



Half-year financial report
2023

SELECTED KEY FIGURES

	June 30, 2023	June 30, 2022	Change
NET INCOME (in € million)			
Sales	3,028.1	2,901.1	+ 4.4%
EBITDA ⁽¹⁾	670.1	657.5	+ 1.9%
EBIT ⁽¹⁾	408.5	417.3	- 2.1%
EBT ⁽¹⁾	343.0	381.4	- 10.1%
EPS (in €) ⁽¹⁾	0.84	1.04	- 19.2%
BALANCE SHEET (in € million)			
Current assets	1,779.1	1,668.7	+ 6.6%
Non-current assets	8,989.0	8,285.2	+ 8.5%
Equity	5,405.5	5,087.4	+ 6.3%
Equity ratio	50.2%	51.1%	
Total assets	10,768.0	9,953.8	+ 8.2%
CASH FLOW (in € million)			
Operative cash flow	512.6	522.9	- 2.0%
Cash flow from operating activities	237.2	342.7	- 30.8%
Cash flow from investing activities	- 300.5	- 197.9	
Free cash flow ⁽²⁾	- 127.5	80.0	
EMPLOYEES			
Total headcount as of June 30	10,687	10,167	+ 5.1%
thereof in Germany	8,690	8,283	+ 4.9%
thereof abroad	1,997	1,884	+ 6.0%
SHARE (in €)			
Share price (Xetra) as of June 30	12.90	27.23	- 52.6%
CUSTOMER CONTRACTS (in million)			
Consumer Access, total contracts	15.96	15.55	+ 0.41
thereof Mobile Internet	11.91	11.38	+ 0.53
thereof broadband connections	4.05	4.17	- 0.12
Consumer Applications, total accounts	42.26	42.34	- 0.08
thereof with Premium Mail subscription (contracts)	1.96	1.83	+ 0.13
thereof with Value-Added subscription (contracts)	0.78	0.75	+ 0.03
thereof free accounts	39.52	39.76	- 0.24
Business Applications, total contracts	9.25	8.91	+ 0.34
thereof in Germany	4.53	4.32	+ 0.21
thereof abroad	4.72	4.59	+ 0.13
Fee-based customer contracts, total	27.95	27.04	+ 0.91

(1) Key earnings figures 2023 and 2022 adjusted for special effects

(2) Free Cashflow 2023 and 2022 including the repayment portion of lease liabilities

CONTENT

4 FOREWORD OF CEO

6 INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF 2023

- 6 Principles of the Group
 - 12 General conditions
 - 14 Business development
 - 26 Position of the Group
 - 35 Subsequent events
 - 36 Risk and opportunity report
 - 37 Forecast report
 - 40 Annex: Reconciliation “Controlling View” to “Accounting View”
-

42 INTERIM FINANCIAL STATEMENTS FOR THE FIRST SIX MONTHS OF 2023

- 44 Group balance sheet
 - 46 Group net income
 - 48 Group cash flow
 - 50 Changes in shareholders’ equity
 - 52 Notes on the interim financial statements
 - 72 Income statement (quarterly development)
 - 73 Responsibility statement
-

74 FINANCIAL CALENDAR / IMPRINT



**Dear shareholders, employees,
and business associates,**

United Internet AG can look back on a successful first six months of 2023. In the first half of 2023, we continued to make investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. In total, we increased the number of fee-based customer contracts by a further 490,000 contracts to 27.95 million. Of this amount, 180,000 contracts were added in the Consumer Access segment and 210,000 contracts in the Business Applications segment. We gained a further 100,000 contracts in the Consumer Applications segment. Ad-financed free accounts were 790,000 down on December 31, 2022, due mainly to seasonal effects, and were also 240,000 down on June 30, 2022, due in particular to the conversion to fee-based customer relationships (160,000 new contracts since June 30, 2022).

Sales grew by 4.4% in the first half of 2023, from € 2,901.1 million in the previous year to € 3,028.1 million.

Our earnings in both the first half of 2022 and the first half of 2023 were impacted by special items in the form of non-cash valuation effects from derivatives and the IPO costs of IONOS Group SE. The valuation effects from derivatives amounted to € +4.6 million in the prior-year period and € -4.4 million in the first half of 2023. For the IONOS IPO, we incurred costs of € -2.4 million in the prior-year period and € -1.6 million in the first half of 2023. At Group level, these IPO costs in 2023 include an opposing income amount from the contractually agreed prorated assumption of IPO costs by IONOS co-owner Warburg Pincus.

Without consideration of these special items, earnings developed as follows in the first half of 2023: operating EBITDA amounted to € 670.1 million and was thus 1.9% above the prior-year level (€ 657.5 million). This figure includes strongly increased start-up costs for the rollout of 1&1's mobile communications network (€ -24.7 compared to H1 2022). In addition, operating EBIT was burdened by an increase of € -31.8 million in depreciation, especially on investments in the expansion of 1&1 Versatel's fiber-optic network and the rollout of 1&1's mobile network. As a result, it fell by € -8.8 million (-2.1%) from € 417.3 million to € 408.5 million. The increase in depreciation – mainly due to the operational launch of 1&1's mobile network – is expected to be offset by planned cost savings on advance services from Q4 2023.

In the first half of 2023, operating earnings per share (EPS) declined from € 1.04 in the prior-year period to € 0.84. In addition to the decrease in EBIT (EPS effect: € -0.04), this was due to the lower result from associated companies (EPS effect: € -0.04), and the impact of increased interest rates on our financial result (EPS effect: € -0.12).

Besides our operating business, the first half of 2023 was also marked by the rollout of the 1&1 mobile network and preparations for the planned launch of our smartphone tariffs in September. The key foundations for this next major milestone have now been laid: we have connected our network with all national and international networks, checked the functionality of our mobile services with external customer groups, and tested national roaming in the Telefónica network – as wherever we are not initially covered by our own sites, we will serve our customers via the Telefónica network. In addition, we have commenced operation at two of our four core data centers and 22 of our 24 local edge data centers as planned and connected them via fiber-optic to 74 of the more than 500 regional far edge data centers being built across Germany.

While we are very well positioned in terms of active technology, our other main priority is to continue to drive the expansion of antenna locations. Together with our partners for radio tower infrastructure, we

drafted a new rollout plan in March. We are now making consistent progress in this regard. At the end of June 2023, we had 193 antenna locations that we are gradually connecting to fiber-optic lines and equipping with gigabit antennas. This is an increase of 99 locations compared with the first quarter. As announced, we expect the strongest growth in the second half of the year. By the end of September, we will have around 500 masts. And our current planning is to have around 1,000 antenna locations by the end of the year. Due to further delays in deliveries of our main supplier, we now expect to reach our target for the year of 1,200 antenna locations at the beginning of 2024.

In order to drive the reliable and sustainable rollout of our network, we are increasingly focusing on the development of our own sites in addition to the above mentioned co-locations. There has also been steady growth in the acquisition of new antenna locations. At the end of the first six months, we have a total of 98 leases for the construction of our own sites. As our expansion partners continue to ramp up capacities, we are keeping our sights firmly on the target of covering a quarter of German households by the end of 2025 and half of them by the end of 2030 – despite the shortfall of our main supplier.

In June, Germany's Federal Cartel Office announced that it would investigate the suspicion we expressed that Vodafone might be obstructing our network rollout. We are pleased that clarity and transparency are now being ensured and that we can look ahead with confidence. This also applies with regard to a possible fine that 1&1 may have to pay for failing to reach 1,000 5G sites by the end of 2022. In April, Germany's Federal Network Agency opened corresponding proceedings. If a fine is imposed, we will take responsibility for the delay and at the same time examine the possibility of asserting damage claims against our main supplier.

In addition, we continued to work hard on the IPO of our Group subsidiary IONOS Group SE at the beginning of the year and completed the IPO on February 8, 2023. United Internet received gross proceeds of around € 292 million from the sale of shares, while the entire placement volume amounted to around € 389 million. Following the IPO, United Internet holds 63.8% and Warburg Pincus 21.2% of IONOS shares. A further 15.0% of shares are in free float.

On completion of the first six months, we can confirm our full-year guidance for 2023 and continue to expect an increase in consolidated sales to approx. € 6.2 billion (2022: € 5.915 billion). Operating EBITDA is likely to be on a par with the previous year (prior year: € 1.272 billion). This figure includes start-up costs of approx. € -120 million (prior year: € -52 million) for the rollout of 1&1's mobile network. Due in particular to the construction of our mobile network and the expansion of the fiber-optic network, capital expenditures (excluding possible M&A transactions) are expected to increase to approx. € 800 million (prior year: € 681 million).

We are well prepared for the next steps in our Company's development and upbeat about our prospects for the remaining months of the fiscal year. In view of the successful first six months, we would like to express our heartfelt gratitude to all employees for their dedicated efforts as well as to our shareholders and business associates for the trust they continue to place in us.

Montabaur, August 3, 2023



Ralph Dommermuth

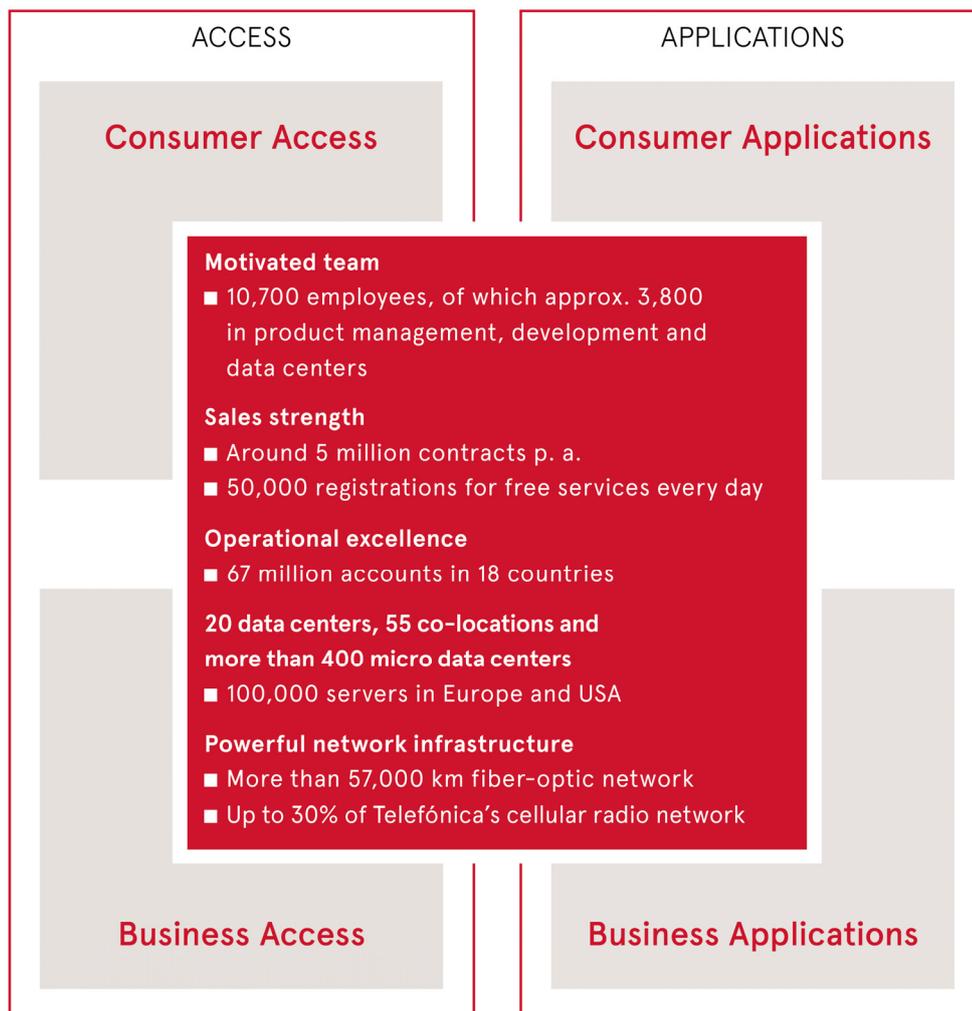
INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF 2023

Principles of the Group

Business model

Founded in 1988 and headquartered in Montabaur, Germany, United Internet AG is a leading European internet specialist with 27.95 million fee-based customer contracts and 39.52 million ad-financed free accounts around the world.

The Group's operating activities are divided into the two business divisions "Access" and "Applications", which in turn comprise the reporting segments "Consumer Access" and "Business Access", as well as "Consumer Applications" and "Business Applications".



Consumer Access segment

The Consumer Access segment comprises mobile internet products and landline-based broadband products (including the respective applications, such as home networks, online storage, telephony, smart home, or IPTV) for private users.

These internet access products are offered as subscription contracts with fixed monthly fees (and variable, volume-based charges) and contractually fixed terms.

With its **broadband products** under the 1&1 brand (especially VDSL/vectoring and fiber-optic connections), United Internet is one of Germany's leading suppliers.

The Company uses the fiber-optic network of 1&1 Versatel as the transport network for VDSL/vectoring connections and direct fiber-optic connections (FTTH) with the "last mile" being provided by city carriers and Deutsche Telekom (mainly Layer-2). In the case of business with ADSL connections (currently being phased out), further advance service providers are used.

With its **mobile internet products**, United Internet is the leading Mobile Virtual Network Operator (MVNO) in Germany.

United Internet – indirectly via 1&1 AG – is the only so-called MBA MVNO (Mobile Bitstream Access / Mobile Virtual Network Operator) in Germany with long-term and guaranteed rights to up to 30% of the used network capacity of Telefónica Germany and thus extensive access to one of the largest mobile networks. In addition to its privileged access to the Telefónica network, the Company also purchases mobile advance services from Vodafone.

These purchased network services are enhanced with end-user devices of major manufacturers, as well as self-developed applications and services, in order to differentiate the Company from competitive offerings.

Mobile internet products are marketed via the premium brand 1&1 as well as via discount brands, such as yourfone and smartmobile.de, which enable the Company to offer a comprehensive range of wireless products while also targeting specific customer groups.

As part of the planned rollout of its powerful 5G mobile communications network – and following its successful bid for two frequency blocks of 2 x 5 MHz in the 2 GHz band and five frequency blocks of 10 MHz in the 3.6 GHz band during the 5G spectrum auction in 2019 – 1&1 concluded long-term agreements in the fiscal years 2021 and 2022 and now has all key prerequisites in place to drive forward the rollout of the 1&1 mobile network and thus extend its added value in this market segment – as in the landline segment. Operations of the 1&1 mobile network were launched on December 28, 2022 with "1&1 5G at home" – a product positioned as an alternative to conventional DSL, cable internet, or fiber-optic house connections. Smartphone tariffs are set to follow in September 2023, together with the scheduled provision of national roaming by Telefónica. National roaming is a standard procedure used in the rollout of new mobile networks that enables customers to surf and make calls without interruption in areas not yet covered during the construction phase of the new network. This is achieved by automatically using the roaming partner's antennas in these areas.

Business Access segment

In its Business Access segment, United Internet offers a wide range of telecommunication products and services for business customers via the 1&1 Versatel brand.

The core of the business model is the operation of a cutting-edge fiber-optic network with a length of over 57,000 km (with 9 own data centers, 35 co-locations, and more than 400 own micro data centers), which is one of the largest networks in Germany and is constantly being expanded.

1&1 Versatel uses this network to offer telecommunication products – from fiber-optic direct connections to tailored ICT solutions (voice, data and network solutions) – to companies and local authorities. In addition, the 1&1 fiber-optic network is offered for infrastructure services (wholesale) to national and international carriers and internet service providers (ISPs).

Consumer Applications segment

Applications for home users are pooled in the Consumer Applications segment. In particular, these applications include Personal Information Management applications (e-mail, to-do lists, appointments, addresses), and online storage (cloud), as well as domains, website solutions tailored to consumer needs, and office software.

In the course of portfolio development over the past few years, the GMX and WEB.DE brands – the most widely used e-mail providers in Germany for many years now – have been expanded from pure e-mail service providers to complete command centers for the communication, information, and identity management needs of users.

Applications for home users are nearly all developed in-house and operated at the Group's own data centers. The products are offered as fee-based subscriptions (pay accounts) or – for free – in the form of ad-financed accounts (free accounts). These free accounts are monetized via online advertising, which is marketed by United Internet Media.

United Internet markets its ad-financed applications and fee-based consumer applications via the GMX and WEB.DE brands primarily in Germany, Austria, and Switzerland, where it is among the leading players.

Since the acquisition of the US provider mail.com, United Internet has also been driving its international expansion in this segment. In addition to the USA, mail.com targets other countries, such as the UK, France, and Spain.

Business Applications segment

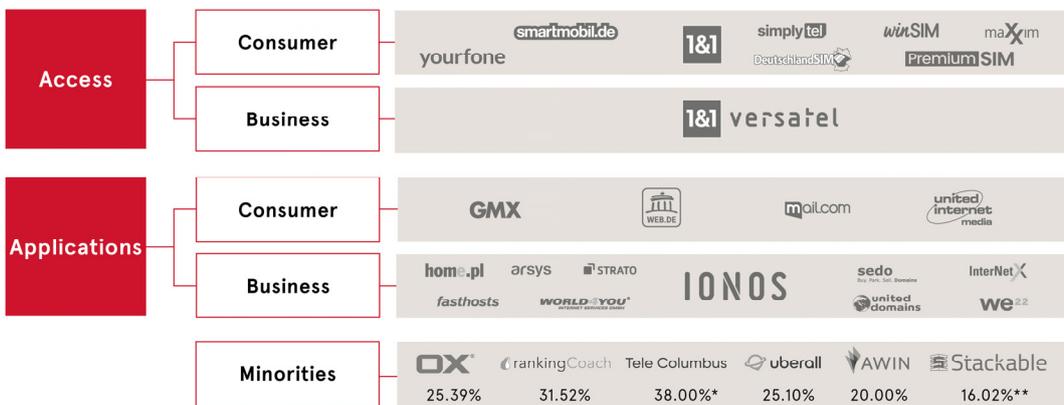
In the Business Applications segment, United Internet opens up online business opportunities for freelancers and SMEs, helping them digitize their processes. This involves offering a broad range of products, such as domains, websites, web hosting, servers and e-shops, group work, online storage (cloud), and office software, which customers can use via subscription agreements. In addition, cloud solutions and cloud infrastructure are offered.

The applications are developed at in-house development centers or in cooperation with partner firms and operated on over 100,000 servers at 11 own data centers and 20 co-locations.

In its Business Applications segment, United Internet is also a leading global player with activities in Europe (Germany, France, the UK, Spain, Portugal, Italy, the Netherlands, Austria, Poland, Hungary, Romania, Bulgaria, Czech Republic, Slovakia, and Sweden) as well as in North America (the USA, Canada, Mexico).

Business applications are marketed to specific target groups via differently positioned brands, such as IONOS, Strato, Fasthosts, Arsys, home.pl, InterNetX, united-domains, and World4You. In its after-market business, United Internet also offers customers professional services in the field of active domain management. Moreover, other hosting suppliers are offered a white-label website builder for the creation of high-quality websites via the we22 brand.

Segments, brands and investments (as of: June 30, 2023)



* Held indirectly via 40% investment in Kublai GmbH

** Held indirectly via 63.84% investment in IONOS Group SE

Group structure, strategy, and control

With regard to the Group's structure, strategy, and control, we refer to the explanations provided in the combined Management Report 2022 (Annual Report 2022, page 36 et seq.). There were no significant changes with regard to the Group and its segments in the first half of 2023.

Management

Change in the Management Board

On March 10, 2023, United Internet announced that Mr. Martin Mildner, Chief Financial Officer (CFO) of United Internet AG, was to leave United Internet AG at his own request on March 31, 2023.

On April 1, 2023, Martin Mildner was succeeded as CFO of United Internet AG by Ralf Hartings, who has been active for the United Internet Group since 2021 as CFO of 1&1 Mail & Media SE and stepped down from this position on March 31, 2023. Mr. Hartings has many years of experience working in the telecommunication sector, including 15 years of international experience for Vodafone and Verizon Wireless in the USA.

In addition to the main responsibilities of his position as CFO, Mr. Mildner was also responsible for the shared services of United Internet AG. On April 1, 2023, this responsibility was transferred to Markus

Huhn, who on the same day joined Ralph Dommermuth (CEO) and Ralf Hartings as a further member of the Management Board. Markus Huhn has already been working for the United Internet Group for 28 years and has been a CFO since 2008. Mr. Huhn will continue to be CFO of 1&1 AG in addition to his new role.

Main focus areas for products and innovations

As an internet service provider, the United Internet Group does not engage in research and development (R&D) on a scale comparable with manufacturing companies. For this reason, United Internet does not disclose key figures for R&D.

At the same time, the United Internet brands stand for internet access solutions and innovative web-based applications for home users and commercial clients which are predominantly developed in-house or in cooperation with partner companies. The Group's success is rooted in an ability to develop, combine or adapt innovative products and services and launch them on major markets.

In addition to constant improvements and measures to secure the reliable operation of all services offered, the approximately 3,800 programmers, product managers, and technical administrators at United Internet's domestic and foreign facilities worked in particular on the following projects during the first half of 2023:

■ Consumer Access

- Extension of "1&1 5G at home" with addition of conventional telephony, making it a complete replacement for DSL, cable Internet or fiber-optic home connections
- Simplification of process for multiple orders of mobile products from business customers
- Implementation and start-up of a new omnichannel platform (Customer Operations)
- Process enhancements and implementations in connection with the Telecommunications Modernization Act (TKMoG)
- Extensive enhancements and improvements to fiber optic customer communication and optimization of customer processes

■ Business Access

- Launch of Cloud PBX product "1&1 Business Phone" in cooperation with NFON
- Introduction of "1&1 Fiber Connect Basic" product for smart clusters in business parks
- "1&1 Connected Calls for MS Teams" as a simple telephone system and access to the public telephone network with Microsoft Teams

■ Consumer Applications

- Launch of "United Internet Media Ad Manager" to improve internal and external control and creation of online campaigns
- Implementation of a modern Customer Care Suite for the GMX and WEB.DE brands that raises degree of automation in processing and can be flexibly adapted
- Expansion of upselling order lines in mobile applications to effectively support sales campaigns
- Launch of a new e-mail web client (read use case) for GMX and WEB.DE
- Extension of the AI-based categorized mail inbox (One Inbox)
- Launch of "Account Recovery Assistant" that provides customers with highly automated support in the event of access problems
- Implementation of "Effective Settings", a centralized high-load platform for applying business rules to products and advertising across the company, based on consent, contract data, and legal frameworks

■ Business Applications

- Extension of "Database-as-a-Service" with MongoDB as document-based NoSQL database
- Replacement of HDD storage with SSD products for higher storage performance, efficiency and packing density
- Extension of Virtual Network Services with Managed NAT Gateway, Managed Network Load Balancer and Managed Application Load Balancer
- Launch of IPv6 in native network stack
- Launch of open source solution "Managed Stackable" (by IONOS and Stackable) as first Managed Big Data product
- Launch of STRATO Virtual Dedicated Server based on IONOS Cloud Compute
- Launch of STRATO V-Server based on IONOS Cloud (CoreVPS/Cubes)
- STRATO Hyper-V platform update to Windows Server 2019
- Launch of HiDrive4You: new STRATO cloud storage tariff

General economic, sector and legal conditions

Macroeconomic development

Despite high inflation and the consequences of the Ukraine war, the International Monetary Fund (IMF) is cautiously optimistic in its latest economic outlook (World Economic Outlook, July 2023 Update) and has upgraded its forecasts for the vast majority of countries. However, these forecasts are still well below the growth rates of the previous year.

Specifically, the IMF now forecasts growth of 3.0% (prior year: 3.5%) for the **global economy** in 2023 and thus 0.1 percentage point more than at the beginning of the year (January 2023 outlook).

The Fund has also upgraded its 2023 forecasts for all of the United Internet Group's target markets in North America. For example, it forecasts growth of 1.8% for the **USA** (prior year: 2.1%) – 0.4 percentage points more than in its January outlook. The forecast of 1.7% for **Canada** (prior year: 3.4%) is 0.2 percentage points more than originally expected. And for **Mexico**, the IMF also forecasts an increase in economic output of 2.6% (prior year: 3.0%), and thus 0.9 percentage points more than at the beginning of the year.

The picture is similar in United Internet's important **eurozone** region. The IMF has also upgraded its forecast for the region and now expects economic output to grow by 0.9% (prior year: 3.5%) – 0.2 percentage points more than in January. The growth forecast for **France** has been upgraded to 0.8% (prior year: 2.5%), for **Italy** to 1.1% (prior year: 3.7%), and for **Spain** to 2.5% (prior year: 5.5%). This corresponds to an increase of 1.1 percentage points for France, 0.5 percentage points for Italy, and 1.4 percentage points for Spain compared to the January outlook.

For the **UK**, the IMF now expects growth of 0.4% (prior year: 4.1%), and thus 1.0 percentage point more than at the beginning of the year.

By contrast, the IMF has downgraded its economic forecast for **Germany** – United Internet's most important market by far (sales share 2022: around 89%) – by -0.4 percentage points and currently expects economic output to decline by -0.3% in 2023 (prior year: +1.8%).

Changes in 2023 growth forecasts for United Internet's key target countries and regions

	Actual 2022	January forecast for 2023	April forecast for 2023	July forecast for 2023	Change on January forecast
World	3.5%	2.9%	2.8%	3.0%	+0.1%-points
USA	2.1%	1.4%	1.6%	1.8%	+0.4%-points
Canada	3.4%	1.5%	1.5%	1.7%	+0.2%-points
Mexico	3.0%	1.7%	1.8%	2.6%	+0.9%-points
Eurozone	3.5%	0.7%	0.8%	0.9%	+0.2%-points
France	2.5%	0.7%	0.7%	0.8%	+0.1%-points
Spain	5.5%	1.1%	1.5%	2.5%	+1.4%-points
Italy	3.7%	0.6%	0.7%	1.1%	+0.5%-points
UK	4.1%	-0.6%	-0.3%	0.4%	+1.0%-points
Germany	1.8%	0.1%	-0.1%	-0.3%	-0.4%-points

Source: International Monetary Fund, World Economic Outlook (Update); January, April and July 2023

Sector development

At its half-year press conference 2023, the industry association Bitkom reported stable growth for the German ICT sector (ICT = information and communications technology) in a challenging macroeconomic environment.

In surveys conducted by Bitkom and the ifo Institute, IT and telecommunications companies themselves also assessed their business situation as good on the whole. The Digital Index jointly compiled by the two organizations stood at 12.1 points in June – thus clearly outperforming the general economy, which was once again negative at -6.6 points, according to ifo.

However, the association has lowered its full-year growth forecast for 2023 from 3.8% to 2.1% and now expects total revenue of € 213.2 billion. The forecasts for United Internet's main sub-segments (IT and telecommunications) have also been downgraded from 6.3% to 3.0% and from 0.9% to 0.4%, respectively.

Legal conditions / significant events

In the first half of 2023, the legal parameters for United Internet's business activities were largely unchanged from fiscal year 2022 and thus had no significant influence on the development of the United Internet Group.

There were also no significant events in the first six months of 2023 which had a material influence on the development of business.

Business development

Use of business-relevant key financial performance indicators

In order to ensure the clear and transparent presentation of United Internet's business trend, the Company's annual and interim financial statements include key performance indicators (KPIs) – in addition to the disclosures required by International Financial Reporting Standards (IFRS) – such as EBITDA, the EBITDA margin, EBIT, the EBIT margin, and free cash flow. Information on the use, definition, and calculation of these KPIs is provided in the Annual Report 2022 (page 59).

Insofar as required for clear and transparent presentation, the KPIs used by United Internet are adjusted for special items and disclosed as "key operating figures" (e.g., operating EBITDA, operating EBIT, and operating EPS). Such special items usually refer solely to those effects capable of restricting the validity of the key financial performance indicators with regard to the Company's financial and earnings performance – due to their nature, frequency, and/or magnitude. All special items are presented and explained for the purpose of reconciliation from the unadjusted key financial figures to the key operating figures in the relevant section of the financial statements.

Segment reporting changed from "controlling view" to "accounting view"

In the course of preparing the Interim Financial Statements as of March 31, 2023, the Company's Management Board decided to change segment reporting from the previous "controlling view" to an "accounting view" and at the same time to adjust internal reporting and management (previously controlling view) to external reporting (accounting view). This change has resulted in reconciliation effects/shifts in key sales and earnings figures among the segments.

- Reconciliation effects on sales: certain intercompany sales are no longer consolidated at segment level (as previously under the controlling view), but only at Group level (accounting view).
- Reconciliation effects on EBITDA and EBIT: depreciation allocations and profit margins for intercompany services are no longer "netted" between segments (as was previously the case for internal service charging under the controlling view), but are disclosed (accounting view) – as if "booked" at segment level.

Overall, the change has no effect on the Group's sales and earnings figures, as reporting at Group level was already based on the "accounting view".

By making this change at segment level, United Internet is also taking account of the increasing independence of its segments (subgroups) and aligning segment reporting with the reporting of its listed and thus also reportable subgroups 1&1 AG (Consumer Access segment) and IONOS Group SE (Business Applications segment).

A reconciliation of sales, as well as operating EBITDA and EBIT, for the preceding quarters Q1 2022 – Q4 2022 is presented at the end of this Interim Management Report (pages 41/42). A reconciliation for the fiscal years 2019 – 2022, from "controlling view" to "accounting view" was already published in the Notes on the Interim Statement Q1 2023 (pages 28/29).

Development of divisions and segments

The United Internet Group's operating activities are divided into the two business divisions Access and Applications, which in turn are divided into the segments Consumer Access and Business Access, as well as Consumer Applications and Business Applications.

Development of the Consumer Access segment

In the first half of 2023, the number of **fee-based contracts in the Consumer Access segment** rose by a further 180,000 contracts to 15.96 million. Broadband connections decreased by 50,000 to 4.05 million, while mobile internet contracts increased by 230,000 to 11.91 million.

Development of Consumer Access contracts in the first half of 2023

in million	June 30, 2023	Dec. 31, 2022	Change
Consumer Access, total contracts	15.96	15.78	+ 0.18
thereof Mobile Internet	11.91	11.68	+ 0.23
thereof broadband connections	4.05	4.10	- 0.05

Development of Consumer Access contracts in the second quarter of 2023

in million	June 30, 2023	Mar. 31, 2023	Change
Consumer Access, total contracts	15.96	15.87	+ 0.09
thereof Mobile Internet	11.91	11.80	+ 0.11
thereof broadband connections	4.05	4.07	- 0.02

Sales of the Consumer Access segment rose by 2.1% in the first half of 2023, from € 1,952.0 million in the previous year to € 1,993.1 million.

This growth in total sales was due in particular to fluctuations during the year in (low-margin) hardware sales, which rose by 10.4%, or € 38.4 million, from € 370.1 million in the prior-year period to € 408.5 million in the first half of 2023. **Hardware sales** (especially smartphones) are subject to seasonal effects and also depend strongly on the appeal of new devices and the model cycles of hardware manufacturers. Consequently, this effect may be reversed in the coming quarters. If this is the case, however, it would have no impact on the segment's EBITDA trend. High-margin **service revenues** – which represent the core business of the segment – rose only slightly by 0.2% from € 1,581.9 million to € 1,584.6 million due to the decline in contract figures for comparatively higher-priced broadband connections.

Mainly as a result of the strong increase in costs for the rollout of 1&1's mobile communications network, **segment EBITDA** of € 352.0 million was 4.4% down on the previous year (€ 368.2 million). The expenses for network rollout included in this calculation amounted to € -40.8 million, compared to € -16.1 million in the previous year.

Due to these expenses and increased depreciation for investments in the mobile network rollout, **segment EBIT** of € 254.1 million was 11.7% below the prior-year figure (€ 287.7 million). This increase in depreciation – mainly due to the operational launch of 1&1's mobile network – is expected to be offset by planned cost savings on advance services from Q4 2023.

There was a corresponding decline in the **EBITDA margin** and **EBIT margin** from 18.9% in the previous year to 17.7% and from 14.7% in the previous year to 12.7%, respectively.

Key sales and earnings figures in the Consumer Access segment (accounting view in € million)

■ H1 2023
■ H1 2022

Sales	1,993.1	1,952.0	+ 2.1 %
thereof service sales	1,584.6	1,581.9	+ 0.2 %
thereof other sales ⁽¹⁾	408.5	370.1	+ 10.4 %
EBITDA	352.0	368.2	-4.4 %
EBIT	254.1	287.7	- 11.7 %

(1) Mainly hardware sales

Quarterly development (accounting view); change over prior-year quarter

in € million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 2022	Change
Sales	998.3	1,013.4	1,021.0	972.1	976.1	- 0.4%
thereof service sales	804.8	788.7	788.9	795.7	792.8	+ 0.4%
thereof other sales ⁽¹⁾	193.5	224.7	232.1	176.4	183.3	- 3.8%
EBITDA	180.8	144.3	182.1	169.9	181.1	- 6.2%
EBIT	141.1	106.1	133.4	120.7	140.9	- 14.3%

(1) Mainly hardware sales

Multi-period overview (accounting view): Development of key sales and earnings figures

in € million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023
Sales	1,825.6	1,881.2	1,930.7	1,952.0	1,993.1
thereof service sales	1,451.8	1,496.9	1,541.7	1,581.9	1,584.6
thereof other sales ⁽¹⁾	373.8	384.3	389.0	370.1	408.5
EBITDA	340.4	329.6	336.1 ⁽²⁾	368.2	352.0
EBITDA margin	18.6%	17.5%	17.4%	18.9%	17.7%
EBIT	261.1	254.1	256.9 ⁽²⁾	287.7	254.1
EBIT margin	14.3%	13.5%	13.3%	14.7%	12.7%

(1) Mainly hardware sales

(2) Excluding a non-period positive effect on earnings in 2021 attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million)

Besides its operating business, 1&1's activities in the first half of 2023 were also marked by the rollout of its mobile network and preparations for the planned launch of its own smartphone tariffs in September. The key foundations for this next major milestone have now been laid: the network has been connected with all national and international networks, the functionality of mobile services has been checked with external customer groups, and national roaming in the Telefónica network has been tested – as wherever 1&1 is not initially covered by its own sites, it will serve customers via the Telefónica network. In addition, operation has commenced at two of the four core data centers and 22 of the 24 local edge data centers as planned and they have been connected via fiber-optic to 74 of the more than 500 regional far edge data centers being built across Germany.

While 1&1 is very well positioned in terms of active technology, its other main priority is to continue to drive the expansion of antenna locations. Together with the partners for radio tower infrastructure, a new rollout plan was drafted in March. Consistent progress is now being made in this regard. At the end of June 2023, there were 193 antenna locations which 1&1 is gradually connecting to fiber-optic and equipping with gigabit antennas. This is an increase of 99 locations compared with the first quarter. As

announced, 1&1 expects the strongest growth in the second half of the year. By the end of September, 1&1 will have around 500 masts and currently plans to have around 1,000 antenna locations by the end of the year. Due to further delays in deliveries of its main supplier, 1&1 now expects to reach its target for the year of 1,200 antenna locations at the beginning of 2024.

In order to drive the reliable and sustainable rollout of the network, 1&1 is increasingly focusing on the development of its own sites in addition to the above mentioned co-locations. There has also been steady growth in the acquisition of new antenna locations. At the end of the first six months, 1&1 had a total of 98 leases for the construction of its own sites. As its expansion partners continue to ramp up capacities, 1&1 is keeping its sights firmly on the target of covering a quarter of German households by the end of 2025 and half of them by the end of 2030 – despite the shortfall of its main supplier.

In June, Germany's Federal Cartel Office announced that it would investigate the suspicion expressed by 1&1 that Vodafone might be obstructing the network rollout. 1&1 is pleased that clarity and transparency are now being ensured and that it can look ahead with confidence. This also applies with regard to a possible fine that 1&1 may have to pay for failing to reach 1,000 5G sites by the end of 2022. In April, Germany's Federal Network Agency opened corresponding proceedings. If a fine is imposed, 1&1 will take responsibility for the delay and at the same time examine the possibility of asserting damage claims against its main supplier.

Development of the Business Access segment

Sales in the Business Access segment rose by 3.3% in the first half of 2023, from € 262.1 million in the previous year to € 270.8 million.

Despite start-up costs surrounding the new "5G" business division, **segment EBITDA** improved by 3.1% from € 74.9 million in the prior-year period to € 77.2 million in the first half of 2023. As a result, the **EBITDA margin** was virtually unchanged at 28.5% (prior year: 28.6%).

In this new division, 1&1 Versatel is responsible in particular for setting up data centers and fiber-optic connections for the antenna locations of 1&1's mobile network and providing them to 1&1 on a rental basis as part of an intercompany agreement. In addition, 1&1 Versatel is increasingly using the 1&1 antenna locations connected via fiber-optic cable to also connect nearby expansion clusters (e.g., local authority sites or business parks) to the fiber-optic network and thus tap new customer potential. The total resulting start-up costs in the first half of 2023 amounted to € -11.8 million (prior year: € -5.4 million) for EBITDA and € -30.3 million (prior year: € -14.5 million) for EBIT.

As a result of the aforementioned start-up costs for these future topics, increased depreciation for the associated investments in network infrastructure, and the operational launch of 1&1's mobile network, **segment EBIT** decreased from € -19.7 million in the previous year to € -24.2 million. Without consideration of these start-up costs, segment EBIT improved from € -5.2 million in the previous year to € 6.1 million in the first half of 2023.

Key sales and earnings figures in the Business Access segment (accounting view in € million)

	H1 2023	H1 2022	Change
Sales	270.8	262.1	+ 3.3 %
EBITDA	77.2	74.9	+ 3.1 %
EBIT	-24.2	-19.7	

Quarterly development (accounting view); change over prior-year quarter

in € million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 2022	Change
Sales	137.1	144.2	136.1	134.7	133.5	+ 0.9%
EBITDA	37.3	41.9	34.8	42.4	38.7	+ 9.6%
EBIT	- 11.7	- 8.1	- 15.4	- 8.8	- 8.7	

Multi-period overview (accounting view): Development of key sales and earnings figures

in € million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023
Sales	234.3	241.5	258.4	262.1	270.8
EBITDA	69.9	74.4	78.3	74.9	77.2
EBITDA margin	29.8%	30.8%	30.3%	28.6%	28.5%
EBIT	- 28.8	- 25.2	- 11.5	- 19.7	- 24.2
EBIT margin	-	-	-	-	-

Development of the Consumer Applications segment

The number of **pay accounts** (fee-based contracts) in the Consumer Applications segment rose by 100,000 to 2.74 million in the first half of 2023. Ad-financed **free accounts** were 790,000 down on December 31, 2022, due mainly to seasonal effects, and also 240,000 down on June 30, 2022, due in particular to the conversion to fee-based customer relationships (160,000 new contracts since June 30, 2022). As a result, the total number of Consumer Applications accounts decreased by 690,000 to 42.26 million in the first half of 2023 but was still almost on a par with the previous year (-80,000 accounts or -0.2%).

Development of Consumer Applications accounts in the first half of 2023

in million	June 30, 2023	Dec. 31, 2022	Change
Consumer Applications, total accounts	42.26	42.95	- 0.69
thereof with Premium Mail subscription	1.96	1.89	+ 0.07
thereof with Value-Added subscription	0.78	0.75	+ 0.03
thereof free accounts	39.52	40.31	- 0.79

Development of Consumer Applications accounts in the second quarter of 2023

in million	June 30, 2023	Mar. 31, 2023	Change
Consumer Applications, total accounts	42.26	42.42	- 0.16
thereof with Premium Mail subscription	1.96	1.91	+ 0.05
thereof with Value-Added subscription	0.78	0.77	+ 0.01
thereof free accounts	39.52	39.74	- 0.22

Since the beginning of the second quarter of 2022, the online advertising market has been shaped by a noticeable decline in advertising activity brought about by the war in Ukraine and high inflation. Against the backdrop of this challenging sector environment, sales of € 141.0 million in the **Consumer Applications segment** were also down slightly by 1.1% compared to the first half of 2022 (€ 142.6 million), which was only partially affected by the aforementioned factors.

The segment's key earnings figures were also unable to escape the influence of these factors. Adjusted for non-cash valuation effects from derivatives of € +4.6 million in the previous year and € -4.4 million in the first half of 2023, **operating segment EBITDA** declined by € 0.7 million, or 1.4%, from € 48.4 million to € 47.7 million and **operating segment EBIT** by € 0.5 million, or 1.2%, from € 43.4 million in the previous year to € 42.9 million in the first half of 2023.

There was a corresponding slight decline in the **operating EBITDA margin** to 33.8% (prior year: 33.9%), while the **operating EBIT margin** remained unchanged at 30.4% (prior year: 30.4%).

Key sales and earnings figures in the Consumer Applications segment (accounting view in € million)

Sales		141.0 142.6	- 1.1 %	
EBITDA		47.7 ⁽¹⁾ 48.4 ⁽²⁾	- 1.4 %	
EBIT		42.9 ⁽¹⁾ 43.4 ⁽²⁾	- 1.2 %	

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -4.4 million)

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +4.6 million)

Quarterly development (accounting view); change over prior-year quarter

in € million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 2022	Change
Sales	69.0	77.0	70.0	71.0	71.0	0.0%
EBITDA	22.0 ⁽¹⁾	34.0 ⁽¹⁾	20.1 ⁽¹⁾	27.6 ⁽¹⁾	26.0 ⁽¹⁾	+ 6.2%
EBIT	19.5 ⁽¹⁾	31.7 ⁽¹⁾	17.8 ⁽¹⁾	25.1 ⁽¹⁾	23.5 ⁽¹⁾	+ 6.8%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.8 million in Q2 2022; € +7.6 million in Q3 2022; € -12.7 million in Q4 2022; € -4.5 million in Q1 2023 and € +0.1 million in Q2 2023)

Multi-period overview (accounting view): Development of key sales and earnings figures

in € million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023
Sales	126.2	122.6	136.9	142.6	141.0
EBITDA	40.1	40.2	47.7 ⁽¹⁾	48.4 ⁽²⁾	47.7 ⁽³⁾
EBITDA margin	31.8%	32.8%	34.8%	33.9%	33.8%
EBIT	38.2	36.5	43.2 ⁽¹⁾	43.4 ⁽²⁾	42.9 ⁽³⁾
EBIT margin	30.3%	29.8%	31.6%	30.4%	30.4%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +0.9 million)

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +4.6 million)

(3) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -4.4 million)

Development of the Business Applications segment

The number of **fee-based Business Applications contracts** was increased by 210,000 contracts in the first half of 2023. This growth resulted from 100,000 contracts in Germany and 110,000 contracts abroad. As a result, the total number of contracts rose to 9.25 million.

Development of Business Applications contracts in the first half of 2023

in million	June 30, 2023	Dec. 31, 2022	Change
Business Applications, total contracts	9.25	9.04	+ 0.21
thereof in Germany	4.53	4.43	+ 0.10
thereof abroad	4.72	4.61	+ 0.11

Development of Business Applications contracts in the second quarter of 2023

in million	June 30, 2023	Mar. 31, 2023	Change
Business Applications, total contracts	9.25	9.15	+ 0.10
thereof in Germany	4.53	4.49	+ 0.04
thereof abroad	4.72	4.66	+ 0.06

Sales of the Business Applications segment rose by 12.5% in the first half of 2023, from 629.8 million in the previous year to € 708.6 million.

Segment earnings in both the first half of 2022 and in the first half of 2023 were impacted by special items in connection with the IPO of IONOS Group SE. Whereas IPO costs of € -2.4 million were incurred in the first half of 2022, there was total net income of € +11.7 million in the first half of 2023. The IPO costs in the first half of 2023 were offset by income from the contractually agreed assumption of total IPO costs by the IONOS shareholders United Internet and Warburg Pincus.

Adjusted for these special items, **operating segment EBITDA** increased by 11.5% from € 172.5 million in the previous year to € 192.3 million in the first half of 2023. There was an even stronger increase in **operating segment EBIT** of 20.0%, from € 115.6 million to € 138.7 million.

Due to the slightly stronger growth in sales, the **operating EBITDA margin** decreased from 27.4% to 27.1%, while the **operating EBIT margin** increased from 18.4% to 19.6%.

Key sales and earnings figures in the Business Applications segment (accounting view in € million)

	H1 2023	H1 2022	Change
Sales	708.6	629.8	+ 12.5 %
EBITDA	192.3 ⁽¹⁾	172.5 ⁽²⁾	+ 11.5 %
EBIT	138.7 ⁽¹⁾	115.6 ⁽²⁾	+ 20.0 %

(1) Excluding IPO costs (EBITDA and EBIT effect: € +11.7 million net (IPO costs and offsetting assumption of costs by IONOS shareholders))

(2) Excluding IPO costs (EBITDA and EBIT effect: € -2.4 million)

Quarterly development (accounting view); change over prior-year quarter

in € million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 2022	Change
Sales	323.9	339.3	353.8	354.8	318.4	+ 11.4%
EBITDA	89.6 ⁽¹⁾	67.1 ⁽¹⁾	81.5 ⁽¹⁾	110.8 ⁽¹⁾	85.5 ⁽¹⁾	+ 29.6%
EBIT	61.6 ⁽¹⁾	39.5 ⁽¹⁾	54.6 ⁽¹⁾	84.1 ⁽¹⁾	56.9 ⁽¹⁾	+ 47.8%

(1) Excluding IPO costs (EBITDA and EBIT effect: € -1.5 million in Q2 2022; € -0.8 million in Q3 2022; € -5.6 million in Q4 2022; € +11.3 million net (IPO costs and offsetting assumption of costs by IONOS shareholders) in Q1 2023 and € +0.4 million net in Q2 2023)

Multi-period overview (accounting view): Development of key sales and earnings figures

in € million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023
Sales	459.6	490.3	533.2	629.8	708.6
EBITDA	156.3	172.4	168.5	172.5 ⁽¹⁾	192.3 ⁽²⁾
EBITDA margin	34.0%	35.2%	31.6%	27.4%	27.1%
EBIT	95.7	117.2	113.5	115.6 ⁽¹⁾	138.7 ⁽²⁾
EBIT margin	20.8%	23.9%	21.3%	18.4%	19.6%

(1) Excluding IPO costs (EBITDA and EBIT effect: € -2.4 million)

(2) Excluding IPO costs (EBITDA and EBIT effect: € +11.7 million net (IPO costs and offsetting assumption of costs by IONOS shareholders))

In addition to the segment's operating business, there were further intensive preparations for the IPO of IONOS Group SE at the beginning of the year. Concrete plans for the IONOS IPO were announced on January 17, 2023 as part of an "intention to float" (ITF) and the IPO was completed on February 8, 2023.

The shares of IONOS Group SE have since been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) under ISIN: DE000A3E00M1, WKN: A3E00M, ticker symbol: IOS.

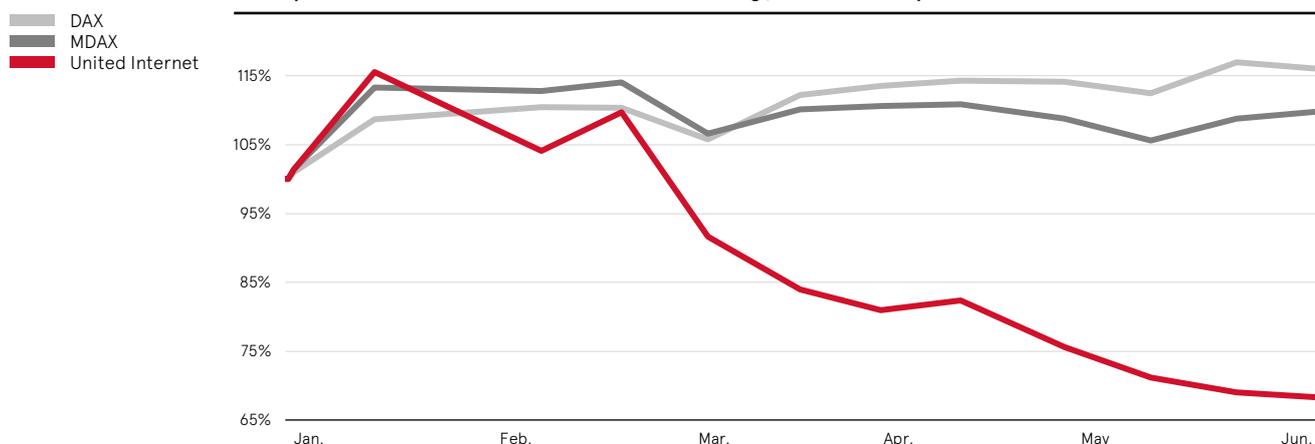
United Internet received gross proceeds of around € 292 million from the sale of shares, while the entire placement volume amounted to around € 389 million.

Following the IPO of IONOS Group SE, United Internet holds 63.8% and Warburg Pincus 21.2% of IONOS shares. A further 15.0% of shares are in free float.

Share and dividend

Over the course of the first six months of 2023, the United Internet **share price** fell significantly by - 31.7% from € 18.89 as of December 31, 2022 to € 12.90 on June 30, 2023. The share's performance during the reporting period was thus significantly worse than that of the DAX and MDAX indices, which rose by 16.0% and 9.9%, respectively. Compared to the same reporting date last year, the share price of United Internet AG was -52.6% below the prior-year level (€ 27.23 on June 30, 2022).

Share performance in the first half of 2023 (Xetra trading); indexed in comparison to DAX and MDAX



Multi-period overview: share performance (in €; Xetra trading)

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Closing price (in €)	28.96	37.71	34.48	27.23	12.90
Performance	- 41.0%	+ 30.2%	- 8.6%	- 22.1%	- 52.6%
Number of shares (in million units)	205.0	205.0	194.0	194.0	192.0
Market value (in € million)	5,936.8	7,730.6	6,689.1	5,282.6	2,476.8

Shareholder structure (as of: August 1, 2023)

Shareholder	Shareholding
Ralph Domermuth	
- Ralph Domermuth GmbH & Co. KG Beteiligungsgesellschaft (45.91%)	48.94%
- Ralph Domermuth GmbH (1.98%)	
- RD Holding GmbH & Co. KG (1.04%)	
United Internet (treasury stock)	9.99%
Bank of America Corporation	5.37%
Free float	35.70%

Presentation of the total positions shown above based on the most recent notification of voting rights in accordance with Sections 33 ff. of the German Securities Trading Act. Accordingly, only voting rights notifications that have reached at least the first notification threshold of 3% are taken into account. In addition, any directors' dealings announcements available to the Company have been taken into account accordingly.

At the Annual Shareholders' Meeting of United Internet AG held on May 17, 2023, the proposal of the Management Board and Supervisory Board to pay a **dividend** of € 0.50 per share (prior year: € 0.50) for the fiscal year 2022, was approved with a majority of 99.93% of votes cast. As a consequence, a total of € 86.4 million (prior year: € 93.4 million) was distributed on May 23, 2023. Despite the minimum dividend payout of just € 0.05 per share adopted by 1&1 AG, the **payout ratio** of United Internet was thus 23.5% of the adjusted consolidated net income after minority interests for 2022 (€ 374.1 million) and – in view of the investments due to be made in the Company's own mobile communications network – thus still within the range targeted by its dividend policy (20% – 40% of adjusted consolidated net income after minority interests, provided that funds are not needed for further Company development). Based on the closing price of the United Internet share on June 30, 2023, the **dividend yield** was therefore 2.6%.

Multi-period overview: Dividend development

	For 2018	For 2019	For 2020	For 2021	For 2022 ⁽¹⁾
Dividend per share (in €)	0.05	0.50	0.50	0.50	0.50
Dividend payment (in € million)	10.0	93.9	93.6	93.4	86.4
Payout ratio	5.3%	22.2%	32.2%	22.4%	23.5%
Adjusted payout ratio ⁽²⁾	2.5%	23.6%	26.7%	23.7%	23.1%
Dividend yield ⁽³⁾	0.2%	1.3%	1.5%	1.8%	2.6%

(1) Without special items

(2) As of: June 30

Capital stock and treasury shares

As at the balance sheet date of December 31, 2022, United Internet AG held 7,284,109 treasury shares. This corresponded to approx. 3.75% of the capital stock at the time of 194,000,000 shares.

On February 14, 2023, the Management Board of United Internet AG decided, with the approval of the Supervisory Board and on the basis of the authorization granted by the Annual Shareholders' Meeting of May 20, 2020 regarding the acquisition and use of treasury shares, to initially cancel two million treasury shares and to reduce the **capital stock** of United Internet AG by € 2 million from € 194 million to € 192 million. The number of shares issued decreased accordingly by two million shares, from 194 million shares to 192 million shares. The pro-rata amount of capital stock per issued share remained unchanged at € 1 per share. The cancellation of the treasury shares serves to increase the proportionate participation of United Internet shareholders. Following the cancellation of the aforementioned two million shares, United Internet AG initially held 5,284,109 treasury shares. This corresponded to approx. 2.75% of the Company's current capital stock.

Furthermore, the Management Board of United Internet AG also decided on February 14, 2023, with the approval of the Supervisory Board, to make a **public share buyback offer** to the shareholders of United Internet AG for a total of up to 13.9 million shares at a price of € 21.00 per share. The total volume of the share buyback offer therefore amounted to up to € 291.9 million. With the public share buyback offer, United Internet AG made use of the authorization granted by the Annual Shareholders' Meeting of the Company on May 20, 2020, under which up to 10% of the Company's capital stock could be bought back by August 31, 2023. The shares bought back may be used for all of the purposes permitted under the authorization granted by the Annual Shareholders' Meeting of May 20, 2020. The shares may also be canceled.

In the course of the public share buyback offer, a total of 27,553,147 shares were tendered to the Company by the end of the offer period. The offer was based on the buyback of up to 13.9 million shares in total. As the total number of shares for which the offer was accepted exceeded this maximum amount, the declarations of acceptance were considered on a pro rata basis, i.e., corresponding to the ratio of the maximum number of United Internet shares to be purchased

pursuant to this offer, i.e., 13.9 million United Internet shares, to the aggregate number of United Internet shares tendered by United Internet shareholders for buyback.

Upon completion of the above mentioned capital reduction by cancelation of 2 million treasury shares and the buyback of 13,899,596 shares (without fractional amounts) as part of the public share buyback offer to the shareholders of United Internet AG, United Internet holds 19,183,705 **treasury shares** as of June 30, 2023, corresponding to 9.99% of the current capital stock of 192 million shares. In view of the offer price of € 21.00 per United Internet share, the purchase price for the buyback of 13,899,596 shares in total amounted to € 291.9 million.

Investor Relations

Continuous and transparent corporate communication with all capital market participants is important for United Internet. The Company aims to provide all target groups with timely information without discrimination. To this end, the Management Board and the Investor Relations department continued their regular discussions with institutional and private investors in the first half of 2023.

Over 20 national and international investment banks are in contact with the Company's Investor Relations department and publish regular studies and comments on the Company's progress and share performance. The latest analyst recommendations can be found on the website www.united-internet.de in the Investor Relations / Share section under **Analyst Coverage**.

Apart from one-on-one meetings, shareholders and potential future investors can also receive the latest news around the clock via the Company's extensive and bilingual website (www.united-internet.de). In addition to the publication dates of financial reports, the dates and venues of investor conferences and roadshows are made publicly available in the Investor Relations / Share section under financial calendar.

Personnel report

As of June 30, 2023, the United Internet Group employed 10,687 people. In line with the Company's positive development, headcount therefore increased by 520 staff or 5.1% compared to the previous year (10,167 employees).

Headcount in Germany rose by 407 employees or 4.9%, from 8,283 in the previous year to 8,690 on June 30, 2023. At the Group's companies outside Germany, headcount increased by 113 or 6.0%, from 1,884 in the previous year to 1,997.

From the segment perspective, there were 3,237 employees in the Consumer Access segment (prior year: 3,145), 1,414 in the Business Access segment (prior year: 1,286), 1,057 in the Consumer Applications segment (prior year: 1,013), 4,330 in the Business Applications segment (prior year: 4,159), as well as 649 in the Corporate/Shared Services division (prior year: 564). The increase in the Corporate/Shared Services division results from the transfer of staff from segments which formerly provided shared services.

Multi-period overview: Headcount development by domestic/foreign⁽¹⁾

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	Change
Employees, total	9,156	9,451	9,910	10,167	10,687	+ 5.1%
thereof in Germany	7,573	7,811	8,127	8,283	8,690	+ 4.9%
thereof abroad	1,583	1,640	1,783	1,884	1,997	+ 6.0%

(1) Active employees as of June 30 of the respective fiscal year

Multi-period overview: Headcount development by segment⁽¹⁾

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	Change
Employees, total	9,156	9,451	9,910	10,167	10,687	+ 5.1%
thereof Consumer Access	3,108	3,191	3,184	3,145	3,237	+ 2.9%
thereof Business Access	1,150	1,177	1,227	1,286	1,414	+ 10.0%
thereof Consumer Applications	976	1,003	999	1,013	1,057	+ 4.3%
thereof Business Applications	3,345	3,484	3,935	4,159	4,330	+ 4.1%
thereof Corporate/Shared Services	577	596	565	564	649	+ 15.1%

(1) Active employees as of June 30 of the respective fiscal year

Due to the rise in headcount, as well as salary adjustments in mid-2022 to compensate for high inflation, there was a significant increase in personnel expenses of 14.4% from € 323.6 million in the previous year to € 370.3 million in the first half of 2023. The personnel expense ratio rose correspondingly from 11.2% to 12.2%.

Multi-period overview: Development of personnel expenses; change over previous year

in € million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023	Change
Personnel expenses	278.3	286.3	316.0	323.6	370.3	+ 14.4%
Personnel expense ratio	10.8%	10.8%	11.4%	11.2%	12.2%	

Position of the Group

There were **no significant acquisition or divestment effects** on consolidated and segment sales and EBITDA in the first half of 2023. There were also only **minor negative currency effects** at Group and segment level (Business Applications segment) amounting to € -0.8 million for sales and € -0.4 million for EBITDA. The same applies to the Group's asset position, for which there were no significant effects from currency fluctuations.

Earnings position

In the first half of 2023, the total number of **fee-based customer contracts** in the United Internet Group was raised by 490,000 contracts to 27.95 million. Ad-financed **free accounts** were 790,000 down on December 31, 2022 due mainly to seasonal effects and also 240,000 down on June 30, 2022, due in particular to the conversion to fee-based customer relationships (160,000 new contracts since June 30, 2022).

Consolidated sales rose by 4.4% in the first half of 2023, from € 2,901.1 million in the previous year to € 3,028.1 million. **Sales outside Germany** improved by 12.8% from € 300.1 million (10.3% of total sales) to € 338.4 million (11.2% of total sales).

The **cost of sales** increased from € 1,882.1 million in the previous year to € 1,996.9 million. As a result, the cost of sales ratio rose from 64.9% (of sales) in the previous year to 65.9% (of sales) in the first half of 2023. There was a corresponding decline in the **gross margin** from 35.1% to 34.1% and thus the increase in **gross profit** of 1.2% from € 1,019.0 million to € 1,031.3 million fell short of sales growth (4.4%). **Sales and marketing expenses** rose in line with sales, from € 435.7 million (15.0% of sales) in the previous year to € 453.4 million (15.0% of sales). **Administrative expenses** increased slightly faster than sales from € 128.4 million (4.4% of sales) to € 136.2 million (4.5% of sales).

Multi-period overview: Development of key cost items

in € million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023
Cost of sales	1,685.8	1,775.5	1784.3 ⁽¹⁾	1,882.1	1,996.9
Cost of sales ratio	65.9%	66.8%	64.3%	64.9%	65.9%
Gross margin	34.1%	33.2%	35.7%	35.1%	34.1%
Selling expenses	382.0	376.8	407.2	435.7	453.4
Selling expenses ratio	14.9%	14.2%	14.7%	15.0%	15.0%
Administrative expenses	102.4	97.7	116.4	128.4	136.2
Administrative expenses ratio	4.0%	3.7%	4.2%	4.4%	4.5%

(1) Including the non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million)

As already described in segment reporting, consolidated earnings in both the first half of 2022 and the first half of 2023 were impacted by special items in the form of non-cash valuation effects from derivatives and the IPO costs of IONOS Group SE. The valuation effects from derivatives amounted to € +4.6 million in the prior-year period and € -4.4 million in the first half of 2023. Costs of € -2.4 million were incurred for the IONOS IPO in the prior-year period and € -1.6 million in the first half of 2023. At Group level, these IPO costs in 2023 include an opposing income amount from the contractually agreed prorated assumption of IPO costs by IONOS co-owner Warburg Pincus.

Without consideration of these special items, the Group's key performance measures developed as follows in the first half of 2023:

Consolidated operating EBITDA amounted to € 670.1 million and was thus 1.9% up on the previous year (€ 657.5 million). This figure includes strongly increased start-up costs for the rollout of 1&1's mobile network (€ -24.7 million compared to the first half of 2022).

Operating EBIT was additionally burdened by an increase in depreciation of € -31.8 million, especially on investments in the expansion of 1&1 Versatel's fiber-optic network and the rollout of 1&1's mobile network. As a result, it fell by € -8.8 million (-2.1%) from € 417.3 million to € 408.5 million. This increase in depreciation – mainly due to the operational launch of 1&1's mobile network – is expected to be offset by planned cost savings on advance services from Q4 2023.

There was a corresponding fall in the **operating EBITDA margin** from 22.7% in the previous year to 22.1% and in the **operating EBIT margin** from 14.4% to 13.5%.

Key sales and earnings figures of the Group (in € million)

	H1 2023	H1 2022	Change
Sales	3,028.1	2,901.1	+ 4.4 %
EBITDA	670.1 ⁽¹⁾	657.5 ⁽²⁾	+ 1.9 %
EBIT	408.5 ⁽¹⁾	417.3 ⁽²⁾	- 2.1 %

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -4.4 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -1.6 million net (IPO costs and offsetting pro rata assumption of costs by the IONOS co-shareholder))

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +4.6 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -2.4 million)

Quarterly development; change over prior-year quarter

in € million	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 2022	Change
Sales	1,483.2	1,530.8	1,538.3	1,489.8	1,457.4	+ 2.2%
EBITDA	329.0 ⁽¹⁾	285.3 ⁽¹⁾	319.0 ⁽¹⁾	351.1 ⁽¹⁾	327.4 ⁽¹⁾	+ 7.2%
EBIT	207.9 ⁽¹⁾	165.5 ⁽¹⁾	188.9 ⁽¹⁾	219.6 ⁽¹⁾	207.0 ⁽¹⁾	+ 6.1%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.8 million in Q2 2022; € +7.6 million in Q3 2022; € -12.7 million in Q4 2022; € -4.5 million in Q1 2023; € +0.1 million in Q2 2023) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -1.5 million in Q2 2022; € -0.8 million in Q3 2022; € -5.6 million in Q4 2022; € +0.5 million net (IPO costs and offsetting pro rata assumption of costs by the IONOS co-shareholder) in Q1 2023; € -2.1 million net in Q2 2023)

Multi-period overview: Development of key sales and earnings figures

in € million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023
Sales	2,575.8	2,657.9	2,775.6	2,901.1	3,028.1
EBITDA	630.0	620.5	632.9 ⁽¹⁾	657.5 ⁽²⁾	670.1 ⁽³⁾
EBITDA margin	24.5%	23.3%	22.8%	22.7%	22.1%
EBIT	390.8	385.4	401.6 ⁽¹⁾	417.3 ⁽²⁾	408.5 ⁽³⁾
EBIT margin	15.2%	14.5%	14.5%	14.4%	13.5%

(1) Excluding the non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million) and excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +0.9 million)

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +4.6 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -2.4 million)

(3) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -4.4 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -1.6 million net (IPO costs and offsetting pro rata assumption of costs by the IONOS co-shareholder))

Without consideration of the valuation effects from derivatives (EPS effect: € -0.02; prior year: € +0.02) and the IONOS IPO costs (EPS effect: € -0.03; prior year: € -0.01), operating EPS in the first half of 2023 declined from € 1.04 in the prior-year period to € 0.84. In addition to the decrease in EBIT (EPS effect: € -0.04), this was due to the lower result from associated companies (EPS effect: € -0.04), and the impact of increased interest rates on the financial result (EPS effect: € -0.12).

Financial position

Due to the decline in net income, **operative cash flow** also fell from € 522.9 million⁽¹⁾ in the previous year to € 512.6 million in the first half of 2023.

Due mainly to the contingent payment to Deutsche Telekom (€ 276.5 million), which was not incurred until the third quarter in the previous year, **cash flow from operating activities** declined to € 237.2 million (prior year: € 342.7 million⁽¹⁾ – incl. phasing effects of € –97.2 million from Q4 2021).

Cash flow from investing activities in the reporting period led to a net outflow of € –300.5 million (prior year: € –197.9 million). This resulted mainly from capital expenditures of € –301.3 million (prior year: € –199.2 million).

United Internet's free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant, and equipment.

Free cash flow amounted to € –62.1 million (prior year: € 144.0 million⁽¹⁾ – incl. phasing effects).

After deducting the cash flow item "Redemption of lease liabilities" – disclosed in cash flow from financing activities since the initial application of the accounting standard IFRS 16 – **free cash flow (after leasing)** amounted to € –127.5 million (prior year: € 80.0 million⁽¹⁾).

Cash flow from financing activities in the first half of 2023 was dominated by the purchase of treasury shares (€ –291.9 million), the assumption of loans (€ +239.6 million; prior year: € –19.6 million⁽¹⁾ repayment), payments for loan interest (€ –25.0 million; prior year: € –6.8 million⁽¹⁾), the redemption of lease liabilities (€ –65.4 million; prior year: € –64.1 million), dividend payments (€ –86.4 million; prior year: € –93.4 million), and payments received from minority shareholders (€ 305.7 million; prior year: € –15.2 million) in connection with the IPO of IONOS Group SE as well as from purchase price payments of Warburg Pincus.

As of June 30, 2023, **cash and cash equivalents** amounted to € 52.2 million – compared to € 54.3 million on the same date last year.

Development of key cash flow figures

in € million	H1 2023	H1 2022 ⁽¹⁾	Change
Operative cash flow	512.6	522.9	- 10.3
Cash flow from operating activities	237.2	342.7	- 105.5
Cash flow from investing activities	- 300.5	- 197.9	- 102.6
Free cash flow ⁽²⁾	- 127.5 ⁽³⁾	80.0 ⁽⁴⁾	- 207.5
Cash flow from financing activities	74.8	- 201.7	+ 276.5
Cash and cash equivalents on June 30	52.2	54.3	- 2.1

(1) With regard to the changes in the presentation of the statement of cash flows, reference is made to Note 2 to the consolidated financial statements

(2) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

(3) 2023 including the repayment portion of lease liabilities (€ 65.4 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

(4) 2022 including the repayment portion of lease liabilities (€ 64.1 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

Asset position

The **balance sheet total** increased from € 10.358 billion as of December 31, 2022 to € 10.768 billion on June 30, 2023.

Development of current assets			
in € million	June 30, 2023	Dec. 31, 2022	Change
Cash and cash equivalents	52.2	40.5	+ 11.7
Trade accounts receivable	449.5	418.8	+ 30.7
Contract assets	666.6	648.4	+ 18.2
Inventories	128.7	120.6	+ 8.2
Prepaid expenses	344.6	282.1	+ 62.5
Other financial assets	68.8	106.6	- 37.7
Income tax claims	42.5	34.7	+ 7.8
Other non-financial assets	26.1	19.7	+ 6.3
Total current assets	1,779.1	1,671.4	+ 107.7

Current assets rose from € 1,671.4 million as of December 31, 2022 to € 1,779.1 million on June 30, 2023. Due to closing-date effects, **cash and cash equivalents** disclosed under current assets increased from € 40.5 million to € 52.2 million. Current **trade accounts receivable** also rose from € 418.8 million to € 449.5 million due to closing-date effects. As a result of customer growth, the item current **contract assets** rose from € 648.4 million to € 666.6 million and includes current claims against customers due to accelerated revenue recognition from the application of IFRS 15. Due to prepayments made to advance service providers and closing-date effects, current **prepaid expenses** increased from € 282.1 million to € 344.6 million and mainly comprise the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. Due mainly to the quarterly measurement of financial derivatives, current **other financial assets** decreased from € 106.6 million to € 68.8 million. The items **inventories**, **income tax claims**, and **other non-financial assets** were largely unchanged.

Development of non-current assets			
in € million	June 30, 2023	Dec. 31, 2022	Change
Shares in associated companies	407.0	429.3	- 22.3
Other financial assets	10.8	10.7	+ 0.1
Property, plant and equipment	2,009.2	1,851.0	+ 158.2
Intangible assets	1,994.6	2,029.3	- 34.7
Goodwill	3,628.3	3,623.4	+ 4.9
Trade accounts receivable	37.7	41.4	- 3.7
Contract assets	201.3	216.7	- 15.4
Prepaid expenses	651.4	429.0	+ 222.5
Deferred tax assets	48.8	56.3	- 7.5
Total non-current assets	8,989.0	8,687.1	+ 301.9

Non-current assets rose from € 8,687.1 million as of December 31, 2022 to € 8,989.0 million on June 30, 2023. Due to the deterioration in the pro rata result of investments (Tele Columbus), **shares in associated companies** fell from € 429.3 million to € 407.0 million. Capital expenditures in the first half of 2023 (especially for the 5G network rollout and expansion of the fiber-optic network in the Consumer Access and Business Access segments) led to a strong increase in **property, plant and equipment** from € 1,851.0 million to € 2,009.2 million, while **intangible assets** declined from € 2,029.3 million to € 1,994.6 million mainly as a result of amortization. Due to prepayments made

to advance service providers and closing-date effects, non-current **prepaid expenses** rose strongly from € 429.0 million to € 651.4 million. The items non-current **other financial assets, goodwill**, non-current **trade accounts receivable**, non-current **contract assets**, and **deferred tax assets** were largely unchanged.

Development of current liabilities

in € million	June 30, 2023	Dec. 31, 2022	Change
Trade accounts payable	538.0	561.5	- 23.6
Liabilities due to banks	721.2	656.7	+ 64.6
Income tax liabilities	71.4	52.7	+ 18.7
Contract liabilities	162.6	157.1	+ 5.6
Other accrued liabilities	6.8	5.1	+ 1.7
Other financial liabilities	316.5	333.6	- 17.1
Other non-financial liabilities	141.6	69.0	+ 72.7
Total current liabilities	1,958.1	1,835.6	+ 122.5

Current liabilities increased from € 1,835.6 million as of December 31, 2022 to € 1,958.1 million on June 30, 2023. Due to closing-date effects, current **trade accounts payable** decreased from € 561.5 million to € 538.0 million. There was an increase in current **liabilities due to banks** from € 656.7 million to € 721.2 million, largely as a result of reclassifications from non-current liabilities (in accordance with their maturity). Current **other non-financial liabilities** increased from € 69.0 million to € 141.6 million and mainly include liabilities due to tax authorities as of the respective balance sheet date. The items **income tax liabilities**, current **contract liabilities** (which mainly include payments received from customer contracts for which the performance has not yet been completely rendered), as well as current **other accrued liabilities**, and current **other financial liabilities** were all virtually unchanged.

Development of non-current liabilities

in € million	June 30, 2023	Dec. 31, 2022	Change
Liabilities due to banks	1,672.8	1,498.8	+ 174.0
Deferred tax liabilities	294.7	309.7	- 15.0
Trade accounts payable	4.3	4.3	0.0
Contract liabilities	31.2	31.3	- 0.1
Other accrued liabilities	64.0	67.1	- 3.0
Other financial liabilities	1,337.3	1,313.3	+ 24.0
Total non-current liabilities	3,404.4	3,224.5	+ 179.9

Non-current liabilities increased from € 3,224.5 million as of December 31, 2022 to € 3,404.4 million on June 30, 2023. This was mainly due to non-current **liabilities due to banks**, which rose from € 1,498.8 million to € 1,672.8 million. Reclassifications to current liabilities (in accordance with their maturity) were offset by the use of existing long-term credit facilities and the assumption of a promissory note loan totaling € 300 million. The items **deferred tax liabilities**, non-current **trade accounts payable**, non-current **contract liabilities** (which mainly include payments received from customer contracts for which the performance has not yet been completely rendered), as well as non-current **other accrued liabilities**, and **other financial liabilities** were largely unchanged.

Development of equity

in € million	June 30, 2023	Dec. 31, 2022	Change
Capital stock	192.0	194.0	- 2.0
Capital reserves	2,194.5	1,966.2	+ 228.3
Accumulated profit	2,886.8	2,835.8	+ 51.0
Treasury shares	- 459.8	- 231.5	- 228.4
Revaluation reserves	1.1	1.3	- 0.2
Currency translation adjustment	- 11.4	- 15.7	+ 4.4
Equity attributable to shareholders of the parent company	4,803.2	4,750.1	+ 53.1
Non-controlling interests	602.3	548.3	+ 54.0
Total equity	5,405.5	5,298.4	+ 107.1

Consolidated **equity capital** rose from € 5,298.4 million as of December 31, 2022 to € 5,405.5 million on June 30, 2023. The Group's **accumulated profit** – comprising the past profits of the consolidated companies, insofar as they were not distributed – rose from € 2,835.8 million to € 2,886.8 million in the first half of 2023. At the same time, capital reserves rose from € 1,966.2 million to € 2,194.5 million due to the sale of shares during the IONOS IPO with an opposing effect from the cancellation of treasury shares. As a result of a share buyback explained below, there was an increase in treasury shares from € -231.5 million to € -459.8 million. This amount is deducted from equity capital. The consolidated **equity ratio** fell slightly from 51.2% to 50.2%.

As of December 31, 2022, United Internet AG held a total of 7,284,109 treasury shares, corresponding to approx. 3.75% of the capital stock at the time of 194,000,000 shares. On February 14, 2023, the Management Board of United Internet AG decided, with the approval of the Supervisory Board and on the basis of the authorization granted by the Annual Shareholders' Meeting of May 20, 2020 regarding the acquisition and use of treasury shares, to initially cancel two million treasury shares and to reduce the **capital stock** of United Internet AG by € 2 million from € 194 million to € 192 million. The number of shares issued decreased accordingly by two million shares, from 194 million shares to 192 million shares. The pro-rata amount of capital stock per issued share remained unchanged at € 1. The cancellation of the treasury shares serves to increase the proportionate participation of United Internet shareholders. Following the cancellation of the aforementioned two million shares, United Internet AG initially held 5,284,109 treasury shares. This corresponded to approx. 2.75% of the Company's current capital stock.

Furthermore, the Management Board of United Internet AG also decided on February 14, 2023, with the approval of the Supervisory Board, to make a **public share buyback offer** to the shareholders of United Internet AG for a total of up to 13.9 million shares at a price of € 21.00 per share. The total volume of the share buyback offer therefore amounted to up to € 291.9 million. With the public share buyback offer, United Internet AG made use of the authorization granted by the Annual Shareholders' Meeting of the Company on May 20, 2020, under which up to 10% of the Company's capital stock could be bought back by August 31, 2023. The shares bought back may be used for all of the purposes permitted under the authorization granted by the Annual Shareholders' Meeting of May 20, 2020. The shares may also be canceled.

In the course of the public share buyback offer, a total of 27,553,147 shares were tendered to the Company by the end of the offer period. The offer was based on the buyback of up to 13.9 million shares in total. As the total number of shares for which the offer was accepted exceeded this maximum amount, the declarations of acceptance were considered on a pro rata basis, i.e.,

corresponding to the ratio of the maximum number of United Internet shares to be purchased pursuant to this offer, i.e., 13.9 million United Internet shares, to the aggregate number of United Internet shares tendered by United Internet shareholders for buyback.

Upon completion of the above mentioned capital reduction by means of canceling two million treasury shares, and the buyback of 13,899,596 shares (without fractional amounts) as part of the public share buyback offer to the shareholders of United Internet AG, United Internet holds 19,183,705 **treasury shares** as of June 30, 2023, corresponding to 9.99% of the current capital stock of 192 million shares. In view of the offer price of € 21.00 per United Internet share, the purchase price for the buyback of 13,899,596 shares in total amounted to € 291.9 million and thus corresponded approximately to the sales proceeds from the IONOS IPO.

Due mainly to the contingent payment (€ 276.5 million) and the dividend payment (€ 86.4 million), **net bank liabilities** (i.e., the balance of bank liabilities and cash and cash equivalents) increased from € 2,115.0 million as of December 31, 2022 to € 2,341.8 million on June 30, 2023.

In the second quarter of 2023, United Internet AG successfully placed a promissory note loan totaling € 300 million. The proceeds from this transaction are used for general company funding.

Multi-period overview: Development of key balance sheet items

in € million	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	June 30, 2023
Total assets	9,128.8	9,230.8	9,669.1	10,358.5	10,768.0
Cash and cash equivalents	117.6	131.3	110.1	40.5	52.2
Shares in associated companies	196.0	89.6 ⁽¹⁾	431.6 ⁽¹⁾	429.3	407.0
Other financial assets	90.4 ⁽²⁾	9.9 ⁽²⁾	11.6	10.7	10.8
Property, plant and equipment	1,160.6	1,271.6	1,379.6	1,851.0	2,009.2
Intangible assets	2,167.4	2,197.8	2,059.4	2,029.3	1,994.6
Goodwill	3,616.5	3,609.4	3,627.8	3,623.4	3,628.3
Liabilities due to banks	1,738.4	1,466.1	1,822.7	2,155.5	2,394.0
Capital stock	205.0	194.0 ⁽³⁾	194.0	194.0	192.0 ⁽³⁾
Equity	4,614.7	4,911.2	4,923.2	5,298.4	5,405.5
Equity ratio	50.6%	53.2%	50.9%	51.2%	50.2%

(1) Decrease due to reclassification Tele Columbus (2020); increase due to stake in Kublai (2021)

(2) Decrease due to sale of Afiliias shares (2020)

(3) Decrease due to withdrawal of treasury shares (2020 and 2023)

Management Board's overall assessment of the business situation

United Internet can look back on a successful first six months of 2023. In the reporting period, the Company once again made investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. All in all, the number of fee-based customer contracts grew by a further 490,000 contracts to 27.95 million contracts.

Of this total, 180,000 contracts were added in the Consumer Access segment. The Consumer Applications segment grew by 100,000 pay accounts and a further 210,000 contracts resulted from the Business Applications segment.

In view of this strong customer growth and a 4.4 % increase in sales to around € 3.028 billion, United Internet made good progress in the first half of 2023.

At € 670.1 million, operating EBITDA was 1.9% above the prior-year figure (€ 657.5 million) and thus well on track in spite of the strong increase in expenses for the rollout of 1&1's mobile network (€ -24.7 million compared to the prior-year period).

As expected, however, operating EBIT fell by 2.1%, or € 8.8 million, to € 408.5 million as it was additionally burdened by an increase in depreciation of € -26.7 million on investments in the expansion of 1&1 Versatel's fiber-optic network and the rollout of 1&1's mobile network. As a result, it. This increase in depreciation – mainly due to the operational launch of 1&1's mobile network – is expected to be offset by planned cost savings on advance services from Q4 2023.

This performance once again highlights the benefits of United Internet's business model based predominantly on electronic subscriptions – with fixed monthly payments and contractually fixed terms. This ensures stable and predictable revenues and cash flows, offers protection against cyclical influences, and provides the financial scope to grasp opportunities in new business fields and markets – organically or via investments and acquisitions.

With the sales and earnings figures achieved in the first half of 2023, as well as the investments made in sustainable corporate development, the Management Board believes that the Company is well placed for its further development.

Subsequent events

1&1 Versatel acquires fiber-optic city networks

In early July 2023, 1&1 Versatel acquired four fiber-optic city networks from BT. The acquisition of the four city networks in Munich, Frankfurt, Düsseldorf, and Stuttgart with a total length of 1,590 km is in line with 1&1 Versatel's strategy of steadily expanding its own fiber-optic network. The purchase price amounted to around € 42 million.

1&1 concludes binding preliminary agreement for national roaming partnership with Vodafone

On August 2, 2023, 1&1 concluded a binding preliminary agreement for a long-term, exclusive national roaming partnership with Vodafone GmbH. In the binding preliminary agreement, the parties committed to concluding a final national roaming partnership agreement as soon as possible. The national roaming partnership will include the non-discriminatory provision of national roaming services in those regions not yet covered by the new 1&1 mobile network and in particular provide access to Vodafone's 5G network (including the mobile standards 2G and 4G), as well as future mobile standards and technologies.

The starting date for the Vodafone national roaming services will be no later than October 1, 2024. From then on, the base term of the national roaming partnership will be five years. 1&1 will have the right to extend the term of the national roaming partnership up to two times, each time for a further five years – i.e., for up to a further 10 years. The end of the contract term will be followed by a transition period of three years.

From the scheduled launch of the 1&1 mobile network based on of the new OpenRAN technology in late September 2023, customers on the 1&1 network with 4G mobile tariffs will initially be supplied with nationwide national roaming services by Telefónica until national roaming coverage is provided by Vodafone. From then on, 5G mobile tariffs can also be offered nationwide on the 1&1 network. During the transition period until Vodafone's provision of 5G national roaming services, 1&1 will provide its customers with mobile 5G services within the framework of the existing MVNO model. 1&1 will source the necessary advance services for this provision from Telefónica and Vodafone. The prerequisite for this is an extension of the parallel operation already approved by the German Federal Network Agency until December 31, 2023.

As soon as all 1&1 customers have been activated for national roaming services by Vodafone, 1&1 will exclusively source national roaming services from Vodafone during the term of the agreement.

The securing of long-term access to nationwide 5G national roaming services is a further milestone on the path to constructing Europe's most innovative mobile network.

Apart from this, there were no other significant events subsequent to the reporting date of June 30, 2023 which had a material effect on the financial position and performance of the Company or the Group nor affected its accounting and reporting.

Risk and opportunity report

The risk and opportunity policy of United Internet AG is based on the objective of maintaining and sustainably enhancing the Company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. The risk and opportunity management system regulates the responsible handling of those uncertainties which are always involved with economic activity.

Management Board's overall assessment of the Group's risk and opportunity position

The assessment of the overall level of risk is based on a consolidated view of all significant risk fields and individual risks, also taking account of their interdependencies.

- From the current perspective, the main challenges are the risk fields "Legislation & regulation", "Litigation", and "Information security".
- Compared to December 31, 2022, the risk field "Tax risks" has been raised from Low to Moderate. The reason for this increase is a reevaluation of the risk assessment in this risk field.
- Compared to December 31, 2022, the risk field "Technical plant operation" was reduced from Significant to Moderate. This was due to a risk reduction mainly in the Consumer Access segment.
- Compared to December 31, 2022, the risk field "Business development & innovations" was also reduced from Moderate to Low. This was due to a risk reduction mainly in the Corporate segment.
- Compared to December 31, 2022, the risk field "Misconduct & irregularities" was also reduced from Moderate to Low. This was due to a risk reduction mainly in the Business Applications segment.
- Otherwise, the risk classifications of the risk fields of United Internet AG as at June 30, 2023 were unchanged from December 31, 2022.
- Compared to December 31, 2022, the overall risk has increased slightly. The reasons for this include the aforementioned increase in the risk field "Tax risks".

In the assessment of the overall risk situation, the opportunities which exist for United Internet were not taken into consideration. There were no risks which directly jeopardized the continued existence of the United Internet Group in the reporting period, nor as of the preparation date for this Management Report, neither from individual risk positions nor from the overall risk situation.

The continuous expansion of its risk management system enables United Internet to limit risks to a minimum, where economically sensible, by implementing specific measures.

Forecast report

Economic prospects

Despite high inflation and the consequences of the Ukraine war, the International Monetary Fund (IMF) is cautiously optimistic in its latest economic outlook (World Economic Outlook, July 2023 Update) and has upgraded its forecasts for the vast majority of countries. However, these forecasts are still well below the growth rates of the previous year.

Specifically, the IMF now forecasts growth of 3.0% (prior year: 3.5%) for the **global economy** in both 2023 and 2024.

The Fund expects a (slight) increase in economic growth for most of the United Internet Group's target markets. In North America, the IMF forecasts growth of 1.8% and 1.0% for the **USA** in 2023 and 2024, 1.7% and 1.4% for **Canada**, and 2.6% and 1.5% for **Mexico**, while in Europe the Fund expects -0.3% and 1.3% for **Germany**, 0.4% and 1.0% for the **UK**, 0.8% and 1.3% for **France**, 1.1% and 0.9% for **Italy**, and 2.5% and 2.0% for **Spain**.

Market forecast: economic development of United Internet's key target countries and regions

	2024e	2023e	2022
World	3.0%	3.0%	3.5%
USA	1.0%	1.8%	2.1%
Canada	1.4%	1.7%	3.4%
Mexico	1.5%	2.6%	3.0%
Eurozone	1.5%	0.9%	3.5%
France	1.3%	0.8%	2.5%
Spain	2.0%	2.5%	5.5%
Italy	0.9%	1.1%	3.7%
UK	1.0%	0.4%	4.1%
Germany	1.3%	-0.3%	1.8%

Source: International Monetary Fund, World Economic Outlook (Update), July 2023

Sector expectations

At its half-year press conference 2023, the industry association Bitkom reported stable growth for the German ICT sector (ICT = information and communications technology) in a challenging macroeconomic environment.

However, the association has lowered its full-year growth forecast for 2023 from 3.8% to 2.1% and now expects total revenue for the sector of € 213.2 billion.

For the largest sub-market, **information technology**, the industry association has downgraded its forecast for 2023 from 6.3% to 3.0% (prior year: 8.4%) and anticipates revenue of € 143.6 billion.

- Software is likely to be the fastest-growing segment with revenue growth of 9.6% to € 41.5 billion. Artificial intelligence is playing an increasingly important role within this segment, with exceptional growth of 40.8% to € 1.0 billion. Collaboration tools, i.e. applications for teamwork and remote working, now also generate sales of € 1.4 billion – an increase of 15.4%.
- Sales of IT services are expected to grow by 5.3% to € 49.4 billion.
- By contrast, the hardware segment is likely to decline by -3.6% to € 52.6 billion – despite high growth rates for Infrastructure-as-a-Service (IaaS), i.e. leased servers, network and storage capacities. This is due to the (expected) slowdown in sales of mobile computers, desktop computers, and tablets following substantial corporate and household spending on these devices during the coronavirus pandemic.

The industry association has also downgraded its forecast for the **telecommunications** sub-market for 2023 from 0.9% to 0.4% (prior year: 2.3%) and currently expects sales of € 69.6 billion.

- According to Bitkom estimates, telecommunications services are likely to generate revenues of € 50.0 billion, an increase of 1.0%.
- Investments in telecommunications infrastructure are expected to grow by 3.0% to € 8.2 billion. This is due to network operators investing heavily in the expansion of fiber-optic and 5G networks.
- As with information technology, sales of end-user devices are also expected to show slow growth in the telecommunications sector. They are expected to decline by -4.0% to € 11.5 billion.

For the **consumer electronics** sub-market (of little significance for United Internet), the association currently forecasts a decrease of -2.0% with sales of € 8.1 billion.

Expectations for the Company

Forecast for the fiscal year 2023

On completion of the first six months, United Internet AG can confirm its full-year guidance for 2023.

The Company continues to expect an increase in **consolidated sales** for the year as a whole to approx. € 6.2 billion (prior year: € 5.915 billion).

Operating **EBITDA** 2023 is likely to be on a par with the previous year (prior year: € 1.272 billion). EBITDA includes start-up costs of approx. € -120 million (prior year: € -52 million) for the rollout of 1&1's mobile network.

Due in particular to the construction of the mobile network and the expansion of the fiber-optic network to connect the radio antennas and provide coverage in additional expansion areas, capital expenditures (excluding possible M&A transactions) are expected to increase to approx. € 800 million (prior year: € 681 million).

Management Board's overall statement on the anticipated development

The Management Board of United Internet AG remains upbeat about its prospects for the future. Thanks to a business model based predominantly on electronic subscriptions, United Internet believes it is largely stable enough to withstand cyclical influences. With the investments made over the past few years in customer relationships, new business fields, and further internationalization, as well as via acquisitions and investments, the Company has laid a broad foundation for its future development.

At the time of preparing this Half-year Financial Report, the Management Board of United Internet AG believes that the Company is on track to reach the sales and earnings guidance presented above in the section "Forecast for the fiscal year 2023".

Forward-looking statements

This Half-year Financial Report contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate. United Internet AG does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor have the intention, to adjust or update the forward-looking statements contained in this interim report.

Annex: Reconciliation of “controlling view” to “accounting view”

The following tables provide a reconciliation of sales, as well as operating EBITDA and EBIT, from the “controlling view” to the “accounting view” for the preceding quarters Q1 2022 - Q4 2022.

A corresponding reconciliation from the “controlling view” to the “accounting view” for the fiscal years 2019 – 2022 was already published in the Notes on the Interim Statement Q1 2023 (page 28/29).

Sales

Controlling view (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	969.4	971.3	992.9	1,009.4
Business Access	128.4	133.4	136.9	144.1
Consumer Applications	70.2	69.9	67.9	75.9
Business Applications	300.1	307.9	311.7	328.4
Corporate & Consolidation	- 24.4	- 25.1	- 26.2	- 27.0
United Internet Group	1,443.7	1,457.4	1,483.2	1,530.8
Reconciliation effects (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	6.5	4.8	5.4	4.0
Business Access	0.2	0.1	0.2	0.1
Consumer Applications	1.4	1.1	1.1	1.1
Business Applications	11.3	10.5	12.2	10.9
Corporate & Consolidation	- 19.4	- 16.5	- 18.9	- 16.1
United Internet Group	0.0	0.0	0.0	0.0
Accounting view (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	975.9	976.1	998.3	1,013.4
Business Access	128.6	133.5	137.1	144.2
Consumer Applications	71.6	71.0	69.0	77.0
Business Applications	311.4	318.4	323.9	339.3
Corporate & Consolidation	- 43.8	- 41.6	- 45.1	- 43.1
United Internet Group	1,443.7	1,457.4	1,483.2	1,530.8

Operating EBITDA

Controlling view (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	187.9	182.2	181.9	144.5
Business Access	36.6	39.1	37.8	42.1
Consumer Applications	26.7	29.7	27.2	35.7
Business Applications	84.0	82.9	86.1	65.2
Corporate & Consolidation	-5.1	-6.5	-4.0	-2.2
United Internet Group	330.1	327.4	329.0	285.3
Reconciliation effects (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	-0.8	-1.1	-1.1	-0.2
Business Access	-0.4	-0.4	-0.5	-0.2
Consumer Applications	-4.3	-3.7	-5.2	-1.7
Business Applications	3.0	2.6	3.5	1.9
Corporate & Consolidation	2.5	2.6	3.3	0.2
United Internet Group	0.0	0.0	0.0	0.0
Accounting view (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	187.1	181.1	180.8	144.3
Business Access	36.2	38.7	37.3	41.9
Consumer Applications	22.4	26.0	22.0	34.0
Business Applications	87.0	85.5	89.6	67.1
Corporate & Consolidation	-2.6	-3.9	-0.7	-2.0
United Internet Group	330.1	327.4	329.0	285.3

Operating EBIT

Controlling view (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	147.5	142.0	142.0	106.2
Business Access	-11.0	-8.6	-11.7	-8.0
Consumer Applications	20.8	23.8	21.4	30.0
Business Applications	58.7	56.9	61.1	39.8
Corporate & Consolidation	-5.7	-7.1	-4.9	-2.5
United Internet Group	210.3	207.0	207.9	165.5
Reconciliation effects (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	-0.7	-1.1	-0.9	-0.1
Business Access	0.0	-0.1	0.0	-0.1
Consumer Applications	-0.9	-0.3	-1.9	1.7
Business Applications	0.1	0.0	0.5	-0.3
Corporate & Consolidation	1.5	1.5	2.3	-1.2
United Internet Group	0.0	0.0	0.0	0.0
Accounting view (in € million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Consumer Access	146.8	140.9	141.1	106.1
Business Access	-11.0	-8.7	-11.7	-8.1
Consumer Applications	19.9	23.5	19.5	31.7
Business Applications	58.8	56.9	61.6	39.5
Corporate & Consolidation	-4.2	-5.6	-2.6	-3.7
United Internet Group	210.3	207.0	207.9	165.5

INTERIM FINANCIAL STATEMENTS

GROUP BALANCE SHEET	44
GROUP NET INCOME	46
GROUP CASH FLOW	48
GROUP CHANGES IN SHAREHOLDERS' EQUITY.....	50
NOTES TO THE HALF-YEAR FINANCIAL REPORT.....	52
EXPLANATION OF ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME	55
EXPLANATIONS OF BALANCE SHEET ITEMS	59
OTHER ITEMS	61
NET INCOME	72
RESPONSIBILITY STATEMENT	73
FINANCIAL CALENDAR 2023	74
IMPRINT	75

GROUP BALANCE SHEET

As of June 30, 2023 in €k

ASSETS	June 30, 2023	December 31, 2022
Current assets		
Cash and cash equivalents	52,208	40,523
Trade accounts receivable	449,533	418,832
Contract assets	666,579	648,381
Inventories	128,730	120,561
Prepaid expenses	344,613	282,066
Other financial assets	68,832	106,571
Income tax claims	42,510	34,741
Other non-financial assets	26,057	19,717
	1,779,063	1,671,392
Non-current assets		
Shares in associated companies	406,979	429,304
Other financial assets	10,820	10,721
Property, plant and equipment	2,009,171	1,850,999
Intangible assets	1,994,570	2,029,262
Goodwill	3,628,315	3,623,435
Trade accounts receivable	37,663	41,396
Contract assets	201,265	216,704
Prepaid expenses	651,422	428,970
Deferred tax assets	48,768	56,289
	8,988,973	8,687,080
Total assets	10,768,036	10,358,472

LIABILITIES	June 30, 2023	December 31, 2022
Current liabilities		
Trade accounts payable	537,950	561,515
Liabilities due to banks	721,211	656,653
Income tax liabilities	71,387	52,723
Contract liabilities	162,649	157,093
Other accrued liabilities	6,771	5,098
Other financial liabilities	316,459	333,551
Other non-financial liabilities	141,641	68,956
	1,958,068	1,835,590
Non-current liabilities		
Liabilities due to banks	1,672,817	1,498,845
Deferred tax liabilities	294,719	309,671
Trade accounts payable	4,298	4,298
Contract liabilities	31,236	31,290
Other accrued liabilities	64,028	67,075
Other financial liabilities	1,337,341	1,313,313
	3,404,441	3,224,492
Total liabilities	5,362,508	5,060,082
EQUITY		
Capital stock	192,000	194,000
Capital reserves	2,194,465	1,966,150
Accumulated profit	2,886,841	2,835,819
Treasury shares	-459,802	-231,451
Revaluation reserves	1,053	1,283
Currency translation adjustment	-11,352	-15,708
Equity attributable to shareholders of the parent company	4,803,205	4,750,093
Non-controlling interests	602,323	548,298
Total equity	5,405,528	5,298,390
Total liabilities and equity	10,768,036	10,358,472

GROUP NET INCOME

From January 1 to June 30, 2023 in €k

	2023	2022
	January - June	January - June
Sales	3,028,134	2,901,075
Cost of sales	-1,996,869	-1,882,107
Gross profit	1,031,265	1,018,968
Selling expenses	-453,408	-435,670
General and administrative expenses	-136,220	-128,426
Other operating income / expenses	19,619	19,103
Impairment of receivables and contract assets	-58,767	-54,477
Operating result	402,488	419,497
Financial result	-42,268	-19,296
Result from associated companies	-23,235	-16,612
Pre-tax result	336,984	383,589
Income taxes	-121,923	-131,570
Net income	215,062	252,020
thereof attributable to		
non-controlling interests	76,035	56,383
Shareholders of United Internet AG	139,027	195,637

	2023	2022
	January - June	January - June
Result per share of shareholders of United Internet AG (in €)		
basic	0.79	1.05
diluted	0.79	1.05
Weighted average of outstanding shares (in million units)		
basic	176.27	186.72
diluted	176.50	186.96
Reconciliation to total comprehensive income		
Net income	215,062	252,020
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	6,242	2,058
Items that are not reclassified subsequently to profit or loss		
Market value changes of financial assets measured at fair value through other comprehensive income	-230	-48
Tax effect	0	0
Share in other comprehensive income of associated companies	0	70
Other comprehensive income	6,013	2,081
Total comprehensive income	221,075	254,101
thereof attributable to		
non-controlling interests	78,671	56,321
Shareholders of United Internet AG	142,404	197,780

GROUP CASH FLOW

From January 1 to June 30, 2023 in €k

	2023	2022*
	January - June	January - June
Result from operating activities		
Net income	215,062	252,020
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	204,669	172,875
Depreciation and amortization of assets resulting from company acquisitions	56,989	67,369
Net effect from employee stock option programs	-7,593	6,505
Result from associated companies	23,235	16,612
Distributed profits of associated companies	156	206
Other non-cash items from tax adjustments	-22,229	-12,035
Non-cash change in derivatives	8,959	-2,951
Non-cash accretion of lease payments	9,439	4,689
Other net interest result	23,870	17,590
Operative cash flow	512,558	522,880
Change in assets and liabilities		
Change in receivables and other assets	-51,848	-17,452
Change in inventories	-8,169	-18,495
Change in contract assets	-2,758	-2,407
Change in income tax claims	-7,768	-20,054
Change in deferred expenses	-284,999	-213,322
Change in trade accounts payable	-23,565	79,540
Change in other accrued liabilities	-1,374	-6,234
Change in income tax liabilities	18,664	48,170
Change in other liabilities	81,531	-33,299
Change in contract liabilities	4,883	3,345
Change in assets and liabilities, total	-275,404	-180,207
Cash flow from operating activities	237,154	342,672

	2023	2022*
	January - June	January - June
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-301,269	-199,211
Payments from disposals of intangible assets and property, plant and equipment	2,041	565
Purchase of shares in associated companies	-1,296	-62
Payments for loans granted	0	-230
Payments received from the repayment of other financial assets	0	1,058
Cash flow from investment activities	-300,524	-197,880
Cash flow from financing activities		
Purchase of treasury stock	-291,901	0
Taking out of loans	239,619	-19,571
Interest paid	-24,960	-6,841
Redemption of lease liabilities	-65,397	-64,072
Dividend payments	-86,408	-93,358
Dividend payments to non-controlling interests	-1,893	-2,692
Payment from minority shareholders	305,721	-15,184
Cash flow from financing activities	74,782	-201,718
Net increase in cash and cash equivalents	11,412	-56,926
Cash and cash equivalents at beginning of fiscal year	40,523	110,116
Currency translation adjustments of cash and cash equivalents	274	1,143
Cash and cash equivalents at end of fiscal year	52,209	54,332

*Prior-year figures, see note 2 for further information.

GROUP CHANGES IN SHAREHOLDERS' EQUITY

	Capital stock		Capital reserves	Accumulated profit	Treasury shares	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2022	194,000,000	194,000	1,954,651	2,562,566	7,284,109	-231,451
Net income				195,637		
Other comprehensive income						
Total comprehensive income				195,637		
Employee stock ownership program			5,344			
Dividend payments				-93,358		
Profit distributions						
Transactions with shareholders			2,234			
Balance as of June 30, 2022	194,000,000	194,000	1,962,229	2,664,845	7,284,109	-231,451
Balance as of January 1, 2023	194,000,000	194,000	1,966,150	2,835,819	7,284,109	-231,451
Net income				139,027		
Other comprehensive income				0		
Total comprehensive income				139,027		
Purchase of treasury shares					13,899,596	-291,901
Redemption of treasury shares	-2,000,000	-2,000	-61,550		-2,000,000	63,550
Employee stock ownership program			-13,825			
Dividend payments				-86,408		
Profit distributions						
Transactions with shareholders			303,689	-1,597		
Balance as of June 30, 2023	192,000,000	192,000	2,194,464	2,886,840	19,183,705	-459,802

	Revaluation reserves	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
	€k	€k	€k	€k	€k
	601	-12,938	4,467,428	455,747	4,923,175
			195,637	56,383	252,020
	22	2,120	2,142	-62	2,081
	22	2,120	197,780	56,321	254,101
			5,344	825	6,170
			-93,358		-93,358
			0	-2,692	-2,692
			2,234	-2,234	0
	623	-10,818	4,579,428	507,967	5,087,395
	1,283	-15,707	4,750,093	548,297	5,298,390
			139,027	76,035	215,062
	-230	3,606	3,377	2,636	6,013
	-230	3,606	142,404	78,671	221,075
			-291,901		-291,901
			0		0
			-13,825	-8,566	-22,391
			-86,408		-86,408
			0	-1,893	-1,893
		749	302,841	-14,186	288,655
	1,054	-11,352	4,803,204	602,324	5,405,528

NOTES TO THE HALF-YEAR FINANCIAL REPORT

1. Information on the Company

United Internet AG ("United Internet") is a service company operating in the telecommunication and information technology sector with registered offices at Elgendorfer Strasse 57, 56410 Montabaur, Germany. The Company is registered at the district court of Montabaur under HRB 5762.

2. Significant accounting, measurement, and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2022, the interim reporting of United Internet AG as of June 30, 2023 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The condensed Interim Consolidated Financial Statements for the period January 1, 2023 to June 30, 2023 were prepared in accordance with IAS 34 Interim Financial Reporting.

A condensed reporting format was chosen for the presentation of these Interim Consolidated Financial Statements, as compared with the Consolidated Financial Statements, and are thus to be read in conjunction with the Consolidated Financial Statements as of December 31, 2022. With the exception of the mandatory new standards described below as well as changes in the presentation of key financial figures, the accounting and measurement principles applied in the condensed Interim Consolidated Financial Statements, as well as the material judgments and estimates, comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

The following standards were mandatory in the EU for the first time in the fiscal year beginning January 1, 2023:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IAS 1	Amendment: requirements for the disclosure of material information relating to accounting policies	January 1, 2023	yes
IAS 8	Amendment: new definition to distinguish between accounting policies and accounting estimates	January 1, 2023	yes
IAS 12	Amendment: scope of exemption requiring no recognition of deferred tax assets or liabilities at the time of addition of an asset or liability	January 1, 2023	yes
IFRS 17	Amendment: replaces the previously applicable transitional standard IFRS 4. The standard governs the accounting treatment of insurance contracts	January 1, 2023	yes
IFRS 17	Amendment: comparative information on first-time adoption of IFRS 17 and IFRS 9	January 1, 2023	yes

There were no significant effects on these Interim Consolidated Financial Statements from the initial application of the new accounting standards.

Use of estimates and assumptions

The preparation of the condensed Interim Consolidated Financial Statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

For the determination of lease terms in accordance with IFRS 16, certain discretionary decisions are made that take into account renewal or termination options.

Impact of the coronavirus pandemic

Due to its long-term subscription business, the Company is well positioned and as such the impact was largely moderate, depending on the respective business segment.

Impact of the current economic situation

The Company is well positioned due to its long-term subscription business. Nevertheless, the impact of the current economic situation and the current inflation rates is apparent from a slight increase in credit default.

Change in the presentation of the cash flow statement

In order to reconcile EBITDA and free cash flow more effectively, the Group has adjusted interest payments in cash flow and no longer discloses them in operating activities, but in cash flow from financing activities. As interest expense is not included in EBITDA – which serves as a measure of operating profit and excludes interest, taxes, depreciation and amortization – the inclusion of interest payments in operating cash flow may distort the presentation of the actual operating performance.

By transferring interest payments to cash flow from financing activities, the Company's financial result can be presented more accurately and with greater consistency between EBITDA and free cash flow. Furthermore, the interest portion has been eliminated from the repayments of leasing liabilities, allowing for the presentation of the entire outflow from interest payments in a single line.

As a result, this measure contributes to a more transparent presentation of the Company's financial performance and clarifies the Company's ability to repay its debts. Moreover, it allows a (more) transparent and (more) comparable presentation of cash flow, thus giving investors and other stakeholders a better understanding of the Company's financial performance.

Miscellaneous

The Interim Consolidated Financial Statements include all significant subsidiaries and associated companies.

The consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2022.

These Interim Consolidated Financial Statements were not audited according to Sec. 317 HGB nor reviewed by an auditor.

EXPLANATION OF ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

3. Segment reporting

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the "Chief Operating Decision Maker". In the United Internet Group, the Management Board is responsible for assessing and controlling the success of the various segments.

The Management Board of United Internet AG mainly controls operations on the basis of key earnings figures. It measures segment success primarily on the basis of sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA), and the result of ordinary operations (EBIT). Transactions between segments are charged at market prices. Sales revenues outside Germany stated for information purposes are allocated to the country in which the company is domiciled.

The reconciliation of earnings before taxes (EBT) represents the corresponding EBT contribution of the "Consumer Access" and "Business Access" segments, and the segments "Consumer Applications" and "Business Applications".

Segment reporting of United Internet AG for the reporting period January 1 to June 30, 2023 and for the comparative period from January 1 to June 30, 2022 was as presented in the tables on pages 56 and 57.

As of the reporting date, the closing balances of capitalized contract costs for contract initiation costs amounted to € 184 million (prior year: € 169 million) and for contract fulfillment costs to € 78 million (prior year: € 76 million).

Sales of the Consumer Access segment from customer contracts include hardware sales of € 403 million in the reporting period (prior year: € 359 million). The other business segments only include sales from services.

€m	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate segment	Reconciliation / consolidation	United Internet Group
January - June 2023							
Segment revenue	1,993.1	270.8	141.0	708.6	68.6	-154.0	3,028.1
- thereof domestic	1,993.1	270.8	139.9	366.7	68.6	-149.4	2,689.7
- thereof foreign	0	0	1.1	341.9	0	-4.6	338.4
Segment revenue from transactions with other segments	7.5	44.7	13.8	22.5	65.5		154.0
Segment revenue from contracts with customers	1,985.6	226.1	127.2	686.1	3.1		3,028.1
- thereof domestic	1,985.6	226.1	126.1	348.8	3.1		2,689.7
- thereof foreign	0	0	1.1	337.3	0		338.4
EBITDA	352.0	77.2	43.3	204.0	-12.6	0.2	664.1
EBIT	254.1	-24.2	38.5	150.4	-18.2	1.9	402.5
Financial result							-42.3
Result from associated companies							-23.2
EBT							337.0
Income taxes							-121.9
Net income							215.1
Investments in intangible assets, property, plant and equipment (without goodwill)	111.7	231.9	9.7	37.4	7.6		398.3
Amortization/depreciation	97.9	101.4	4.8	53.6	5.6		261.6
- thereof intangible assets, and property, plant and equipment	55.6	96.9	4.8	43.4	5.6		204.6
- thereof assets capitalized during company acquisitions	42.3	4.5	0	10.2	0		57.0
Number of employees	3,237	1,414	1,057	4,302	649		10,659
- thereof domestic	3,237	1,414	1,054	2,336	649		8,690
- thereof foreign	0	0	3	1,966	0		1,969

€m	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate segment	Reconciliation / consolidation	United Internet Group
January - June 2022							
Segment revenue	1,952.0	262.1	142.6	629.8	68.0	-153.5	2,901.1
- thereof domestic	1,952.0	262.1	141.6	326.7	68.0	-149.4	2,601.0
- thereof foreign	0	0	1.0	303.1	0	-4.0	300.1
Segment revenue from transactions with other segments	12.2	39.6	14.0	23.3	0		50.3
Segment revenue from contracts with customers	1,939.8	222.5	128.6	606.5	0.8		2,901.1
- thereof domestic	1,939.8	222.5	127.6	307.4	0.8		2,601.0
- thereof foreign	0	0	1.0	299.1	0		300.1
EBITDA	368.2	74.9	53.0	170.1	-6.7	0.2	659.7
EBIT	287.7	-19.7	48.0	113.2	-11.0	1.3	419.5
Financial result							-19.3
Result from associated companies							-16.6
EBT							383.6
Income taxes							-131.6
Net income							252.0
Investments in intangible assets, property, plant and equipment (without goodwill)	59.3	166.4	7.8	89.0	3.1		325.6
Amortization/depreciation	80.6	95.3	11.8	51.3	1.3		240.2
- thereof intangible assets, and property, plant and equipment	33.4	89.0	11.8	37.4	1.3		172.8
- thereof assets capitalized during company acquisitions	47.2	6.3	0	13.9	0		67.4
Number of employees	3,145	1,286	1,013	4,159	564		10,167
- thereof domestic	3,145	1,286	1,010	2,278	564		8,283
- thereof foreign	0	0	3	1,881	0		1,884

4. Personnel expenses

Personnel expenses amounted to € 370,279k in the reporting period of 2023 (prior year: € 323,596k). At the end of June 2023, United Internet employed a total of 10,659 people, of which 1,969 were employed outside Germany. The number of employees at the end of June 2022 amounted to 10,167 people, of which 1,884 were employed outside Germany.

5. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 204,669k (prior year: € 172,875k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 56,989k (prior year: € 67,369k).

In the reporting period of 2023, total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 261,658k (prior year: € 240,242k).

EXPLANATIONS OF BALANCE SHEET ITEMS

Explanations are only given for those items which display notable changes in the amounts presented as compared with the last consolidated financial statements.

6. Shares in associated companies

The following table gives an overview of the development of shares in associated companies:

€k	2023	2022
Carrying amount at the beginning of the fiscal year	429,304	431,625
Additions	1,296	62
Adjustments		
- Shares in result	-23,391	-16,612
- Other	-230	-206
Carrying amount as of June 30	406,979	414,869

Shares in result mostly relate to the investment in Kublai GmbH, which in turn holds shares in Tele Columbus.

7. Other financial assets

Other current financial assets of € 68,832k (prior year: € 108,424k) mainly comprise receivables from advance service providers of € 34,451k (prior year: € 20,194k), derivatives of € 8,011k (prior year: € 58,347k), payments on account of € 9,318k (prior year: € 14,560k), creditors with debit balances of € 4,943k (prior year: € 5,298k), deposits of € 1,097k (prior year: € 1,092k), and miscellaneous other financial assets of € 11,012k (prior year: € 8,933k).

Other non-current financial assets of € 10,820k (prior year: € 15,569k) mainly comprise loans to associated companies of € 5,383k (prior year: € 5,304k), loans granted of € 2,825k (prior year: € 2,622k), other investments of € 1,801k (prior year: € 1,375k), and derivatives of € 345k (prior year: € 5,761k).

8. Property, plant and equipment, intangible assets, and goodwill

A total of € 398,284k (prior year: € 325,636k) was invested in property, plant and equipment, as well as in intangible assets during the interim reporting period. Investments focused mainly on the renting of further business premises and network infrastructure, as well as on telecommunication equipment, and operational and office equipment.

Goodwill of € 3,628,315k disclosed as of June 30, 2023 includes assets belonging to the Consumer Access segment (€ 2,078,460k), Business Access segment (€ 398,261k), Consumer Applications segment (€ 225,864k), and Business Applications segment (€ 825,730k).

9. Non-current prepaid expenses

Non-current prepaid expenses mainly comprise contract costs (contract initiation and contract fulfillment costs) as well as prepayments made in connection with long-term procurement contracts.

10. Liabilities due to banks

in € million	Promissory note loan	Other loans	Total
Loan liability as at June 30, 2023	1,250.0	1,135.0	2,385.0
Prepaid expenses	-2.1	0.0	-2.1
Interest liabilities	7.8	3.4	11.2
As of June 30, 2023	1,255.7	1,138.4	2,394.1
Thereof short-term	182.8	538.4	721.2
Thereof long-term	1,072.9	600.0	1,672.9

11. Other current financial liabilities

Current financial liabilities consist mainly of payment obligations relating to the spectrum auction, marketing and selling expenses, salary liabilities, and liabilities resulting from leases.

12. Other non-current financial liabilities

Non-current financial liabilities consist mainly of payment obligations in connection with the spectrum auction, as well as liabilities resulting from leases.

13. Capital stock / treasury shares

As of June 30, 2023, the fully paid-in capital stock amounted to € 192,000,000 (prior year: € 194,000,000), divided into 192,000,000 (prior year: 194,000,000) registered no-par shares with a theoretical share in the capital stock of € 1 each.

As of the reporting date, United Internet held 19,183,705 treasury shares (prior year: 7,284,109).

14. Reserves

The change in capital reserves is mainly due to dilutive effects in connection with the IPO of IONOS Group SE and the resulting proceeds.

OTHER ITEMS

15. Employee stock ownership plans

Stock Appreciation Rights (SAR United Internet)

The expense from stock appreciation rights (SAR United Internet) in the first six months of 2023 amounted to € 536k (prior year: € 1,184k).

Stock Appreciation Rights 1&1 (SAR 1&1, formerly SAR Drillisch)

The expense from stock appreciation rights of 1&1 (SAR 1&1 formerly SAR Drillisch) in the first six months of 2023 amounted to € 854k (prior year: € 1,294k).

Long Term Incentive Plan Business Applications (LTIP Hosting)

On January 26, 2023, a new remuneration system was introduced and the service agreements of the members of the Company's Management Board and the management board of IONOS Holding SE were renewed, all subject to an IPO. The remuneration package includes a long-term, share-based payment component in the form of a Virtual Stock Appreciation Rights Plan (SAR Plan 2023), under which virtual share appreciation rights (SARs) are granted, and a replacement award for the existing LTIP.

Under the terms of the replacement of the existing LTIP, all grants made under the existing LTIP vested on the first stock exchange trading day (February 8, 2023). In addition, the payment of one third of the existing LTIP award depended on three new trigger events (IPO, 18 months and 24 months after the first day of trading), provided that the service agreement with the relevant participant had not been terminated at the time each trigger event occurred.

The payment of the first third of the LTIP resulted in a payout of € 13,630k in the first half of 2023. The deferred tax assets on employee participation programs amounting to € 14,798k recognized directly in equity were reversed in full directly in equity in the course of the remeasurement of the expected tax payout amounts for the LTIP.

In the first six months of 2023, expenses of € 2,753k (prior year: € 2,525k) were incurred in connection with LTIP Hosting employee stock ownership plans, including the we22 plan.

Long Term Incentive Plan Business Access (LTIP Versatel)

In the first six months of 2023, expenses of € 827k (prior year: € 656k) were incurred in connection with LTIP 1&1 Versatel employee stock ownership plans.

Long Term Incentive Plan Consumer Applications (LTIP Portal)

In the first half of 2023, income of € 90k (prior year: expenses of € 846k) was received in connection with LTIP Portal employee stock ownership plans.

16. Additional details on financial instruments

The table on page 62 presents the carrying amounts of each category of the financial assets and liabilities as of June 30, 2023.

The table on page 63 presents the carrying amounts of each category of the financial assets and liabilities as of June 30, 2022.

The following net results were stated for the individual categories of financial instruments acc. to IFRS 9 in fiscal year 2023:

Net result acc. to measurement categories	Measurement category acc. to IFRS 9	From interest and dividends	Net profits and losses from subsequent measurement			Net result
			At fair value	Currency translation	Allowance	
Financial assets at amortized cost	ac	3,865		-945	-33,030	-30,109
Financial assets at fair value						
- through other comprehensive income	fvoci		0			0
- through profit or loss	fvtpl		-39,113			-39,113
Financial liabilities at amortized cost	flac	-27,516		-403		-27,919
Financial liabilities at fair value						
- through profit or loss	fvtpl		30,154			30,154
Total		-23,651	-8,959	-1,347	-33,030	-66,988

The following net results were stated for the individual categories of financial instruments acc. to IFRS 9 in fiscal year 2022:

Net result acc. to measurement categories	Measurement category acc. to IFRS 9	Net profits and losses from subsequent measurement				Net result
		From interest and dividends	At fair value	Currency translation	Allowance	
Financial assets at amortized cost	ac	46		-1,785	-37,680	-39,419
Financial assets at fair value						
- through other comprehensive income	fvoci		0			0
- through profit or loss	fvtpl		-7,185			-7,185
Financial liabilities at amortized cost	flac	-16,243		-761		-17,004
Financial liabilities at fair value						
- through profit or loss	fvtpl		7,901			7,901
Total		-16,197	716	-2,546	-37,680	-55,707

Cash and cash equivalents, trade accounts receivable, and other current financial assets – with the exception of trade accounts receivable in connection with finance leases – mostly have short remaining terms. Their carrying amounts on the reporting date are thus similar to fair value.

Investments and derivatives are carried at fair value. In the case of the remaining other non-current financial assets carried at amortized cost, it is assumed that their carrying amounts correspond to fair value.

Trade accounts payable mostly have short remaining terms. Their carrying amounts on the reporting date are thus similar to fair value. The same applies to current liabilities due to banks.

Non-current liabilities due to banks are loans which can be prematurely redeemed. In addition, both the basic interest rate and the margin are variable. The margin depends on predefined KPIs of the United Internet Group. Due to these factors, it is assumed that their carrying amounts of non-current liabilities correspond approximately to fair value. The fair value measurement of the promissory note loans is based at least in part on input parameters not observable on the market.

Due to changed interest rates, there are slight deviations between the carrying value and fair value of receivables and liabilities in connection with finance leases.

€k	Measurement category acc. to IFRS 9	Carrying amount as of June 30	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Measurement acc. to IFRS 16	Fair value as of June 30, 2023
Financial assets							
Cash and cash equivalents	ac	52,208	52,208				52,208
Trade accounts receivable							
- Receivables from finance leases	n/a	44,663				44,663	44,663
- others	ac	442,533	442,533				442,533
Other current financial assets							
- Derivatives	fvtpl	8,357			8,357		8,357
- others	ac	60,476	60,476				60,476
Other non-current financial assets							
- At amortized costs	ac	10,820	10,820				10,820
Financial liabilities							
Trade accounts payable	flac	-542,247	-542,247				-542,247
Liabilities due to banks	flac	-2,394,029	-2,394,029				-2,472,640
Other financial liabilities							
- Lease liabilities	n/a	-675,197				-675,197	-675,197
- Fair value through profit or loss	fvtpl	-8,502			-8,502		-8,502
- others	flac	-970,101	-970,101				-970,101
Of which aggregated acc. to valuation categories:							
Financial assets at amortized cost							
	ac	566,037	566,037	0	0	0	566,037
Financial assets at fair value							
	fvtpl	8,357	0	0	8,357	0	8,357
Financial liabilities at amortized cost							
	flac	-3,906,377	-3,906,377	0	0	0	-3,984,988
Financial liabilities measured at fair value through profit or loss							
	fvtpl	-8,502	0	0	-8,502	0	-8,502

€k	Measurement category acc. to IFRS 9	Carrying amount as of June 30	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Measurement acc. to IFRS 16	Fair value as of June 30, 2022
Financial assets							
Cash and cash equivalents	ac	54,332	54,332				54,332
Trade accounts receivable							
- Receivables from finance leases	n/a	51,111				51,111	51,111
- others	ac	400,408	400,408				400,408
Other current financial assets							
- Derivatives	fvtpl	63,208			63,208		63,208
- others	ac	45,215	45,215				45,215
Other non-current financial assets							
- At amortized costs	ac	15,569	15,569				15,569
Financial liabilities							
Trade accounts payable	flac	-665,410	-665,410				-665,410
Liabilities due to banks	flac	-1,813,899	-1,813,899				-1,813,899
Other financial liabilities							
- Lease liabilities	n/a	-575,546				-575,546	-575,546
- Fair value through profit or loss	fvtpl	-28,896			-28,896		-28,896
- others	flac	-1,036,703	-1,036,703				-1,036,703
Of which aggregated acc. to valuation categories:							
Financial assets at amortized cost	ac	515,524	515,524	0	0	0	515,524
Financial assets at fair value	fvtpl	63,208	0	0	63,208	0	63,208
Financial liabilities at amortized cost	flac	-3,516,012	-3,516,012	0	0	0	-3,516,012
Financial liabilities measured at fair value through profit or loss	fvtpl	-28,896	0	0	-28,896	0	-28,896

The conditional purchase price liabilities are carried at fair value. In the case of the remaining other non-current financial liabilities carried at amortized cost, it is assumed that their carrying amounts correspond to fair value.

The methods and assumptions used to determine fair values are shown below:

- Cash and short-term deposits, trade accounts receivable, trade accounts payable, and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at June 30, 2022, and as in the previous year, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

- The fair value of bank loans and other financial liabilities is estimated by discounting future cash flows using interest rates currently available for debt on similar terms, credit risk and remaining maturities.
- Financial assets and liabilities measured at fair value are measured using appropriate measurement techniques. Where available, stock exchanges prices on active markets are used. The valuation of shares in non-listed companies is based mainly on present value models. The valuation of derivatives and conditional purchase price liabilities is based mainly option pricing models.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by measurement technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets and liabilities measured at fair value

€k	Level 1	Level 2	Level 3	As of June 30, 2023
Financial assets at fair value through other comprehensive income without recycling to profit and loss			167	167
- Non-listed equity instruments			167	167
Financial assets at fair value through profit or loss			8,357	8,357
- Derivatives			8,357	8,357
Financial liabilities measured at fair value through profit or loss			-8,502	-8,502
- Purchase price obligations			-8,502	-8,502

€k	Level 1	Level 2	Level 3	As of June 30, 2022
Financial assets at fair value through other comprehensive income without recycling to profit and loss			121	121
- Listed shares				
- Non-listed equity instruments			121	121
Financial assets at fair value through profit or loss			63,208	63,208
- Derivatives			63,208	63,208
Financial liabilities measured at fair value through profit or loss			-28,896	-28,896
- Purchase price obligations			-28,896	-28,896

As in the previous year, there were no transfers between levels during the reporting period.

The following table shows the main non-observable input factors for the fair value measurements categorized in Level 3 of the fair value hierarchy and a quantitative sensitivity analysis as of June 30, 2023:

	Measurement method	Main non-observable input factors	Considered in measurement	Sensitivity of input factor on fair value	
Foreign currency-based derivatives	Black Scholes Modell	Exit date of Warburg Pincus from Business Applications segment	0.75 years	+0.5 years -0.4 €m	-0.5 years +0.6 €m
		Volatility	6.83%	+1% +0.4 €m	-1% -0.4 €m
Earnings-based derivatives	Monte Carlo simulation	Exit date of Warburg Pincus from Business Applications segment	0.75 years	+0.5 years +1.9 €m	-0.5 years -2.8 €m
		Volatility	33.54%	+1% +0.2 €m	-1% -0.2 €m
Conditional purchase price obligation	Monte Carlo simulation	Exit date of Warburg Pincus from Business Applications segment	0.75 years	+0.5 years +1.6 €m	-0.5 years -2.6 €m
		Volatility	33.54%	+1% +0.2 €m	-1% -0.2 €m

The following table shows the main non-observable input factors for the fair value measurements categorized in Level 3 of the fair value hierarchy and a quantitative sensitivity analysis as of June 30, 2022:

	Measurement method	Main non-observable input factors	Considered in measurement	Sensitivity of input factor on fair value	
Foreign currency-based derivatives	Black Scholes Modell	Exit date of Warburg Pincus from Business Applications segment	0.75 years	+0.5 years +0.2 €m	-0.5 years -0.7 €m
		Volatility	5.94%	+1% +0.4 €m	-1% -0.4 €m
Earnings-based derivatives	Monte Carlo simulation	Exit date of Warburg Pincus from Business Applications segment	0.75 years	+0.5 years -3.1 €m	0.5 years +6.8 €m
		Volatility	39.56%	+1% -0.3 €m	-1% +0.3 €m
Conditional purchase price obligation	Monte Carlo simulation	Exit date of Warburg Pincus from Business Applications segment	0.75 years	+0.5 years -2.6 €m	-0.5 years +5.6 €m
		Volatility	39.56%	+1% -0.3 €m	-1% +0.3 €m

In the case of the remaining other non-current financial assets carried at amortized cost, it is assumed that their carrying amounts correspond to fair value.

The fair value of listed financial assets is always calculated on the basis of the share price.

The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Due to changed interest rates, there are slight deviations between the carrying amount and fair value of receivables and liabilities in connection with finance leases.

Trade accounts payable mostly have short remaining terms. Their carrying amounts on the balance sheet date are thus similar to fair value. The same applies to current liabilities due to banks.

In the case of the remaining other non-current financial liabilities carried at amortized cost, it is assumed that their carrying amounts correspond to fair value.

17. Transactions with related parties

IAS 24 defines related parties as those persons and companies that control or can exert a significant influence over the other party. Mr. Ralph Dommermuth, the major shareholder, as well as the members of the Management Board and Supervisory Board of United Internet AG, were classified as related parties.

The circle of related parties was unchanged as compared with the reporting date as at December 31, 2022.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board as of June 30, 2023 is shown in the following table:

Management Board	Shares (number)
Ralph Dommermuth	99,000,000
Ralf Hartings	0
Markus Huhn	0
Martin Mildner*	15
Total	99,000,015

* Departed on March 31, 2023

Supervisory Board	Shares (number)
Philipp von Bismarck	0
Prof. Dr. Franca Ruhwedel	0
Dr. Manuel Cubero del Castillo-Oliveras	0
Stefan Rasch	12,500
Prof. Dr. Andreas Söffing	3,500
Prof. Dr. Yasmin Weiß	0
Total	16,000

United Internet's premises in Montabaur and Karlsruhe are leased in part from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 7,590k in the reporting period (prior year: € 6,950k).

In addition, the United Internet Group can exert a material influence on its associated companies.

There were no other significant transactions.

18. Subsequent events

1&1 Versatel acquires fiber-optic city networks

In early July 2023, 1&1 Versatel acquired four fiber-optic city networks from BT. The acquisition of the four city networks in Munich, Frankfurt, Düsseldorf, and Stuttgart with a total length of 1,590 km is in line with 1&1 Versatel's strategy of steadily expanding its own fiber-optic network. The purchase price amounted to around € 42 million.

Apart from this, no other events of material significance occurred up to the date of preparing these Interim Consolidated Financial Statements that would have led to a different presentation of the financial position and performance.

1&1 concludes binding preliminary agreement for national roaming partnership with Vodafone

On August 2, 2023, 1&1 concluded a binding preliminary agreement for a long-term, exclusive national roaming partnership with Vodafone GmbH. In the binding preliminary agreement, the parties committed to concluding a final national roaming partnership agreement as soon as possible. The national roaming partnership will include the non-discriminatory provision of national roaming services in those regions not yet covered by the new 1&1 mobile network and in particular provide access to Vodafone's 5G network, including the mobile standards 2G and 4G as well as future mobile standards and technologies.

The starting date for the Vodafone national roaming services will be no later than October 1, 2024. From then on, the base term of the national roaming partnership will be five years. 1&1 will have the right to extend the term of the national roaming partnership up to two times, each time for a further five years – i.e., for up to a further 10 years. The end of the contract term will be followed by a transition period of three years.

From the scheduled launch of the 1&1 mobile network based on of the new OpenRAN technology in late September, customers on the 1&1 network with 4G mobile tariffs will initially be supplied with nationwide national roaming services by Telefónica until national roaming coverage is provided by Vodafone. From then on, 5G mobile tariffs can also be offered nationwide on the 1&1 network. During the transition period until Vodafone's provision of 5G national roaming services, 1&1 will provide its customers with mobile 5G services within the framework of the existing MVNO model. 1&1 will source the necessary advance services for this provision from Telefónica and Vodafone. The prerequisite for this is an extension of the parallel operation already approved by the German Federal Network Agency until December 31, 2023, which 1&1 applied for on the same day.

As soon as all 1&1 customers have been activated for national roaming services by Vodafone, 1&1 will exclusively source national roaming services from Vodafone during the term of the agreement.

The securing of long-term access to nationwide 5G national roaming services is a further milestone on the path to constructing Europe's most innovative mobile network.

NET INCOME

Quarterly development in € million

	2022	2022	2023	2023	2022
	Q3	Q4	Q1	Q2	Q2
Sales	1,483.2	1,530.8	1,538.3	1,489.8	1,457.4
Cost of sales	-975.8	-1,048.4	-1,023.1	-973.8	-948.5
Gross profit	507.5	482.3	515.2	516.1	508.9
Selling expenses	-218.8	-252.7	-237.5	-215.9	-221.2
General and administrative expenses	-64.6	-55.5	-70.1	-66.1	-61.7
Other operating expenses / income	20.3	6.4	7.1	12.5	11.6
Impairment losses on receivables and contract assets	-29.7	-33.2	-29.8	-29.0	-28.2
Operating result	214.7	147.2	184.9	217.6	209.4
Financial result	-12.0	-6.9	-22.2	-20.0	-10.7
Result from associated companies	-5.0	-10.1	-7.7	-15.5	-8.3
Pre-tax result	197.7	130.2	154.9	182.1	190.4
Income taxes	-59.4	-55.8	-53.4	-68.5	-68.3
Net income	138.3	74.4	101.5	113.6	122.1
Attributable to					
- non-controlling interests	27.2	14.0	30.5	45.5	28.7
shareholders of United Internet AG	111.1	60.4	71.0	68.0	93.4
Result per share of shareholders of United Internet AG (in €)					
- undiluted	0.60	0.32	0.40	0.39	0.50
- diluted	0.59	0.32	0.39	0.40	0.50

Montabaur, August 3, 2023

United Internet AG



Ralph Dommermuth



Ralf Hartings



Markus Huhn

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the Interim Consolidated 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.

Montabaur, August 3, 2023

The Management Board



Ralph Dommermuth



Ralf Hartings



Markus Huhn

FINANCIAL CALENDAR 2023

March 29, 2023	Annual financial statements for fiscal year 2022 Press and analyst conference
May 10, 2023	Quarterly Statement Q1 2023
May 17, 2023	Annual Shareholders' Meeting 2023, Alte Oper Frankfurt/Main
August 3, 2023	6-Month Report 2023 Press and analyst conference
November 10, 2023	Quarterly Statement Q3 2023

IMPRINT

Publisher and copyright © 2023

United Internet AG
Elgendorfer Straße 57
56410 Montabaur
Germany
www.united-internet.de

Contact

Investor Relations
Tel: +49(0) 2602 96-1100
Fax: +49(0) 2602 96-1013
E-mail: investor-relations@united-internet.de

August 2023

Registry court: Montabaur HRB 5762

Produced in-house with Firesys

Notes:

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.united-internet.de. In all cases of doubt, the German version shall prevail.

For reasons of better readability, the additional use of the female form is omitted in this interim statement. United Internet would like to stress that the use of the masculine form is to be understood purely as the gender-neutral form.

Disclaimer

This interim statement contains certain forward-looking statements which reflect the current views of United Internet AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. Forward-looking statements 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 United Internet 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 United Internet AG. United Internet AG does not intend to revise or update such forward-looking statements.

United Internet AG

Elgendorfer Straße 57
56410 Montabaur
Germany

www.united-internet.com