisions and estimates or on the measurement of assets and liabilities in the first half of 2020.

2.3 Miscellaneous

All major subsidiaries are included in the consolidated interim financial statements.

1&1 Berlin Telecom Service GmbH, Berlin, was sold during the reporting period 2020. The sale did not have any significant effects on the presentation of the financial position and earnings of 1&1 Drillisch Group.

Moreover, the group of consolidated companies remained unchanged over the consolidated annual financial statements per 31 December 2019. These consolidated interim financial statements have not been audited pursuant to Section 317 Commercial Code [Handelsgesetzbuch; HGB] or subjected to a review by an independent accountant.

Explanatory comments on comprehensive income statement

3. Sales revenues/Segment reporting

Segment reporting

Pursuant to IFRS 8, the identification of reporting operating segments is based on the so-called management approach. External reports are prepared on the basis of the internal organisational and management structure of the Group and of the internal financial reporting to the chief operating decision-maker. In 1&1 Drillisch Group, the Management Board of 1&1 Drillisch AG is responsible for the assessment and management of the segments' business success.

Company management and group reporting encompass the segments “Access,” “5G” and “Miscellaneous”. As a consequence of the acquisition of 5G frequencies and the related planned development of the Company's own wireless communications network, the expenses and income resulting from the preparation and execution of the 5G frequency auction as well as the future development, expansion and operation of the Company's own 5G wireless communications network have been disclosed as a separate segment and reported to the CODM since the first half of 2019.

In the segment “Access”, revenues are generated from the offered access services to telecommunication networks, one-time provision fees and the sale of devices and accessories. Revenues include monthly service fees, charges for special features and connection and roaming charges. Revenues are realised on the basis of utilisation units actually used and contract fees less any credit notes and restatements pursuant to reduced prices. The revenues from the sale of hardware and accessories and the related expenditures are realised as soon as the products have been delivered and accepted by the customers.

The monitoring of goodwill in the amount of €2,932,943k (previous year: €2,932,943k) is the responsibility of the CODM at the level of the reporting segment “Access”.

The expenses and income relating to the preparation and conduct of the 5G frequency auction and resulting from the establishment, expansion and operation of the Company’s own 5G wireless network are disclosed in the segment “5G”. As of this moment, no revenues have been realised in the segment “5G” in fiscal year 2020. The monitoring of the 5G frequency spectrum in the amount of €1,070,187k (31 December 2019: €1,070,187k) is the responsibility of the CODM at the level of the reporting segment “5G”.

In the segment “Miscellaneous”, revenues are generated from the offering of custom software solutions, maintenance and support services and (to a slight extent) the offering of wireless services. Revenues from software solutions and revenues from maintenance and support services are based on contract provisions. Revenue and the related expenditures are realised as soon as the aforementioned services have been performed and accepted by the customer.

Management by the 1&1 Drillisch AG Management Board is based primarily on performance indicators. The 1&1 Drillisch AG Management Board measures the success of the segment “Access” primarily in terms of sales, of the gross profit based on segment cost of materials, the number of subscribers and the adjusted earnings before interest, taxes and depreciation and amortisation (adjusted EBITDA) determined on the basis of IFRS accounting methods (IFRS as they are to be applied in the EU). The segment cost of materials is determined by application of the cost summary method. The sales commissions and the costs to obtain contracts pursuant to IFRS 15 are disclosed under segment cost of materials or expenditures for purchased services. Transactions between the segments are charged at market prices.

The segment reporting of 1&1 Drillisch for the reporting period from 1 January to 30 June 2020 is presented below:

	Access €k	5G €k	Miscellaneous €k	Consolidation €k	Total €k
Revenues with third parties	1,881,123	0	45	0	1,881,168
Intercompany revenues	3	0	6,047	-6,050	0
SEGMENT REVENUES	**1,881,126**	**0**	**6,092**	**-6,050**	**1,881,168**
Cost of materials external third parties	-1,297,116	0	-4	0	-1,297,120
Cost of materials from intercompany relationships	0	0	-3	3	0
COST OF MATERIALS FOR SEGMENT	**-1,297,116**	**0**	**-7**	**3**	**-1,297,120**
GROSS PROFIT FOR SEGMENT	**584,010**	**0**	**6,085**	**-6,047**	**584,048**
SEGMENT EBITDA	**335,404**	**-5,619**	**2,425**	**-2,607**	**329,603**
CUSTOMER CONTRACTS (IN MILLIONS)	**14.57**	**-**	**-**	**-**	**14.57**

The segment sales revenues also include certain revenues between the segments, but do not include internal allocations and costs allocated within the Group. All revenues were realised in Germany.

The segment reporting of 1&1 Drillisch for the reporting period from 1 January to 30 June 2019 is presented below:

	Access €k	5G €k	Miscellaneous €k	Consolidation €k	Total €k
Revenues with third parties	1,806,277	0	64	0	1,806,341
Intercompany revenues	1	0	6,370	-6,371	0
SEGMENT REVENUES	**1,806,278**	**0**	**6,434**	**-6,371**	**1,806,341**
Cost of materials external third parties	-1,215,282	0	-12	0	-1,215,294
Cost of materials from intercompany relationships	0	0	-4	4	0
COST OF MATERIALS FOR SEGMENT	**-1,215,282**	**0**	**-16**	**4**	**-1,215,294**
GROSS PROFIT FOR SEGMENT	**590,996**	**0**	**6,418**	**-6,367**	**591,047**
SEGMENT EBITDA	**342,785**	**-1,865**	**2,362**	**-2,853**	**340,429**
CUSTOMER CONTRACTS (IN MILLIONS)	**13.92**	**-**	**-**	**-**	**13.92**

For better comparability, sales revenues and cost of sales for the reporting period 1 January to 30 June 2019 have been restated. As a consequence of these restatements, the disclosed sales revenues and cost of sales for the previous year in the segment “Access” and at Group level were each reduced by €19.3 million. For additional information, see item 4 in the notes of the Annual Business Report 2019 “Sales revenues/Segment reporting”.

The rollover of the total of the segment profits (EBITDA) to the profit before income taxes is determined as shown below:

	2020 January-June €k	**2019 January-June €k**
Total segment profits (EBITDA)	329,603	340,429
Amortisation and depreciation	-75,533	-79,336
Operating results	**254,070**	**261,093**
Financial results	-152	-5,140
PROFIT BEFORE TAXES ON INCOME	**253,918**	**255,953**

The customer structure during the reporting period did not reveal any significant concentration on individual customers. There are no customers in 1&1 Drillisch Group with whom more than 10 percent of the total external sales revenues are generated.

Additional information on sales revenues

Group sales revenues break down as shown below:

	2020 January-June €m	**2019* January-June €m**
Service revenues	1,497.0	1,451.8
Hardware and other revenues	384.2	354.5
TOTAL	1,881.2	1,806.3

* The service revenues of the reporting period 2019 were reduced by €19.3 million; for further information, please refer to the segment reporting.

Sales revenues in the first half of 2020 increased by €74.9 million (4.1 percent) to €1,881.2 million (previous year: €1,806.3 million). While positive revenue effects of €+3.1 million resulted in Q1 2020 primarily from temporary changes in customer use behaviour (especially in the area of telephony, including home office regulations and contact bans), the temporarily limited travel options of customers due to the coronavirus pandemic had a negative impact of €-7.7 million (especially the lack of international roaming revenues) on revenue development in Q2 2020 in particular. For the first half of 2020, this resulted in a total negative revenue effect of €-4.6 million.

4. Cost of sales

Cost of sales increased in the first half of 2020 by €75.7 million (6.0 percent) to €1,341.4 million (previous year: €1,265.7 million). This includes higher costs for advance services relating to the temporary change in customer use behaviour because of the coronavirus pandemic, especially in the voice telephony segment and roaming, in the amount of €-5.6 million.

5. Personnel expenses

Personnel expenses for the reporting period 2020 amounted to €96,809k (previous year: €94,988k). At the end of June 2020, 1&1 Drillisch employed a workforce of 3,191 (previous year: 3,108).

6. Write-offs

Amortisation of intangible assets and depreciation on tangible assets amounted to €14,662k (previous year: €15,700k).

Depreciation and amortisation of assets capitalised in relation to company acquisitions amounted to €60,871k (previous year: €63,636k). This figure includes depreciation and amortisation of €55,606k (previous year: €57,188k) attributable to the additional assets capitalised as part of purchase price allocation.

Total amortisation of intangible assets and depreciation on tangible assets during the reporting period 2020 amounted to €75,533k (previous year: €79,336k).

7. Impairment losses from receivables and contract assets

The impairment losses from receivables and contract assets comprise €19,621k (previous year: €24,301k) from trade receivables and €16,281k (previous year: 13,265k) from contract assets.

Explanatory comments on the consolidated balance sheet

Explanatory comments are provided solely on the items that display noteworthy differences to the amounts disclosed in the consolidated annual financial statements of 31 December 2019.

8. Receivables due from associated companies

Receivables due from associated companies in the amount of €403,659k (31 December 2019: €215,329k) are related to accounts receivable from member companies of United Internet Group that are not included in 1&1 Drillisch Group's consolidated financial statements. Of the disclosed receivables, €401,000k (31 December 2019: €210,000k) relate to receivables from the short-term investment of free cash and cash equivalents at United Internet AG.

9. Tangible and intangible assets; goodwill

A total of €18,321k (previous year: €5,284k) is disclosed as investments in tangible and intangible assets for the interim reporting period.

Tangible assets rose by €36,587k from €64,496k per 31 December 2019 to €101,083k per 30 June 2020. During the reporting period, rights of use for land and buildings amounting to €33,764k and rights of use for fixtures, fittings and equipment amounting to €726k were added.

Intangible assets declined as planned from €1,686,027k per 31 December 2019 to €1,635,588k per 30 June 2020 and include primarily the acquired 5G frequencies and the assets determined as part of the Drillisch purchase price allocation less the write-offs relating to these assets. There was no amortisation of 5G frequencies during the interim reporting period 2020. The acquired frequency blocks will not be amortised until actual network operation using the spectrum begins.

Goodwill remains unchanged from the previous year at €2,932,943k.

10. Long-term deferred expenses

The long-term deferred expenses result essentially from advance payments made in relation to long-term purchasing agreements and amount to €120,951k per 30 June 2020 (31 December 2019: €168,259k).

11. Short-term liabilities due to associated companies

Short-term liabilities due to associated companies per 30 June 2020 amount to €57,814k (31 December 2019: €79,294k) and are related to liabilities resulting from advance service procurement and other cost allocations due to member companies of United Internet Group that are not included in 1&1 Drillisch Group's consolidated financial statements.

12. Other long-term financial liabilities

Other long-term financial liabilities per 30 June 2020 in the amount of €1,025,391k (31 December 2019: €991,825k) relate mainly to frequency liabilities in the amount of €947,655k (31 December 2019: €947,655k) and obligations pursuant to leases in the amount of €75,132k (31 December 2019: €40,215k).

13. Share capital/Own shares

The fully paid-in share capital per 30 June 2020, just as per 31 December 2019, amounted to €194,441,113.90, distributed in 176,764,649 no-par shares issued to the bearer with a proportionate share in the share capital of €1.10.

Per the closing date of 30 June 2020, the Company held 500,000 shares of its own stock.

Treasury stock reduces equity and is not entitled to dividends.

14. Employee stock ownership models

Stock appreciation rights (SAR)

Expenses from stock appreciation rights (SAR) amounted to €719k in the first half of 2020.

Stock appreciation rights Drillisch (SAR Drillisch)

Expenses from the stock appreciation rights Drillisch (SAR Drillisch) amounted to €754k in the first half of 2020.

15. Additional disclosures about the financial instruments

The table below presents the book value of each category of financial assets and liabilities per 30 June 2020:

	Measurement category per IFRS 9	Carrying value per 30/06/2020	Amortised costs	Fair value through other comprehensive income without recycling to profit and loss	Valuation according to IFRS 16	Fair value per 30/06/2020
		€k	€k	€k	€k	€k
Financial assets						
Cash and cash equivalents	ac	5,497	5,497			5,497
Trade accounts receivable	ac	247,152	247,152			247,152
Receivables due from associated companies	ac	403,659	403,659			403,659
Other short-term financial assets	ac	33,991	33,991			33,991
Other long-term financial assets						
- Participating interests	fvoci	1,119		1,119		1,119
- Miscellaneous	ac	773	773			773
Financial liabilities						
Trade accounts payable	ac	-273,464	-273,464			-273,464
Liabilities due to associated companies	ac	-57,814	-57,814			-57,814
Other short-term financial liabilities						
- Lease obligations	n/a	-10,441			-10,441	
- Miscellaneous	ac	-98,852	-98,852			-98,852
Other long-term financial liabilities						
- Lease obligations	n/a	-75,132			-75,132	
- Miscellaneous	ac	-950,259	-950,259			-950,259
of which aggregated per classification categories:						
- Financial assets at amortised cost	ac	691,072	691,072			691,072
- Financial assets at fair value through other comprehensive income without recycling to profit and loss	fvoci	1,119		1,119		1,119
- Financial liabilities at amortised cost	ac	-1,380,389	-1,380,389			-1,380,389
Leasingverpflichtungen	n/a	-85,573			-85,573	

Cash and cash equivalents, trade accounts receivable, receivables due from associated companies and other short-term financial assets have short remaining terms. Their carrying values on the closing date are consequently close to fair value.

Participations are disclosed at fair value. It is assumed for the remaining other long-term assets, which are disclosed in the balance sheet at amortised cost, that their carrying value is equivalent to fair value.

Trade accounts payable, liabilities due to associated companies and other short-term financial liabilities have short remaining terms; the disclosed values represent approximately the fair values.

It is assumed for the remaining other long-term liabilities, which are disclosed in the balance sheet at amortised cost, that their carrying value is equivalent to fair value.

The measurement of financial assets measured at fair value is based on appropriate valuation techniques. Insofar as available, stock exchange prices on active markets are used. Option price models are primarily used to measure purchase price liabilities.

16. Related party disclosures

Pursuant to IAS 24, persons and companies are regarded as related parties if one of the parties has the possibility to control the other party or to exercise a significant influence. Related parties of the Group include Management and Supervisory Boards of 1&1 Drillisch AG and the group companies of United Internet Group that are not included in the consolidation of the Group. Moreover, participations on which the Group companies can exercise significant influence (associated companies) are classified as related parties. In addition, Mr Ralph Dommermuth as the principal shareholder of United Internet AG is classified as a related party (and the ultimate controlling company within the sense of IAS 24.13).

The group of related parties remained essentially unchanged in comparison with the consolidated annual financial statements per 31 December 2019.

Per 30 June 2020, the Management Board members held the following stock in 1&1 Drillisch AG:

Per the closing date 30 June 2020, United Internet AG , Montabaur, held 75.10 percent of the stock in 1&1 Drillisch AG. Per 30 June 2020, Mr Ralph Dommermuth in turn holds indirectly through holding companies more than 43 percent of the share capital of United Internet AG as reduced by his own shares of United Internet AG.

The Supervisory Board members held the following stock in 1&1 Drillisch AG per 30 June 2020:

Supervisory Board member Vlasios Choulidis 273,333 no-par-value shares (65,000 of which were held via MV Beteiligungs GmbH), a total of 0.16 percent of the shares of 1&1 Drillisch AG.

Of the disclosed sales revenues, €14,789k (previous year: €14,278k) was realised during the reporting period with member companies of United Internet Group that are not members of the consolidation of 1&1 Drillisch Group.

The expenditures in the reporting period of €81,402k (previous year: €81,189k) include expenditures with member companies of United Internet Group that are not members of the consolidation of 1&1 Drillisch Group.

The business premises of 1&1 Drillisch in Montabaur and Karlsruhe are leased to 1&1 Drillisch by 1&1 IONOS SE, a member company of United Internet Group. 1&1 IONOS SE has leased these premises in part from Mr Ralph Dommermuth. The resulting payment obligations are at the usual local level and were passed on to 1&1 Drillisch on a pro rata basis. The resulting payment commitments incurred during the reporting period amounted to €1,569k (previous year: €3,263k).

The company VPM Immobilien Verwaltungs GmbH, Maintal (shareholder of VPM and member of the Supervisory Board of 1&1 Drillisch AG – Mr Vlasios Choulidis) has leased office space in Maintal to 1&1 Drillisch. The resulting payment obligations are at the usual local level and amounted to €89k in the reporting period 2020 (prior year: €89k).

The following table shows rights of use in connection with related parties:

	Carrying amount 31/12/2019 €k	**Addition of fiscal year €k**	**Amortization/ depreciation €k**	**Carrying amount 30/06/2020 €k**
Right of use assets	23,623	32,872	-1,442	**55,053**

The following table shows leasing liabilities in connection with related parties:

	Carrying amount 31/12/2019 €k	**Addition of fiscal year €k**	**Redemption/ Interest €k**	**Carrying amount 30/06/2020 €k**
Lease liabilities	23,688	32,872	-1,468	**55,092**

17. Events after 30 June 2020

No important events occurred after the balance sheet date.

Maintal, 13 August 2020

1&1 Drillisch Aktiengesellschaft

Ralph Dommermuth   Markus Huhn   Alessandro Nava

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT, QUARTERLY DEVELOPMENT

in €m

	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2019 Q2
Sales	923.3	945.3	940.7	940.4	903.8
Cost of sales	-646.6	-662.4	-668.1	-673.3	-632.5
GROSS PROFIT FROM REVENUES	**276.7**	**282.9**	**272.6**	**267.1**	**271.3**
Distribution costs	-108.4	-104.2	-106.5	-107.2	-104.5
Administration costs	-25.1	-24.1	-25.3	-22.8	-19.8
Other operating expenses / income	7.7	7.6	4.6	7.5	8.1
Impairment losses from receivables and contract assets	-20.7	-25.0	-19.0	-16.9	-22.8
RESULTS FROM OPERATING ACTIVITIES	**130.2**	**137.2**	**126.4**	**127.7**	**132.3**
Financial results	-3.0	2.1	-0.2	0.0	-3.9
PROFIT BEFORE TAXES	**127.2**	**139.3**	**126.2**	**127.7**	**128.4**
Tax expenses	-38.4	-33.4	-38.0	-31.2	-38.5
CONSOLIDATED PROFIT	**88.8**	**105.9**	**88.2**	**96.5**	**89.9**
Profit per share (in €)					
- undiluted	0.51	0.60	0.50	0.55	0.51
- diluted	0.51	0.60	0.50	0.55	0.51

Rollover to total consolidated profit

	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2019 Q2
CONSOLIDATED PROFIT	**88.8**	**105.9**	**88.2**	**96.5**	**89.9**
Categories that may subsequently be reclassified in the profit and loss account (net)	0.0	0.0	0.0	0.0	0.0
Categories that will not subsequently be reclassified in the profit and loss account (net)					
- Net profits or losses from equity instruments that are measured at fair market value as non-operating results in other results	0.0	-0.3	0.0	0.0	0.0
Other results	0.0	-0.3	0.0	0.0	0.0
TOTAL CONSOLIDATED PROFIT	**88.8**	**105.7**	**88.2**	**96.5**	**89.9**

AFFIRMATION STATEMENT OF THE LEGAL REPRESENTATIVES

AFFIRMATION STATEMENT OF THE LEGAL REPRESENTATIVES

Declaration according § 37y WpHG in connection with § 37w Sec. 2 Nr. 3 WpHG

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements give, in compliance with generally accepted accounting principles, a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Maintal, 13 August 2020

Ralph Dommermuth | Markus Huhn | Alessandro Nava

OTHER

INVESTOR RELATIONS CORNER

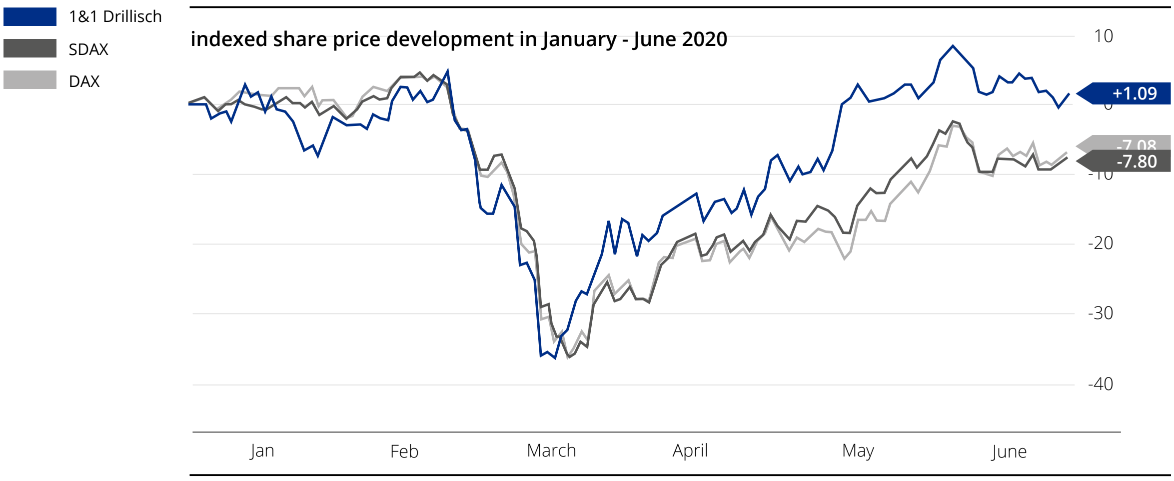
1. Investor Relations

The capital market communications of 1&1 Drillisch AG are conducted in conformity with the fair disclosure principle, i.e. all shareholders and interested parties are simultaneously provided with the same type of information about all important developments. The ongoing work can be followed and tracked equally by all investor groups on our investor relations home page where all of our relevant reports and publications can be viewed. Many of the people interested in our Company also take advantage of the opportunity for personal contact via email and/or telephone.

2. Share Price Development in Trading Year 2020

	2019 year end	30 June 2020	% change
1&1 Drillisch	€22.88	€23.18	+ 1.09
DAX	13,249.01	12,310.93	- 7.08
SDAX	12,511.89	11,535.83	- 7.80
TecDAX	3,014.94	2,953.65	- 2.03

Performance of the 1&1 Drillisch-Share compared to DAX, TecDAX and SDAX*



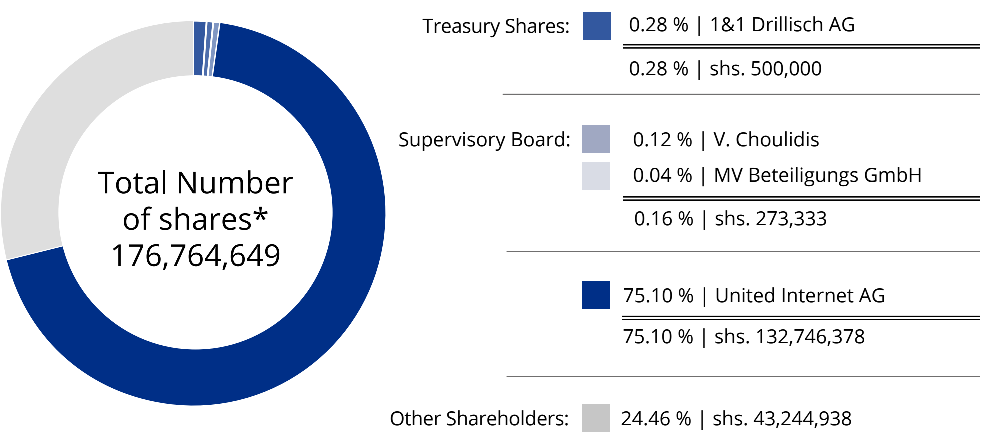
* Indices and the 1&1 Drillisch-Share show a dividend adjusted performance

3. Current Analyst Assessments (Last Revised 05 August 2020)

Analysis	Rating Price	Target	Date
Commerzbank	„Buy“	€36.00	28 July 2020
HSBC	„Neutral“	€21.00	28 July 2020
Barclays	„Buy“	€30.00	15 June 2020
Exane	„Buy“	€27.00	9 June 2020
Commerzbank	„Underperform“	€15.00	8 June 2020
Goldman	„Buy“	€36.00	28 May 2020

A constantly updated overview of the analysts’ recommendations can be found on the 1&1 Drillisch AG IR home page.
www.1und1-drillisch.de/investor-relations/research-notes

4. Shareholder Structurer (Last Revised 05 August 2020)



Free Float as per definition of Dt. Boerse AG: 24.62 %

* Per voting rights publications

Source: www.1und1-drillisch.de/investor-relations/aktionaersstruktur

FINANCIAL EVENTS CALENDAR *

13 August 2020	6-Month Report 2020, Press and Analyst Meeting
10 November 2020	Quarterly Statement Q3 2020

* These provisional dates are subject to change.

CONTACTS

Our Investor Relations and Press Department will be glad to answer any questions you may have concerning 1&1 Drillisch AG and the Interim Statement.

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LEGAL INFORMATION

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

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VAT ID No.: DE 812458592
Tax No.: 03522506037
Offenbach City Tax Office

Management Board:

» Ralph Dommermuth (CEO)

» Markus Huhn

» Alessandro Nava

Supervisory Board:

» Michael Scheeren (Chairman)

» Kai-Uwe Ricke (Deputy Chairman)

» Dr Claudia Borgas-Herold

» Vlasios Choulidis

» Kurt Dobitsch

» Norbert Lang

Disclaimer:

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.). This Interim Statement is available in German and English. Both versions can also be downloaded from www.1und1-drillisch.de. In all cases of doubt, the German version shall prevail.

Future-oriented Statements:

This Interim Statement contains certain forward-looking statements which reflect the current views of 1&1 Drillisch AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this Interim Statement are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which 1&1 Drillisch often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of 1&1 Drillisch AG. 1&1 Drillisch does not intend to revise or update any forward-looking statements set out in this Interim Statement.

1&1 DRILLISCH AG

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Deutschland

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