Annual Financial Statements 2020

MANAGEMENT REPORT FOR THE GROUP AND PARENT COMPANY

ANNUAL FINANCIAL STATEMENTS OF THE PARENT COMPANY ACC. TO HGB

MANAGEMENT REPORT

Notice of unaudited sections in the Combined Management Report of United Internet AG for the Company and the Group as of December 31, 2020

In addition to regular management report disclosures, it is possible that reporting may also include non-management report-related disclosures (those not required by law) which are not subject to a substantive audit by the auditor. Moreover, certain information may not be verifiable by the auditor: such "non-auditable information" cannot be assessed by the auditor due to the nature of the disclosures or the absence of suitable criteria.

In the Combined Management Report of United Internet AG for the Company and the Group as of December 31, 2020, the following chapters or disclosures were identified as "non-audited management report disclosures":

- The disclosures made in the subsection "1.4 Main focus areas for products and innovations" are "non-audited management report disclosures", as the content of "non-management report-related disclosures" is not audited.

- The "quarterly development" tables contained in the subsections "2.2 Business development" and "2.3 Position of the Group" with key financial figures on a quarterly basis for the segments and the Group are "non-audited management report disclosures" as United Internet does not subject its Interim Financial Statements to a review or audit.

- The disclosures made in chapter "7. Declaration on Company Management" are "non-audited management report disclosures" as an audit of the disclosures contained in the Declaration on Company Management in accordance with section 317 (2) sentence 6 HGB is limited to the fact that the information has been provided and the Corporate Governance Report in chapter 7 constitutes a "non-management report-related disclosure" which is not subject to a substantive audit.

General notes

- Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.). For reasons of better readability, the additional use of the female form is omitted in this report. United Internet would like to stress that the use of the masculine form is to be understood purely as the gender-neutral form.

- These Annual Financial Statements are available in German and English. Both versions can also be downloaded at www.united-internet.de. In all cases of doubt, the German version shall prevail.

1. GROUP AND COMPANY PROFILE

1.1 Business model

Group structure

Founded in 1998 and based in Montabaur, Germany, United Internet AG is the **parent company** (hereinafter also referred to as "the Company") of the United Internet Group.

Together with its service company United Internet Corporate Services GmbH, United Internet AG focuses mainly on centralized functions such as Finance, Corporate Controlling & Accounting, Tax, Investment Management, Press Relations, Investor Relations, Legal, Corporate Governance, Compliance & Sustainability, Risk Management, Corporate Audit, HR Management, Facility Management, Procurement, and Corporate IT.

Compared to the previous year, there were only minor changes in the Group structure as of December 31, 2020.

Operating activities in the **Consumer Access segment** are mainly managed by the companies Drillisch Online GmbH and 1&1 Telecom GmbH – under the umbrella of 1&1 Drillisch AG.

In its **Business Access segment**, United Internet mainly operates via 1&1 Versatel Deutschland GmbH – held by 1&1 Versatel GmbH (formerly prior to merger of United Internet Service Holding GmbH with 1&1 Versatel GmbH: United Internet Service Holding GmbH).

Operating activities in the **Consumer Applications segment** are primarily managed via the companies 1&1 De-Mail GmbH, 1&1 Energy GmbH, 1&1 Mail & Media GmbH, 1&1 Mail & Media Inc., and United Internet Media GmbH – pooled together under 1&1 Mail & Media Applications SE.

In its **Business Applications segment**, United Internet is primarily active via STRATO AG and its subsidiary Cronon GmbH – held by the holding companies 1&1 IONOS TopCo SE and 1&1 IONOS Holding SE – as well as via 1&1 IONOS SE and its main domestic and foreign subsidiaries. These include – in addition to the foreign subsidiaries 1&1 IONOS Inc. (USA), 1&1 IONOS Ltd. (UK), 1&1 IONOS S.A.R.L. (France), and 1&1 IONOS España S.L.U. (Spain) – in particular Arsys Internet S.L.U. (Spain), Fasthosts Internet Ltd. (UK), home.pl S.A. (Poland), InterNetX GmbH, Sedo GmbH, united-domains AG, and World4You Internet Services GmbH (Austria).

In addition to these operative and fully consolidated subsidiaries, United Internet held a number of other **investments** as of December 31, 2020. These mainly consist of equity interests – held by United Internet Investments Holding AG & Co. KG – in the listed company Tele Columbus AG, Berlin (29.90%), as well as investments in the strategic partners Open-Xchange AG, Cologne (25.39%), rankingCoach International GmbH, Cologne (30.70%), and uberall GmbH, Berlin (27.56%). In addition, United Internet holds shares in AWIN AG, Berlin (20.00%), via 1&1 Mail & Media Applications SE – following the contribution of affilinet to Awin in 2017.

see page 27

Further details on these investments and changes in investments are provided in chapter 2.2 "Business development" under "Group investments".

A simplified illustration of the Group structure of United Internet with its significant operating subsidiaries and investments – as of December 31, 2020 – is shown in the following chart.

United Internet AG

- **1&1 Drillisch AG (75.10%)**
  - Drillisch Online (100%)
  - 1&1 Telecommunication (100%)
    - 1&1 Telecom (100%)
- **1&1 Versatel GmbH** (100%)
  - 1&1 Versatel Deutschland (100%)
- **1&1 Mail & Media Applications SE** (100%)
  - 1&1 De-Mail (100%)
  - 1&1 Energy (100%)
  - 1&1 Mail & Media (100%)
  - United Internet Media (100%)
  - AWIN (20%)
- **1&1 IONOS TopCo SE** (66.67%)
  - 1&1 IONOS Holding SE (100%)
    - **1&1 IONOS** (100%)
      - 1&1 IONOS USA (100%)
      - 1&1 IONOS UK (100%)
      - 1&1 IONOS FR (100%)
      - 1&1 IONOS ES (100%)
      - Arsys (100%)
      - Fasthosts (100%)
      - home.pl (100%)
      - InterNetX (95.56%)
        - Sedo (100%)
      - united-domains (100%)
      - World4You (100%)
    - **STRATO** (100%)
      - Cronon (100%)
- **United Internet Investments Holding AG & Co. KG** (100%)
  - Tele Columbus (29.90%)
  - Open-Xchange (25.39%)
  - rankingCoach (30.70%)
  - uberall (27.56%)

Business operations

With 25.65 million fee-based customer contracts (prior year: 24.74 million) and 39.40 million ad-financed free accounts (prior year: 37.59 million), United Internet is a leading European internet specialist.

The Group's operating business is 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".

Consumer Access segment

The Consumer Access segment comprises landline-based broadband products as well as mobile internet products (including the respective applications, such as home networks, online storage, telephony, 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 its own fiber-optic network (1&1 Versatel) and connects the "last mile" of its VDSL/vectoring connections (FTTC = Fiber-to-the-Curb) mainly via the Broadband Network Gateway (BNG)/Layer 2 infrastructure of Deutsche Telekom (or Layer 3 outside its own fiber-optic network). In the case of direct fiber-optic connections (FTTH = Fiber-to-the-Home), the "last mile" is connected via the FTTH home connections of leading city carriers and Deutsche Telekom (as of April 1, 2021). 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 Drillisch AG, acquired in 2017 – is the only MBA MVNO 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 Germany's largest mobile networks. In 2019, United Internet also successfully participated in the 5G spectrum auction and purchased 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. The foundation was thus laid for the development of the Company's own powerful mobile communications network in order to also extend its added value in this market – as in its landline market. In February 2021, 1&1 Drillisch decided to accept Telefónica Germany`s offer – that was improved following review by the EU Commission – for national roaming. The conclusion of an agreement, which is expected by approx. mid-May 2021, would be a further important prerequisite for the planned rollout of the Company's own network. In addition to its privileged access to the Telefónica network, the Company also purchases standardized 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 its competitors.

The mobile internet products are marketed via the premium brand 1&1 and 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.

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 1&1 Versatel's business model is a cutting-edge fiber-optic network with a length of around 50,900 km, which is one of the largest networks in Germany and is constantly being expanded.

In addition, 1&1 Versatel offers its business customers telecommunication products – from fiber-optic direct connections to tailored ICT solutions (voice, data and network solutions). In addition, the 1&1 fiber-optic network is offered for infrastructure services (wholesale) to national and international carriers and ISPs.

The fiber-optic network directly connects commercial buildings and local authority sites (FTTB = Fiber-to-the-Building).

Consumer Applications segment

United Internet's 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 (see 1.4 "Main focus areas for products and innovations") 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 classic – but increasingly also via data-driven – 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 in late 2010, 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 powerful applications, such as domains, websites, web hosting, servers, cloud solutions and e-shops, group work, online storage (cloud), and office software, which customers can use via subscription agreements.

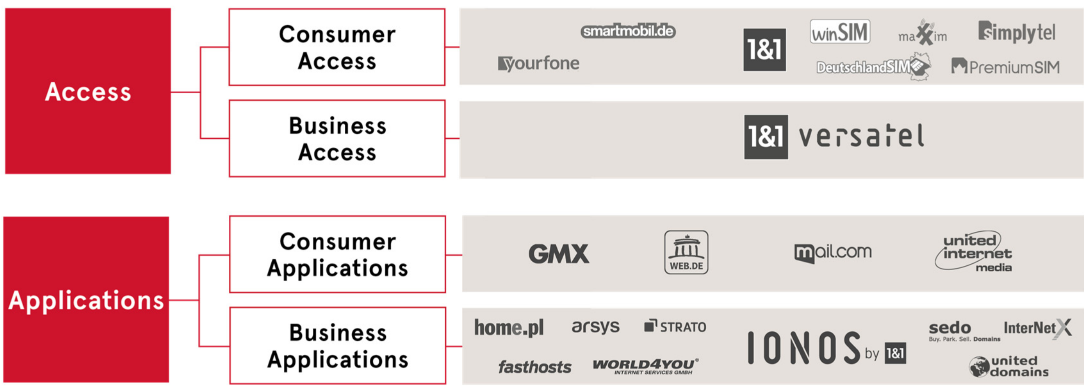
Based on its tried and tested, million-selling hosting packages, the Company has expanded its product range over the past few years with the addition of numerous cloud-based e-business solutions.

The applications are developed at the Company's own development centers or in cooperation with partner firms and operated on over 90,000 servers at 10 data centers.

In its Business Applications segment, United Internet is also a leading global player with activities in Europe (including Germany, France, the UK, Italy, the Netherlands, Austria, Poland, Switzerland, and Spain) and North America (Canada, Mexico, and the USA).

Business applications are marketed to specific target groups via the differently positioned brands IONOS, Arsys, Fasthosts, home.pl, InterNetX, Strato, united-domains, and World4You. Via the Sedo brand, United Internet also offers customers professional services in the field of active domain management, while we22 (acquired on February 1, 2021) offers other hosting suppliers a white-label website builder for the creation of high-quality websites.

Divisions, segments and brands (as of: December 31, 2020)



Management

The **Management Board** of United Internet AG comprised the following members in the fiscal year 2020:

Management Board members as at December 31, 2020

- Ralph Dommermuth, founder and Chief Executive Officer
(with the Company since 1988)

- Martin Mildner, Chief Financial Officer
(with the Company since October 1, 2020)

Departed in the fiscal year 2020

- Frank Krause, Chief Financial Officer
(member of the Management Board from July 1, 2015 to September 30, 2020)

Frank Krause, Chief Financial Officer of United Internet AG, informed the Supervisory Board in May 2020 that he did not intend to extend his Management Board contract, which expired at the end of 2020. Mr. Krause left United Internet after five years at his own request to take on new professional challenges.

As his successor, the Company's Supervisory Board was able to recruit Mr. Martin Mildner, the former General Counsel and Group Vice President M&A of the Otto Group, who took over responsibility for the position of Chief Financial Officer of United Internet AG as of October 1, 2020.

Together with the Otto Group Executive Board, Mr. Mildner actively shaped and significantly developed the company portfolio of the Otto Group over the past 13 years. He played a leading role in many company transactions, such as the support of About You from the first beginnings in 2012 to Unicorn in 2018, the sale of the 3Suisse Group, Fegro Selgros, Otto Office or Sport Scheck. In addition, he continuously developed the Group Legal Department and the Group-wide Compliance Management System of the Otto Group.

The Supervisory Board of United Internet AG was re-elected by the Annual Shareholders' Meeting 2020 and expanded to six members.

The **Supervisory Board** of United Internet AG comprised the following members in the fiscal year 2020:

Supervisory Board members as at December 31, 2020

- Kurt Dobitsch, chair
(since 1998)

- Michael Scheeren, deputy chair
(from May 2002 to May 2020 and since July 2020)

- Dr. Claudia Borgas-Herold
(since May 2020)

- Dr. Manuel Cubero del Castillo-Olivares
(since May 2020)

- Philipp von Bismarck
(since July 2020)

- Prof. Dr. Yasmin Mei-Yee Weiss
(since July 2020)

Departed in the fiscal year 2020

- Kai Uwe Ricke
(from February 2008 to May 2020)

Main markets and competitive standing

Germany is the most important **sales market** of the United Internet Group by far and accounted for over 91% of total global sales in the fiscal year 2020.

Besides Germany, the Group's most important sales markets are

- the USA,
- the UK,
- Spain,
- France,
- Poland, and
- Austria.

Competitive standing in the Consumer Access segment

Following the merger with Drillisch (now 1&1 Drillisch) in 2017, United Internet is the fourth force in Germany's telecommunications market with landline and mobile products in its purely domestic Consumer Access segment – based on customer contracts, sales revenues and profitability – after Deutsche Telekom, Vodafone and Telefónica Germany.

Competitive standing in the Business Access segment

United Internet is also a leading company its Business Access segment, whose operations are also limited to Germany. With the fiber-optic network of 1&1 Versatel spanning approximately 50,900 km, United Internet operates one of Germany's largest fiber-optic networks.

Competitive standing in the Consumer Applications segment

In its Consumer Applications segment, United Internet operates in Germany, Switzerland, and Austria via the GMX and WEB.DE brands, as well as in countries such as the USA, UK, France, and Spain via the international brand mail.com. United Internet is the leading provider of e-mail services and one of the leaders in cloud services in its domestic German market – based on the number of users.

Competitive standing in the Business Applications segment

In the globally aligned Business Applications segment, United Internet is active in a total of 12 countries with its hosting and cloud applications. The Company has long been the market leader in Germany – based on the number of managed country domains – and strengthened its position in 2017 with the takeover of its competitor STRATO. In other European countries, United Internet's hosting and cloud applications are now available in all major markets – either locally or from Germany. In addition to the domestic German market, these mainly include the major European economies of France, the UK, Italy, Poland, and Spain. With the exception of Italy, the Company is among the market leaders in the aforementioned countries. All in all, therefore, United Internet is also one of the leading European suppliers of hosting and cloud applications – based on the number of managed country domains. Further target markets outside Europe are the North American countries Canada, USA, and Mexico. In the most important of these markets, the USA, United Internet is also one of the leading players in this segment – based on the number of managed country domains. From a global perspective, United Internet is thus one of the leading companies in this business.

Main locations

As of December 31, 2020, the United Internet Group employed a total of 9,638 people at over 30 domestic and foreign facilities.

Main locations (by headcount; > 50 employees)

Location	Segment	Main Company
Montabaur (HQ)	Corporate functions	United Internet
	Consumer Access	1&1 Telecommunication
Karlsruhe	Corporate functions	United Internet
	Consumer Access	1&1 Telecommunication
	Consumer Applications	1&1 Mail & Media Applications
	Business Applications	1&1 IONOS
Berlin	Consumer Access	1&1 Telecommunication
	Business Access	1&1 Versatel
	Business Applications	1&1 IONOS, Strato
Zweibrücken	Consumer Access	1&1 Telecommunication
	Business Applications	1&1 IONOS
Cebu City (Philippines)	Business Applications	1&1 IONOS
Munich	Consumer Access	1&1 Drillisch
	Consumer Applications	1&1 Mail & Media Applications
Madrid / Logroño (Spain)	Business Applications	1&1 IONOS, Arsys
Szczecin (Poland)	Business Applications	home.pl
Dusseldorf	Business Access	1&1 Versatel
Flensburg	Business Access	1&1 Versatel
Krefeld	Consumer Access	1&1 Drillisch
Gloucester (UK)	Business Applications	1&1 IONOS, Fasthosts
Bucharest (Romania)	Business Applications	1&1 IONOS
Maintal	Consumer Access	1&1 Drillisch
Dortmund	Business Access	1&1 Versatel
Essen	Business Access	1&1 Versatel
Chesterbrook / Lenexa (USA)	Business Access	1&1 IONOS
Regensburg	Business Applications	InterNetX
Stuttgart	Business Access	1&1 Versatel
Cologne	Business Applications	Sedo
Starnberg	Business Applications	united-domains
Frankfurt am Main	Business Access	1&1 Versatel

1.2 Strategy

United Internet's business model is based predominantly on customer contracts (electronic subscriptions) with fixed monthly amounts and contractually agreed terms. Such a business model ensures generally stable and plannable revenue and cash flows, protects against macroeconomic effects, and provides the financial scope to grasp opportunities in new/extended business fields and new/extended markets – organically, or via acquisitions and investments.

The large number of customer relationships helps the Company to utilize so-called economies of scale: the more customers using the products created by our development teams and operated at our own data centers, and/or transport data via our own networks, the greater our profit will be. These profits can then be invested in new customers, new developments, and new or extended business fields.

From the current perspective, Cloud Applications and Mobile Internet will be the growth markets over the coming years. With its clear positioning in the Access and Applications segments, United Internet is well placed to exploit the expected market potential.

In view of the dynamic market development of Cloud Applications and Mobile Internet, the Company's growth opportunities are clearly apparent: universally accessible, increasingly powerful broadband connections are enabling new and more sophisticated cloud applications. These internet-based programs for private users and companies will also be United Internet's growth drivers in the years ahead – both as stand-alone products in the Applications division, as well as in combination with landline and mobile access products in the Access division.

With its many years of experience as an access and application provider, its expertise in software development and data center operation, marketing, sales and customer support, as well as its strong and well-known brands (such as 1&1, GMX and WEB.DE), and customer relationships with millions of private users, freelancers, and small companies in Germany and abroad (currently over 65 million user accounts world-wide), the Company is excellently positioned.

In order to leverage this positioning for further sustainable growth, United Internet will also invest heavily in new customers, new products, and new or extended business fields in the future, as well as in its further internationalization.

In addition to organic growth, United Internet also continuously seeks possibilities for company acquisitions, investments, and partnerships in order to extend its market positions, vertical integration levels, and competencies.

Thanks to its high and plannable level of free cash flow, United Internet has a strong source of internal funding as well as good access to debt financing markets. Further information on the Company's equity strength and external financing is presented in the chapters 2.2 "Business development" and 2.3 "Position of the Group".

see pages 27 and 46

Further information on strategy, opportunities and targets is included in the "Risk, Opportunity and Forecast Report" in chapter 4.

see page 63

1.3 Control systems

The internal control systems help management steer and monitor the Group and its segments. The systems consist of planning, actual situation, and forecast calculations based on the Group's annually revised strategic planning. Particular attention is paid to market developments, technological developments, and trends, as well as their impact on the Group's own products and services, and the Group's financial possibilities. The corporate control system's aim is the continuous and sustainable development of United Internet and its subsidiaries.

The Group's reporting system comprises the monthly profit calculations and quarterly IFRS-compliant reports for all consolidated subsidiaries. It presents the financial position and performance of the Group and all divisions. Financial reporting also includes other detailed information which is required for the assessment and control of the operating business.

Quarterly reports on significant risks for the Company represent a further component of the control systems.

The above mentioned reports are discussed at meetings of the Management Board and Supervisory Board and provide the fundamental basis for assessments and decisions.

see page 27

In order to steer the Group's performance, United Internet AG uses in particular the key figures of the income statement (sales, EBITDA, EBIT, EPS), of the statement of cash flows (free cash flow), and of the statement of financial position (asset items, financial liabilities). Information on the use and definition of the relevant key financial figures is presented in chapter 2.2 "Business development".

The Management Board of United Internet AG steers the segments mainly on the basis of key performance figures. It measures the success of each segment primarily according to sales, earnings before interest, taxes, depreciation and amortization (EBITDA), and earnings before interest and taxes (EBIT).

The main non-financial key figures used are the number and growth of fee-based customer contracts, as well as ad-financed free accounts.

see page 160

The performance indicators of the United Internet Group for top management are also presented in "Segment reporting" under note 5 of the Notes to the Consolidated Financial Statements.

see page 80

The **key performance indicators (KPIs)** used by top management at Group level are sales and EBITDA. These figures are also used in forecast reporting.

As the holding company, United Internet AG (parent company) focuses on the key operating figures of the Group.

The number of customer contracts, the gross and net sales figures, and the related customer acquisition costs in particular – compared to the Company's plans and forecast calculations – serve as an early warning system.

The key performance indicators used in the fiscal year 2020 were unchanged from the previous year.

see page 27 and page 46

A comparison of the KPIs stated in the forecast and the actual figures is provided in this Management Report in chapter 2.2 "Business Development" in the section "Actual and Forecast Development" as well as in chapter 2.3 "Position of the Group".

1.4 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. Against this backdrop, United Internet does not disclose key figures for R&D.

At the same time, the United Internet brands stand for high-performance internet access, solutions, and innovative web-based products and applications which are mostly developed in-house. The success of United Internet is rooted in an ability to develop, combine, or adapt innovative products and services, and launch them on major markets.

Thanks to its high-performance development teams, United Internet is able to react swiftly and flexibly to new ideas and trends, and to continuously enhance its established products by adapting them to changing market needs – a key success factor in the fast-moving internet market. The Company's expertise in product development, enhancement, and roll-out minimizes its reliance on third party development work and supplies in many areas, and thus ensures decisive competitive and time-to-market advantages.

At United Internet's own development centers (especially in Karlsruhe, Berlin, and Bucharest), over 3,000 programmers, product managers, and technical administrators (corresponding to around 31% of all employees) use mainly open source code in clearly defined and modeled development environments. Third-party programming services are also used to swiftly and efficiently implement specific projects. This enables the Company to quickly develop products and adapt them to changing customer needs. United Internet also procures solutions from partners, which are then modified according to needs and integrated into its systems. With the aid of its self-developed applications, United Internet has a set of modules which can be easily combined and provided with product-specific or country-specific user interfaces in order to create a variety of powerful and integrated applications – a huge benefit when tailoring products to varying target groups, or for international rollouts.

Due to the steady growth in customer figures, the demands placed on reliability and availability are constantly rising. In addition to the further development of existing products and continuous optimization of back-end operations, the Company also focuses on continuously enhancing existing processes in order to raise system reliability, and thus also customer satisfaction.

Focus areas 2020

Consumer Access

- Launch of a fiber-optic gigabit tariff for home users
- Development of a new "IPTV application" for smart TVs based on Tizen/Samsung
- Expansion of streaming options for IPTV users from 3 to 4 parallel streams
- Introduction of a process for the marketing and installation of Apple Smart Watches with LTE and E-SIM in cooperation with Apple and Telefónica

Business Access

- Launch of standard fiber-optic products with bandwidths above 1 Gbit/s for business customers
- Convergent city network planning in conjunction with new contingent contract for FTTH advance services of Deutsche Telekom
- Further network expansion to become a multi-service network
- Performance increase by means of a new coherent optical line system for the multi-service core
- Further expansion of the multi-tenant / connected building service

Consumer Applications

- New cloud functions in WEB.DE Mail app
- Launch of letter notification by e-mail in cooperation with Deutsche Post
- Expansion of big data platform via centralized big data hub
- Expansion of Smart Inbox with additional use cases: contract recognition, social media and newsletter detection

Business Applications

IONOS

- Start of Private Cloud powered by VMWare, including Intel Scalable CPU with Optane technology
- 10G speed for Intel Scalable Bare Metal Servers
- Introduction of Cloud PBX with integration in MS Teams for collaboration and voice services
- Repositioning of Managed Wordpress
- Launch of MyWebsite NOW – section-based web builder for easy website creation
- Launch of new website design services
- Expansion of eCommerce portfolio with addition of social & CMS features
- Launch of video chat solution
- Certification of mail archiving according to IDW PS 880 (audit of software products)
- Expansion of mail archiving to MS Hosted Exchange as well as external "non IONOS" mailboxes
- Launch of MyBackup as "multi-device" backup solution with solution partner Acronis

- Upgrade of VPS packages (extension vCore, RAM and SSD as well as launch of RAM-optimized packages)
- Development of an efficient implementation of the Tier IV Uptime Institute standard, which is being implemented for the first time in the new UK data center
- Continuous improvement and rollout of the Global Scrubbing platform to defend against Distributed Denial of Service (DDoS) attacks
- Development of an IONOS-specific optimized hardware platform for servers and storages
- DC power supply and liquid cooling to optimize energy efficiency of the data center
- Expansion of dual vendor backbone to 100G speed (first multi-100G/200G connections in operation)
- Development and launch of a customer management and project dashboard for the IONOS partner portal

STRATO

- Launch of MySQL databases deployed via the IONOS WaaS MyQSL platform
- Mail archiving certified according to IDW PS 880 (audit of software products)
- Launch of a mail validator to check the authenticity of an e-mail from STRATO

Arsys

- Integration of Arsys into IONOS hosted exchange platform
- Integration of an SAP HANA platform into Arsys CloudBuilder

2. ECONOMIC REPORT

2.1 General economic and sector conditions

General economic development

As a result of the coronavirus pandemic, the International Monetary Fund (IMF) already downgraded its growth forecasts for the global economy in 2020 after the first quarter of 2020. In its updated outlook (World Economic Outlook, Update April 2020), the IMF drastically reduced its forecast by -6.3 percentage points (compared to its January outlook) to -3.0%. The IMF was thus already anticipating the worst recession since the Great Depression of the 1930s.

In its latest update on January 26, 2021, the IMF reported – based on preliminary calculations – a decline for the **global economy** of -3.5% in 2020. Growth was thus well below the prior-year figure (+2.8%) and also 6.8 percentage points below the IMF's outlook in January 2020 (+3.3%).

The Fund also downgraded its forecasts for the United Internet Group's target markets in North America during the past year. Its most recent forecast is a decline of -3.4% for the **USA** (prior year: +2.2%), and thus 5.4 percentage points lower than in its January outlook. The forecast of -5.5% for **Canada** (prior year: +1.9%) is 7.3 percentage points less than originally expected. And for **Mexico**, the IMF forecasts a decline in economic output of -8.5% (prior year: -0.1%), and thus 9.5 percentage points lower than at the beginning of the year.

The picture is similar in United Internet's important **eurozone** region. The IMF has also drastically downgraded its forecast for the region and now expects economic output to fall by -7.2% (prior year: +1.3%) – 8.5 percentage points less than in January. The forecast for **France** was downgraded to -9.0% (prior year: +1.5%), for **Italy** to -9.2% (prior year: +0.3%), and for **Spain** to -11.1% (prior year: +2.0%). This corresponds to a decrease of 10.3 percentage points for France, 9.7 percentage points for Italy, and 12.7 percentage points for Spain compared to the January outlook.

For the **UK**, the IMF now expects a recession of -10.0% (prior year: +1.4%), and thus 11.4 percentage points lower than at the beginning of the year.

The IMF also downgraded its economic forecast for **Germany** – United Internet's most important market by far (sales share 2020: over 91%) – by 6.5 percentage points during the past year and expects economic output to fall by -5.4% (prior year: +0.6%).

The IMF's calculations for Germany are below the preliminary figures of the country's Federal Statistics Office (Destatis), which calculated a (price adjusted) decline in gross domestic product (GDP) of -5.0% (prior year: +0.6%). Following ten years of growth, the German economy thus entered into a severe recession in the corona crisis year 2020, similar to that of the global financial and economic crisis of 2008/2009. However, the economic decline was less severe than the recession of -5.7% in 2009. After price and calendar adjustments, German GDP fell by -5.3% in 2020, as the past year had more working days than 2019.

Changes in growth forecasts made during 2020 for United Internet's key target countries and regions

	January forecast	April forecast	June forecast	October forecast	Actual 2020	Change on January forecast
World	3.3%	-3.0%	-4.9%	-4.4%	-3.5%	-6.8%-points
USA	2.0%	-5.9%	-8.0%	-4.3%	-3.4%	-5.4%-points
Canada	1.8%	-6.2%	-8.4%	-7.1%	-5.5%	-7.3%-points
Mexico	1.0%	-6.6%	-10.5%	-9.0%	-8.5%	-9.5%-points
Eurozone	1.3%	-7.5%	-10.2%	-8.3%	-7.2%	-8.5%-points
France	1.3%	-7.2%	-12.5%	-9.8%	-9.0%	-10.3%-points
Spain	1.6%	-8.0%	-12.8%	-12.8%	-11.1%	-12.7%-points
Italy	0.5%	-9.1%	-12.8%	-10.6%	-9.2%	-9.7%-points
UK	1.4%	-6.5%	-10.2%	-9.8%	-10.0%	-11.4%-points
Germany	1.1%	-7.0%	-7.8%	-6.0%	-5.4%	-6.5%-points

Source: International Monetary Fund, World Economic Outlook (Update), January 2021

Multi-period overview: GDP trend in United Internet's key target countries and regions

	2016	2017	2018	2019	2020	YoY change
World	3.2%	3.7%	3.6%	2.8%	-3.5%	-6.3%-points
USA	1.5%	2.3%	2.9%	2.2%	-3.4%	-5.6%-points
Canada	1.4%	3.0%	1.9%	1.9%	-5.5%	-7.4%-points
Mexico	2.9%	2.0%	2.1%	-0.1%	-8.5%	-8.4%-points
Eurozone	1.8%	2.4%	1.9%	1.3%	-7.2%	-8.5%-points
France	1.2%	1.8%	1.7%	1.5%	-9.0%	-10.5%-points
Spain	3.3%	3.1%	2.4%	2.0%	-11.1%	-13.1%-points
Italy	0.9%	1.6%	0.8%	0.3%	-9.2%	-9.5%-points
UK	1.9%	1.7%	1.3%	1.4%	-10.0%	-11.4%-points
Germany	1.9%	2.5%	1.5%	0.6%	-5.4%	-6.0%-points

Source: International Monetary Fund, World Economic Outlook (Update), January 2021

Multi-period overview: development of price-adjusted GDP in Germany

	2016	2017	2018	2019	2020	YoY change
GDP	2.2%	2.6%	1.3%	0.6%	-5.0%	-5.6%-points

Source: Destatis, January 2021

Development of sector / core markets

At its annual press conference (January 13, 2021), the industry association Bitkom forecast a decline of -0.6% (prior year: +1.9%) to € 169.8 billion for the German **ICT market** in 2020. At the beginning of 2020, and thus prior to the coronavirus pandemic, the association had still anticipated revenue growth of +1.5%. Despite the decline, the German ICT sector has thus come through the coronavirus crisis comparatively well so far.

The decline in the overall ICT market resulted in particular from falling **information technology** sales. According to Bitkom's 2020 forecast, sales in this largest submarket fell by -0.7% (prior year: +4.0%) to € 94.6 billion – after growth of +2.7% had been expected at the beginning of the year. The individual segments developed very differently: +3.2% for IT hardware (prior year: +3.2%), -1.0% for software (prior year: +7.3%), and -3.2% for IT services (prior year: +2.4%). The consistently positive development of IT hardware – despite the pandemic – also resulted from United Internet's strongly growing core business, cloud computing, as IT infrastructure is increasingly rented instead of purchased. The Infrastructure-as-a-Service subsegment (i.e., business with rented servers, network and storage capacities) grew by 39.5% to € 2.1 billion in 2020.

The **telecommunications** submarket had a stabilizing effect on the overall ICT market. For this second core market of United Internet, the industry association expects only a moderate decline of -0.1% (prior year: +0.1%) to € 66.7 billion – after growth of +1.0% was expected at the beginning of the year. The individual segments of the telecommunications market also developed quite differently: +0.3% for user devices (prior year: +0.1%), +0.1% for telecommunication services (prior year: -0.1%), and -2.4% for infrastructure (prior year: +1.5%).

The smallest sub-market, **consumer electronics** (of no significance for United Internet) continued its decline with a further strong decrease in sales of -3.0% (prior year: -5.6%) to € 8.5 billion. According to Bitkom, even the pandemic-related boom in individual product segments (e.g., game consoles, wearables and headsets) was unable to halt this downward slide.

The most important ICT markets for United Internet's business model are the German telecommunications market (broadband connections and mobile internet) in its mostly subscription-financed Access division, as well as the global cloud computing market, and the German online advertising market for its subscription- and ad-financed Applications division.

(Stationary) broadband market in Germany

In view of the high level of household coverage already achieved and the strong trend toward mobile internet usage, demand for new landline broadband connections in Germany has slowed in recent years. With expected growth of 1.0 million, or 2.8%, to 36.2 million in 2020, the number of new connections was again well below earlier record years. These figures were calculated by the Association of Telecommunications and Value-Added Service Providers (Verband der Anbieter von Telekommunikations- und Mehrwertdiensten – VATM) and Dialog Consult in their joint "22nd TC Market Analysis for Germany 2020" (October 2020). Within the above mentioned growth, the connections of relevance for United Internet in the two technology fields of DSL and FTTB/FTTH grew by 0.3 million to 25.6 million and by 0.4 million to 1.9 million. The number of cable connections rose by 0.3 million to 8.7 million. A further <0.05 million connections in Germany are still operated via satellite/powerline.

At € 33.0 billion, revenues generated in the landline business in 2020 were slightly up (+0.6%) on the previous year (€ 32.8 billion). In addition to retail sales, these revenue figures also include wholesale, interconnection, and terminal device revenues.

According to calculations of Dialog Consult/VATM, the average volume of data used is rising much more strongly than the number of newly activated connections and landline revenues – as an indicator of continued growth in usage of e.g., IPTV and cloud applications – with growth of 25.0% to 168.1 GB (per connection and month). As a result, demand for more powerful broadband connections also developed strongly. For example, the proportion of switched broadband connections with speeds of at least 50 MBit/s increased by 6.4 percentage points, from 40.3% in the previous year to 46.7% in 2020.

Key market figures: fixed-line in Germany

	2020	2019	Change
Fixed-line revenues (in € billion)	33.0	32.8	+ 0.6%

Source: Dialog Consult / VATM, TC Market Analysis for Germany 2020, October 2020

Mobile internet market in Germany

According to estimates of Dialog Consult/VATM in their joint report "22nd TC Market Analysis for Germany 2020", the number of active SIM cards in the German mobile communications market increased by 8.6 million, or 6.1%, to 148.7 million in 2020. This growth is attributable to so-called M2M SIM cards (machine-to-machine SIM cards), which are used, for example, for the automated exchange of information between machines, vending machines, vehicles, etc. and/or with a central control station, which increased by 9.5 million to 39.1 million. By contrast, the number of personal SIMs decreased by 0.9 million to 109.6 million.

At the same time, mobile revenues rose by +1.6% to € 25.9 billion. In addition to retail sales, these revenue figures also include interconnection, wholesale, and user device sales.

According to forecasts of Dialog Consult/VATM, the average volume of data used (per connection and month) – as an indicator of the growing use of mobile data services – grew much faster than the number of SIM cards and mobile revenues by 45.4% to 3.0 GB. At the same time, the number of SIM cards suitable for use in the faster 4G/5G networks rose by 12.9 million to 75.4 million, while 2G/3G SIM cards fell by 13.8 million to 34.2 million.

Key market figures: mobile communications in Germany

	2020	2019	Change
Mobile revenues (in € billion)	25.9	25.5	+ 1.6%

Source: Dialog Consult / VATM, TC Market Analysis for Germany 2020, October 2020

Global cloud computing market

There was also further dynamic growth in the cloud computing market in 2020. In an update of its study "Forecast Analysis: Public Cloud Services, Worldwide, 2018-2024, 3Q20 Update" (September 2020), Gartner Inc. forecast global growth for public cloud services of +6.1% in 2020, from USD 242.69 billion to USD 257.54 billion.

The market benefited from a "digitization drive" among companies and public authorities as a result of the coronavirus pandemic and the associated lockdowns. On the other hand, cost-cutting measures introduced by companies and public authorities (delays in tenders and order placement) in some areas as a result of the global pandemic-related recession had the effect of restricting growth. As a result, the aforementioned market growth of +6.1% was significantly lower than in the previous year (+22.0%).

It should be noted that cloud computing is no short-term trend, but represents a fundamental shift in the provision and use of IT services. The aforementioned figures indicate the dynamic potential of this market. IT users get better services for less money with cloud computing. Small and mid-size companies in particular can gain access to IT applications which only major corporations could afford in the past.

Key market figures: cloud computing worldwide

in $ billion	2020	2019	Change
Global sales of public cloud services	257.54	242.69	+ 6.1%
thereof Application Infrastructure Services (PaaS)	43.82	37.51	+ 16.8%
thereof Application Services (SaaS)	101.48	102.06	-0.6%
thereof System Infrastructure Services (IaaS)	51.42	44.46	+ 15.7%
thereof Management and Security Services	14.88	12.84	+ 15.9%
thereof Business Process Services (BPaaS)	44.74	45.20	-1.0%
thereof Cloud Desktop as a Service (DaaS)	1.20	0.62	+ 93.5%

Source: Gartner, September 2020

German online advertising market

In its study "German Entertainment and Media Outlook 2020 – 2024" (November 2020), the auditing and consultancy company PricewaterhouseCoopers forecasts a decline in revenues of the German online advertising market of -4.7% to a total of € 8.09 billion in 2020.

PricewaterhouseCoopers believes that this sharp decline is due to lower prices – as a result of the coronavirus pandemic – and the short-term suspension and cancelation of advertising campaigns due to fears of liquidity bottlenecks. PricewaterhouseCoopers thus also sees confirmation of the general trend that, in times of recession, reducing advertising budgets is often the first cost-cutting measure to be taken. Sectors such as tourism and clothing, which have been particularly hard hit by the pandemic, reduced their budgets more sharply than others. In addition, online advertising campaigns can be canceled, suspended, or postponed more flexibly than traditional advertising.

The decline was primarily attributable to desktop advertising, which fell by -8.3% to € 4.22 billion. Mobile advertising, on the other hand, declined by "just" -0.5% to € 3.87 billion.

In terms of advertising formats, display advertising (-10.0%) and affiliates/classifieds (-8.8%) in particular suffered the sharpest declines of the overall market.

Key market figures: online advertising in Germany (mobile advertising & desktop advertising)

in € billion	2020	2019	Change
Online advertising revenues	8.09	8.49	-4.7%
thereof search marketing	3.40	3.45	-1.4%
thereof display advertising	2.42	2.69	-10.0%
thereof affiliate / classifieds	0.73	0.80	-8.8%
thereof video advertising	1.54	1.55	-0.6%

Source: PricewaterhouseCoopers, German Entertainment and Media Outlook 2010 – 2024, November 2020

Legal conditions / significant events

Legal conditions

The legal parameters for United Internet's business activities remained largely unchanged from the previous year in 2020 and thus had no significant influence on the development of the United Internet Group.

Significant events

Coronavirus pandemic

As a result of the coronavirus pandemic, the International Monetary Fund (IMF) already drastically downgraded its growth forecasts for the global economy in 2020 by -6.3 percentage points to -3.0% after the first quarter of 2020. The IMF was thus already anticipating the worst recession since the Great Depression of the 1930s. Ultimately, the IMF forecast a decline of -3.5% for the global economy, -7.2% for the eurozone economy, and -5.4% for the German economy.

Despite its stable and largely non-cyclical business model, United Internet's business activities in the fiscal year 2020 were also affected by the economic impact of the coronavirus pandemic – albeit to a much lesser extent than other sectors and companies. United Internet's Consumer Access and Consumer Applications segments were negatively impacted by the pandemic, while the Business Access segment recorded slightly positive effects. For the Group as a whole, this resulted in negative sales effects of € -25.1 million and negative earnings effects of € -27.2 million. United Internet did not experience any increase in payment defaults as a result of the pandemic.

- Consumer Access

  Whereas the temporary change in customer behavior caused by the coronavirus pandemic (especially in the field of telephony (voice), due in part to work-from-home regulations and shelter-in-place restrictions) had a positive impact on sales of the Consumer Access segment in the first quarter of 2020, this was outweighed by burdens on sales (especially from reduced international roaming revenue) due to strict temporary travel restrictions for customers in this segment in the following quarters. All in all, there was a resulting negative sales effect of € -24.1 million. At the same time, the aforementioned temporary change in customer usage patterns (particularly in the field of telephony and international roaming) had a negative impact on segment earnings of € -25.2 million (compared to 2020 planning). There were no negative effects in the form of increased payment defaults.

- Business Access

  By contrast, positive effects from increased telephony (voice) business as a result of the coronavirus pandemic, led to an additional € +3.8 million in sales and € +1.6 million in EBITDA in the Business Access segment.

- Consumer Applications

  In the Consumer Applications segment, online advertising business in the second quarter in particular, and to some degree also in the third quarter, of 2020 was affected by a decline in the online advertising market due to the marked restraint of many advertisers during the coronavirus pandemic. The loss of marketing business caused by the pandemic impacted sales by a total of € -4.8 million and earnings by € -3.6 million.

Negotiations for a national roaming agreement

In addition to operating activities, the fiscal year 2020 was dominated by preparations for the construction of the Company's own mobile communications network and the ongoing negotiations for a national roaming agreement needed for the transition period during which 1&1 Drillisch gradually establishes the network. In an ad-hoc announcement on February 15, 2021, 1&1 Drillisch reported that it had accepted Telefónica Germany's offer – improved following a review by the EU Commission – for national roaming and the related MBA MVNO advance services. The conclusion of an agreement, which Telefónica's offer expects by approx. mid-May 2021, would constitute an essential prerequisite for the planned rollout of a high-performance 5G mobile communications network.

The prices offered in the national roaming agreement are to apply retroactively from July 2020, also for the existing MBA MVNO agreement. Telefónica had invoiced consistently high advance service prices for the MBA MVNO agreement since July 2020, whereas advance service prices before July 2020 had previously always fallen. This had a negative impact on earnings of the fiscal year 2020.

Telefónica's national roaming offer is now based again on the pricing mechanisms of the first five years of the MBA MVNO agreement. In particular, the offer again includes annually decreasing data prices, which are lower than the prices currently charged under the MBA MVNO agreement. Based on the period July 1 to December 31, 2020, the conclusion of the agreement would have a positive earnings effect for 1&1 Drillisch of approx. € 34.4 million, which would be recognized as income relating to other periods in the fiscal year 2021.

Status of price adjustment process

In its financial reporting, 1&1 Drillisch announced that certain advance service prices are the subject of several arbitration proceedings initiated by 1&1 Drillisch, in the course of which 1&1 Drillisch expects binding decisions on the type and amount of permanent price adjustments in the form of retroactively lower advance service prices. In the arbitration proceedings to review a one-time price increase of around € 64 million implemented by Telefónica in December 2018 with reference to the 2015 spectrum auction, the arbitrator submitted the final expert opinion on December 17, 2020. The arbitrator concludes that this price increase is unjustified in full for the period under review (2016 to 2020). Accordingly, it does not lead to any payment obligation on the part of 1&1 Drillisch. Otherwise, there are no more pending arbitration proceedings initiated by Telefónica.

Conversely, in its price adjustment proceedings 2, 5, and 6, 1&1 Drillisch demands significant reductions in the advance service prices of the MBA MVNO contract from Telefónica with retroactive effect.

New combined VDSL/FTTH agreement with Deutsche Telekom

On February 15, 2021, United Internet announced that its subsidiary 1&1 Drillisch AG planned to expand its fiber-optic offering and would in future receive VDSL and FTTH advance services (fiber to the home/FTTH) from its affiliate 1&1 Versatel. For this purpose, 1&1 Drillisch has entered into an agreement with 1&1 Versatel on the long-term purchase of FTTH and VDSL complete packages including Voice and IPTV effective from April 1, 2021.

At the same time, 1&1 Versatel has entered into an agreement with Deutsche Telekom on the use of Deutsche Telekom's FTTH and VDSL connections for households. These enable 1&1 Versatel to provide FTTH/VDSL complete packages for 1&1 Drillisch, as 1&1 Versatel's nationwide transport network is largely connected to the local broadband networks of Deutsche Telekom.

In addition to the existing access to FTTH connections of well-known city carriers, 1&1 Versatel thus gets initial access to approx. 750,000 additional FTTH connections. The number of marketable FTTH connections of Deutsche Telekom is expected to increase by an average of 2 million households per year in the coming years.

FTTH connections for private households enable bandwidths of up to 1 Gbit/s. Households not yet equipped with FTTH will be supplied with VDSL connections (up to 250 Mbit/s).

Given the advantages of the new combined VDSL/FTTH agreement, the existing purely VDSL advance service agreement between 1&1 Drillisch and Deutsche Telekom will be prematurely terminated by mutual agreement of the parties. As the premature termination of the agreement and the swift conclusion of the new agreement had already been sufficiently specified as at the reporting date, the 1&1 Drillisch subgroup wrote off deferred expenses (amounting to € 129.9 million) in the fiscal year 2020 due to a revised estimate of the remaining term of the agreement. The one-off special item has no cash effect and will be clearly exceeded by the positive effects from the expanded cooperation with Deutsche Telekom in the long-run.

The new FTTH/VDSL agreement with Deutsche Telekom is subject to approval by the Federal Network Agency ("Bundesnetzagentur") as the competent regulatory authority.

There were no other significant events in fiscal 2020 which had a material effect on the development of business.

2.2 Business development

Use and definition of relevant financial performance measures

In order to ensure the clear and transparent presentation of United Internet's business trend, the Group's Annual Financial Statements and Interim Financial Statements include key financial performance measures – 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.

United Internet defines these measures as follows:

- **EBIT:** Earnings before interest and taxes represents the operating result disclosed in the statement of comprehensive income.

- **EBIT margin:** Presents the ratio of EBIT to sales.

- **EBITDA:** Earnings before interest, taxes, depreciation, and amortization are calculated as EBIT/operating result plus the depreciation and amortization (disclosed in the Consolidated Financial Statements) of intangible assets and property, plant, and equipment, as well as assets capitalized in the course of company acquisitions.

- **EBITDA margin:** Presents the ratio of EBITDA to sales.

- **Free cash flow:** Calculated as cash flow from operating activities (disclosed in the consolidated financial statement), less capital expenditure for intangible assets and property, plant, and equipment, plus payments from the disposal of intangible assets and property, plant, and equipment.

Insofar as necessary for a clear and transparent presentation, these indicators are adjusted for special items. Such special items usually refer solely to those effects capable of restricting the validity of the key financial performance measures with regard to the Group'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 with the unadjusted financial figures in the relevant section of the financial statements.

One-off amounts (such as one-offs for integration projects) or other effects (e.g., from regulation topics or the coronavirus pandemic) in the fiscal years 2019 and 2020 were not adjusted but are disclosed in the respective sections.

Currency-adjusted sales and earnings figures are calculated by converting sales and earnings figures with the average exchange rates of the comparative period, instead of the current period.

Actual and forecast development 2020

United Internet AG maintained its growth trajectory in the fiscal year 2020 and reached its forecast of September (EBITDA) and November 2020 (sales).

Forecast development

United Internet published its guidance for the fiscal year 2020 in its Annual Financial Statements 2019 and specified or adjusted them during 2020 as follows:

	Actual 2019	Forecast 2020 (March 2020[1])	Specification (August 2020[2])	Adjustment (September 2020[3])	Specification (November 2020[4])
Sales	€ 5.194 billion	Prior-year level	approx. + 4%	approx. + 4%	approx. + 3%
EBITDA	€ 1.266 billion	Prior-year level	Prior-year level	€ 1.180 billion	€ 1.180 billion

(1) Against the backdrop of uncertain macroeconomic conditions due to the continued spread of the coronavirus, United Internet AG expected sales and EBITDA for the fiscal year 2020 to be approximately on a par with the previous year
(2) Against the backdrop of business development in 2020 up to this date, United Internet AG updated its full-year sales guidance
(3) Against the backdrop of a significant price increase for 1&1 Drillisch's use of Telefónica's network capacities as of July 2020, United Internet AG downgraded its full-year EBITDA guidance as a precautionary measure
(4) Against the backdrop of a reduced willingness among existing customers of 1&1 Drillisch to change tariffs and the resulting lower sales of smartphones and tablets, United Internet AG updated its full-year sales guidance

Actual development

In the fiscal year 2020, **consolidated sales** rose by 3.3%, from € 5.194 billion in the previous year to € 5.367 billion and were thus slightly above the last forecast (approx. + 3%), or € 173 million and thus 3.3% above the original forecast (March guidance).

Without consideration of a one-off, non-cash special item of € 129.9 million from the write-off of still available VDSL contingents, operational **consolidated EBITDA** for the fiscal year 2020 amounted to € 1.179 billion (acc. to IFRS 16) and was thus within the anticipated target range of the last forecast (approx. € 1.180 billion), or € 87 million and thus 6.9% below the original forecast (March guidance).

Summary: actual and forecast development of business in 2020

	Actual 2019	Forecast 2020 (November 2020)	Actual 2020
Sales	€ 5.194 billion	approx. + 3%	+ 3.3%
EBITDA (operating)	€ 1.244 billion	€ 1.180 billion	€ 1.179 billion

see page 18

Further information on the above mentioned special item is provided in chapter 2 "Economic report" under "Legal conditions / significant events".

Development of divisions and segments

The 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.

Details on the business models of the individual segments are presented in chapter 1.1 "Business model".

see page 4

Consumer Access segment

In addition to preparations for the establishment of its own mobile communications network, the Consumer Access segment once again focused on adding further valuable broadband and mobile internet contracts in the fiscal year 2020. The total number of **fee-based contracts** in the Consumer Access segment rose by 500,000 contracts to 14.83 million in 2020. Broadband connections decreased slightly by 30,000 to 4.31 million, while mobile internet contracts increased by 530,000 to 10.52 million.

Development of Consumer Access contracts in the fiscal year 2020

in million	Dec. 31, 2020	Dec. 31, 2019	Change
Consumer Access, total contracts	14.83	14.33	+ 0.50
thereof Mobile Internet	10.52	9.99	+ 0.53
thereof broadband connections	4.31	4.34	-0.03

Development of Consumer Access contracts in the fourth quarter of 2020

in million	Dec. 31, 2020	Sept. 30, 2020	Change
Consumer Access, total contracts	14.83	14.68	+ 0.15
thereof Mobile Internet	10.52	10.36	+ 0.16
thereof broadband connections	4.31	4.32	-0.01

Sales of the Consumer Access segment rose by 3.1% in 2020, from € 3,647.5 million in the previous year to € 3,759.0 million. Whereas the temporary change in customer behavior caused by the coronavirus pandemic (especially in the field of telephony, due in part to work-from-home regulations and shelter-in-place restrictions) still had a positive impact on sales in the first quarter of 2020, this was outweighed in the second and third quarters by burdens on sales (especially from reduced international roaming revenue) due to severely restricted travel possibilities for customers in this segment. All in all, there was a resulting negative effect on sales of € -24.1 million. Adjusted for this effect, **like-for-like sales** rose by 3.7%.

Despite the fall in international roaming revenue, high-margin **service revenues** – which represent the core business of this segment – rose by 2.6% from € 2,943.0 million to € 3,020.0 million. Low-margin **hardware sales** (customers pay no or only a low one-off price when signing contracts and the device is refinanced via higher tariff prices over the contract term) increased by 4.9% from € 704.5 million to € 739.0 million – even though the third and fourth quarters were well below target due to fewer tariff changes among existing customers.

In fiscal year 2020, segment earnings were burdened by a **one-off, non-cash write-off** of € 129.9 million for existing VDSL contingents. Details are provided in chapter 2 "Economic report" under "Legal conditions / significant events".

see page 18

see page 18

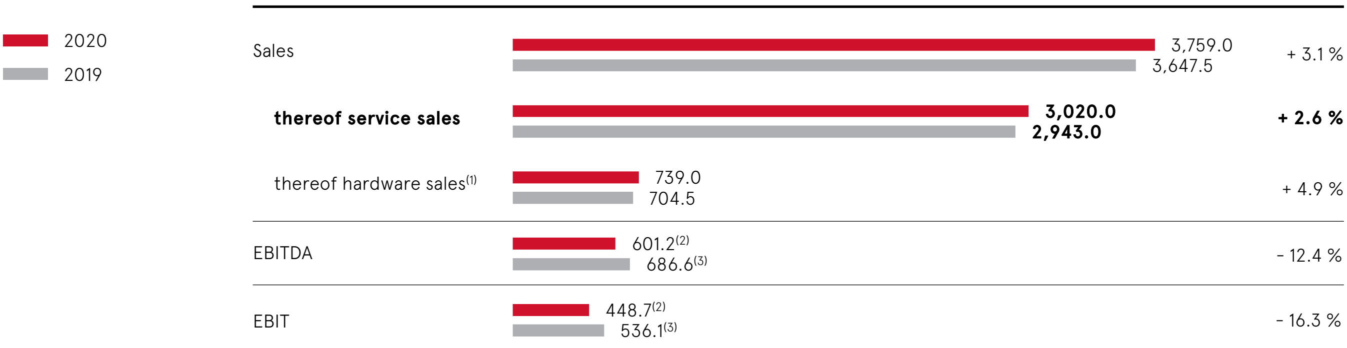
Even without consideration of this special item, **segment EBITDA** of € 601.2 million fell short of the prior-year figure (€ 686.6 million). This was mainly due to a price increase introduced by Telefónica on July 1, 2020 for the use of its network capacity. Details are provided in chapter 2 "Economic report" under "Legal conditions / significant events".

In addition to this price rise, which will be reduced retroactively by € 34.4 million on conclusion of the national roaming agreement (out-of-period recognition in fiscal 2021), earnings were burdened by negative effects from regulatory decisions of the EU on SMS tariffs (since May 15, 2019) and of Germany's Federal Network Agency regarding subscriber line charges (since July 1, 2019) with a total impact of € -13.7 million. Moreover, the initial costs for the construction of the Company's own 5G mobile communications network rose to € -13.9 million (prior year: € -5.7 million). By contrast, one-off costs for integration projects declined to € -1.1 million (prior year: € -3.2 million). On top of this, the temporary change in customer behavior caused by the coronavirus pandemic in the fiscal year 2020 (especially for telephony and international roaming due in part to work-from-home regulations, shelter-in-place restrictions, and greatly reduced travel) also burdened segment earnings by € -25.2 million (compared to 2020 planning). Adjusted for the one-off, non-cash write-off and the aforementioned effects, **like-for-like EBITDA** amounted to € 689.5 million (prior year: € 695.5 million).

Due to the above mentioned burdens on earnings, **segment EBIT** of € 448.7 million (without consideration of the special item) was also down on the prior-year figure (€ 536.1 million).

The number of **employees** in this segment rose by 0.9% to 3,191 in 2020 (prior year: 3,163).

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



(1) Hardware sales incl. small amount of other sales
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -1.1 million); excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.2 million)

Quarterly development; change over prior-year quarter

in € million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 2019	Change
Sales	933.7	933.5	925.6	966.2	938.3	+ 3.0%
thereof service sales	**747.8**	**749.1**	**760.8**	**762.3**	**742.7**	**+ 2.6%**
thereof hardware sales(1)	185.9	184.4	164.8	203.9	195.6	+ 4.2%
EBITDA	164.8(2)	166.5(3)	127.3(4)	142.6(5)	178.0(6)	-19.9%
EBIT	128.2(2)	129.7(3)	87.8(4)	103.0(5)	139.4(6)	-26.1%

(1) Hardware sales incl. small amount of other sales
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.1 million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(5) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.4 million); excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(6) Including one-off expenses for integration projects (EBITDA and EBIT effect: € +0.6 million from reversal of provisions)

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

in € million	2016 (IAS 18)	2017 (IAS 18)	2018 (IFRS 15)	2019 (IFRS 16)	2020
Sales	2,414.0	2,781.6	3,600.8	3,647.5	3,759.0
thereof service sales	**2,317.9**	**2,631.0**	**2,854.4**	**2,943.0**	**3,020.0**
thereof hardware sales(1)	96.1	150.6	746.4	704.5	739.0
EBITDA	395.2	541.2(2)	719.3(3)	686.6(4)	601.2(5)
EBITDA margin	16.4%	19.5%	20.0%	18.8%	16.0%
EBIT	384.5	471.4(2)	560.6(3)	536.1(4)	448.7(5)
EBIT margin	15.9%	16.9%	15.6%	14.7%	11.9%

(1) Hardware sales incl. small amount of other sales
(2) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million) and without restructuring charges in offline sales (EBITDA and EBIT effect: € -28.3 million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -25.1 million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.2 million)
(5) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -1.1 million); excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)

Business Access segment

Despite the expiry in the previous year of services which 1&1 Versatel had previously provided for the broadband customers of 1&1 Drillisch, acquired in 2017, sales and earnings in the Business Access segment were improved in the fiscal year 2020.

Segment sales in the fiscal year 2020 rose by 3.5% from € 476.6 million to € 493.3 million. There was an increase in **segment EBITDA** of 1.8% from € 147.2 million to € 149.8 million. These figures include positive effects from increased telephony (voice) business as a result of the coronavirus pandemic, which led to an additional € +3.8 million in sales and € +1.6 million in EBITDA.

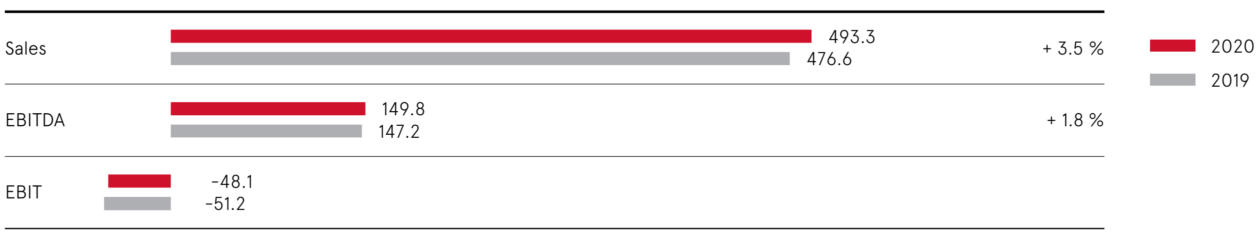
Without consideration of the aforementioned services provided in the previous year, **like-for-like sales** rose by 6.5% and **like-for-like EBITDA** by 5.3% or – additionally adjusted for the above mentioned positive pandemic effect – by 5.7% (sales) and 4.2% (EBITDA).

In addition to services for 1&1 Drillisch that expired at the end of 2019, sales and earnings contributions in the fourth quarter of 2020 from project business (one-off payments), which have now been almost completely scaled back (compared with the strong prior-year quarter), as well as one-off effects on earnings (structural costs, technical relocations, network conversions and upgrades) prevented an even better development of sales and EBITDA in the fiscal year 2020.

Despite high writedowns for network infrastructure, **segment EBIT** improved to € -48.1 million, compared to € -51.2 million in the previous year.

The number of **employees** in this segment rose by 0.3% to 1,188 in 2020 (prior year: 1,184).

Key sales and earnings figures in the Business Access segment



Quarterly development; change over prior-year quarter

in € million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 2019	Change
Sales	118.7	122.8	125.1	126.7	124.1	+ 2.1%
EBITDA	35.2	39.7	39.4	35.5	42.2	-15.9%
EBIT	-14.5	-10.7	-9.4	-13.5	-8.2	

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

in € million	2016 (IAS 18)	2017 (IAS 18)	2018 (IFRS 15)	2019 (IFRS 16)	2020
Sales	513.7	447.9	465.9	476.6	493.3
EBITDA	124.0	81.5	72.6	147.2	149.8
EBITDA margin	24.1%	18.2%	15.6%	30.9%	30.4%
EBIT	-1.0	-40.2	-58.1	-51.2	-48.1
EBIT margin	-	-	-	-	-

Consumer Applications segment

In the Consumer Applications segment, the number of fee-based pay accounts (contracts) rose by 110,000 to 2.37 million in the fiscal year 2020. Ad-financed free accounts increased by 1.81 million to 39.40 million. The total number of **Consumer Applications accounts** therefore increased by 1.92 million to 41.77 million.

Development of Consumer Applications accounts in the fiscal year 2020

in million	Dec. 31, 2020	Dec. 31, 2019	Change
Consumer Applications, total accounts	41.77	39.85	+ 1.92
thereof with Premium Mail subscription	1.63	1.54	+ 0.09
thereof with Value-Added subscription	0.74	0.72	+ 0.02
thereof free accounts	39.40	37.59	+ 1.81

Development of Consumer Applications accounts in the fourth quarter of 2020

in million	Dec. 31, 2020	Sept. 30, 2020	Change
Consumer Applications, total accounts	41.77	41.17	+ 0.60
thereof with Premium Mail subscription	1.63	1.61	+ 0.02
thereof with Value-Added subscription	0.74	0.74	0.00
thereof free accounts	39.40	38.82	+ 0.58

In 2020, operations in the Consumer Applications segment continued to focus on the repositioning and reconstruction of the GMX and WEB.DE portals, as well as the simultaneous establishment of data-driven business models. In addition to the further increase in customer accounts, this transformation is already being reflected in initial successes in the segment's key financial figures – although these were overshadowed, especially in the second quarter and to some extent in the third quarter of 2020, by a decline in the online advertising market due to the marked restraint of many advertisers during the coronavirus pandemic. The loss of marketing business caused by the pandemic impacted sales by € -4.8 million and earnings by € -3.6 million in total during fiscal year 2020.

All in all, **sales of the Consumer Applications segment** improved by 1.9% from € 247.2 million (€ 255.0 million reported prior-year figure) to € 251.8 million. It should be noted that for this key figure, third-party marketing revenues were changed from gross to net presentation at the beginning of 2020. This change was necessitated by the altered contractual terms of newly concluded agreements with third-party marketing partners. A comparison of segment revenue on a net basis and after adjustment of the above mentioned pandemic-related negative sales effect (€ -4.8 million) reveals an increase in **total like-for-like sales** of 3.8%.

Sales in the segment's core business of pay accounts and the marketing of ad space on its own portals improved by 2.1% from € 242.2 million to € 247.3 million. Adjusted for the pandemic-related sales effect, **like-for-like sales in the segment's core business** rose by 4.1%.

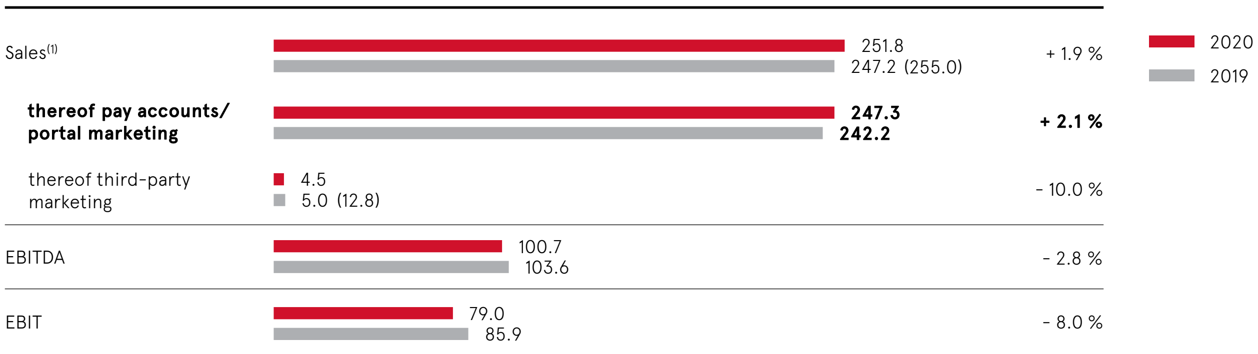
Sales in the field of third-party marketing amounted to € 4.5 million net – compared to a net amount of € 5.0 million in the previous year.

Segment EBITDA of € 100.7 million was not affected by the change to net disclosure but was slightly below the prior-year figure (€ 103.6 million) due to the above mentioned pandemic-related negative effects on earnings (€ -3.6 million). Adjusted for this effect, **like-for-like EBITDA** improved by 0.7% in the fiscal year 2020, whereby the second half of 2020 was affected by changes in the mix of advertising formats and environments requested by advertisers.

Due in particular to increased depreciation and amortization, as well as the negative impact of the coronavirus pandemic, **segment EBIT** of € 79.0 million was also down on the previous year (€ 85.9 million).

The number of **employees** in this segment fell slightly by 0.2% to 1,005 in 2020 (prior year: 1,007).

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



(1) Sales in 2019 after changing from gross to net presentation of third-party marketing revenues in 2020; the gross amount disclosed in 2019 is shown in brackets;

Quarterly development; change over prior-year quarter

in € million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 2019	Change
Sales[1]	60.8	58.9	61.2	70.9	69.1 (70.6)	+ 2.6%
thereof pay accounts/portal marketing	**59.7**	**57.8**	**60.1**	**69.7**	**67.9**	**+ 2.7%**
thereof third-party marketing	1.1	1.1	1.1	1.2	1.2 (2.7)	0.0%
EBITDA	23.3	23.7	22.5	31.2	33.1	-5.7%
EBIT	18.4	18.6	17.4	24.6	27.7	-11.2%

(1) Sales in the quarters of the previous year after changing from gross to net presentation of third-party marketing revenues in 2020; the gross amount disclosed in 2019 is shown in brackets

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

in € million	2016 (IAS 18)	2017 (IAS 18)	2018 (IFRS 15)	2019 (IFRS 16)	2020
Sales[1]	283.6	284.2	274.2	247.2 (255.0)	251.8
thereof pay accounts/portal marketing	**269.3**	**264.6**	**250.6**	**242.2**	**247.3**
thereof third-party marketing	14.3	19.6	23.6	5.0 (12.8)	4.5
EBITDA	127.6	124.0	112.8	103.6	100.7
EBITDA margin	45.0%	43.6%	41.1%	41.9%	40.0%
EBIT	115.0	112.1	100.8	85.9	79.0
EBIT margin	40.6%	39.4%	36.8%	34.7%	31.4%

(1) Sales in 2019 after changing from gross to net presentation of third-party marketing revenues in 2020; the gross amount disclosed in 2019 is shown in brackets; 2016 - 2018 reported unchanged on a gross statement

Business Applications segment

Due in part to time-limited discounted offers for new customers during the coronavirus crisis, the number of **fee-based Business Applications contracts** was increased by 300,000 contracts in the fiscal year 2020. This growth resulted from 160,000 new contracts in Germany and 140,000 abroad. As a result, the total number of contracts rose to 8.45 million.

Development of Business Applications contracts in the fiscal year 2020

in million	Dec. 31, 2020	Dec. 31, 2019	Change
Business Applications, total contracts	8.45	8.15	+ 0.30
thereof in Germany	4.06	3.90	+ 0.16
thereof abroad	4.39	4.25	+ 0.14

Development of Business Applications contracts in the fourth quarter of 2020

in million	Dec. 31, 2020	Sept. 30, 2020	Change
Business Applications, total contracts	8.45	8.38	+ 0.07
thereof in Germany	4.06	4.01	+ 0.05
thereof abroad	4.39	4.37	+ 0.02

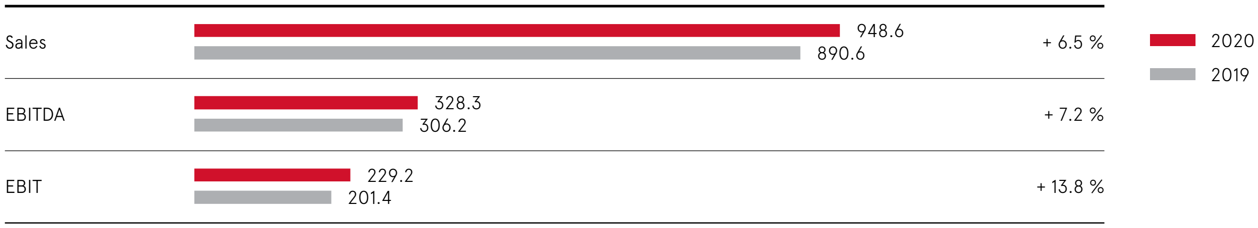
Sales of the Business Applications segment rose by 6.5% from € 890.6 million in the previous year to € 948.6 million in the fiscal year 2020. This increase in revenue was attributable in part to the lower-margin and volatile domain parking business of the Sedo brand, which grew more strongly than in the weak previous year and accounted for 3.1 percentage points of this growth.

Segment EBITDA improved by 7.2% from € 306.2 million to € 328.3 million. Segment EBITDA contains marketing expenses of € 90.2 million (prior year: € 97.0 million, of which € 19.2 million for rebranding), which amounted to € 27.0 million in the fourth quarter of 2020 (prior year: € 26.2 million; Q3 2020: € 15.1 million).

Due to lower depreciation and amortization charges, as well as the lack of rebranding measures, **segment EBIT** rose by 13.8% from € 201.4 million (excluding trademark writeups of Strato in the previous year amounting to € 19.4 million) to € 229.2 million.

The number of **employees** in this segment rose by 6.3% to 3,631 in 2020 (prior year: 3,416).

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



(1) Excluding trademark writeups Strato (EBIT effect: € +19.4 million)

Quarterly development; change over prior-year quarter

in € million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 2019	Change
Sales	237.0	234.6	235.7	241.3	224.9	+ 7.3%
EBITDA	76.9	90.9	86.8	73.7	69.4	+ 6.2%
EBIT	51.6	65.8	61.6	50.2	44.6[1]	+ 12.6%

(1) Excluding trademark writeups Strato (EBIT effect: € +19.4 million)

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

in € million	2016 (IAS 18)	2017 (IAS 18)	2018 (IFRS 15)	2019 (IFRS 16)	2020
Sales	638.9	762.1	841.8	890.6	948.6
EBITDA	202.5	247.3	290.4	306.2	328.3
EBITDA margin	31.7%	32.4%	34.5%	34.4%	34.6%
EBIT	159.2	175.4	202.1	201.4[1]	229.2
EBIT margin	24.9%	23.0%	24.0%	22.6%	24.2%

(1) Excluding trademark writeups Strato (EBIT effect: € +19.4 million)

Group investments

United Internet continued to optimize its investment portfolio in the fiscal year 2020.

In the course of these optimization measures, shares in ePages GmbH were sold. In addition, United Internet committed in principle (subject to various conditions) to contribute its shares in the listed company Tele Columbus AG to a bidding company controlled by Morgan Stanley Infrastructure Partners and to support the implementation of the Fiber Champion strategy of Tele Columbus.

Significant changes in investments

Sale of shares in ePages
In the third quarter of 2020, United Internet sold its shares in ePages GmbH (share of voting rights as of December 31, 2019: 25.01%) as the company no longer played a role in the strategic investment portfolio. The sale resulted in income of € 0.5 million.

In addition to its (fully consolidated) core operating companies, United Internet also held investments in the following companies as of December 31, 2020.

Minority holdings in listed companies

In February 2016, United Internet announced its investment in **Tele Columbus AG**. As of December 31, 2020, the share of voting rights amounted to 29.90% (prior year: 29.90%). The company's market capitalization as of December 31, 2020 was around € 409 million in total (prior year: € 357 million).

As an anchor investor in Tele Columbus AG, United Internet AG announced on December 21, 2020 that, together with Morgan Stanley Infrastructure Partners, it would provide sustained support for the implementation of Tele Columbus's Fiber Champion strategy. With this strategy, Tele Columbus plans to play a major role in driving the expansion of Germany's fiber optic infrastructure. At present, 2.4 million households are connected to the broadband network of Tele Columbus; by 2030, around 2.0 million of these households are to be supplied with gigabit bandwidths via optical fiber.

To this end, Tele Columbus AG has gained Morgan Stanley Infrastructure Partners as an infrastructure investor with a long-term perspective. UNA 422. Equity Management GmbH, a bidding company which will trade in future as Kublai GmbH and behind which is Morgan Stanley Infrastructure Partners, announced a voluntary public takeover offer of € 3.25 per Tele Columbus share on December 21, 2020.

If the takeover offer is successful, United Internet will contribute its stake in Tele Columbus of around 29.90% to the bidding company. In return, United Internet will receive a shareholding in the bidding company. In addition, the bidding company has committed to subscribe for new shares worth up to € 475 million in the event of a rights issue to be adopted by Tele Columbus. On conclusion of the takeover offer, United Internet will participate in the capital increase with an amount in the range of € 142 million to € 190 million. Following successful completion of the transaction, United Internet can increase its stake in the bidding company at its own discretion so that it has an indirect long-term shareholding in Tele Columbus of between 29.9% and 40%, provided that Kublai GmbH holds a 100% stake in Tele Columbus AG.

Moreover, the bidding company announced that it was prepared to provide further equity of up to € 75 million in the future for the implementation of the Fiber Champion strategy. United Internet will also participate on a pro rata basis.

Part of Tele Columbus's Fiber Champion strategy is also to open up its broadband network for cooperation partners. In the wake of this move, 1&1 Drillisch AG – a member of the United Internet Group – signed a preliminary agreement with Tele Columbus to use the latter's cable/fiber optic network as a pre-service for its broadband products. The preliminary agreement is subject to the successful conclusion of the takeover offer.

United Internet's participation in the bidding company is subject to conclusion of the takeover offer, which in turn depends on various conditions, including approval by the relevant supervisory authorities. Management anticipates a successful takeover and approval by the supervisory authorities.

Minority holdings in partner companies

In July 2013, United Internet acquired a stake in **Open-Xchange AG** (main activity: e-mail and collaboration solutions). United Internet has already been working successfully with the company for many years in its Applications business. As of December 31, 2020, United Internet's share of voting rights amounted to 25.39%. In its fiscal year 2020, Open-Xchange improved sales slightly. However, due to internal restructuring, EBITDA remained slightly negative. The new management team assembled in 2020 will use the fiscal year 2021 for a strategic realignment of the company.

In April 2014, United Internet acquired a stake in **uberall GmbH** (main activity: online listings). In addition, uberall and 1&1 IONOS SE agreed a long-term cooperation contract for the use of uberall solutions. As of December 31, 2020, the share of voting rights held by United Internet amounted to 27.56%. uberall significantly increased sales in its fiscal year 2020. There was also a correspondingly significant improvement in the company's EBITDA, although it remained slightly negative as a result of the expansion of business in the USA.

In April 2017, United Internet acquired a stake in **rankingCoach International GmbH** (main activity: online marketing solutions). In addition to the equity stake, rankingCoach and 1&1 IONOS SE signed a long-term cooperation agreement for 1&1 IONOS SE to use the online marketing solutions of rankingCoach as part of its hosting and cloud products marketed in Europe and North America. As of December 31, 2020, the share of voting rights amounted to 30.70%. rankingCoach also achieved a strong increase in sales in its fiscal year 2020. There was also an improvement in the company's EBITDA – although it remained slightly negative.

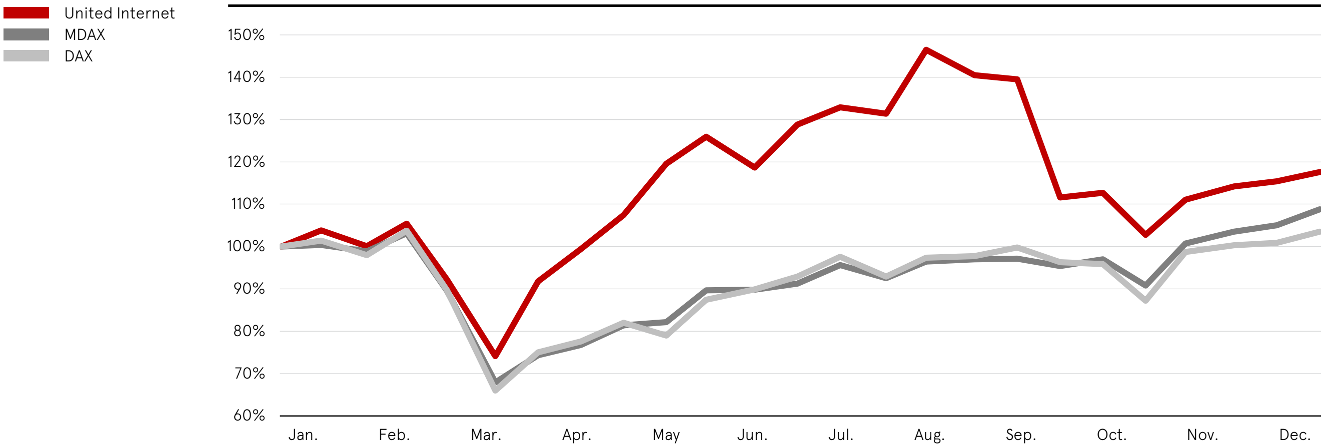
Following the contribution of affilinet GmbH to AWIN in October 2017, United Internet also holds a stake in **AWIN AG** (main activity: affiliate marketing). Several United Internet subsidiaries are currently working together with AWIN and using the company's affiliate network as part of their marketing mix. As of December 31, 2020, United Internet's share of voting rights amounted to 20.00%. AWIN once again closed its fiscal year 2020 with strong sales growth and a further improved and strongly positive EBITDA result.

Share and dividend

Share

The United Internet share increased in value during fiscal 2020: the share price rose by 17.6% to € 34.43 as of December 31, 2020 (December 31, 2019: € 29.28). The share thus performed much better than its comparative indices, which also rose year on year (DAX +3.5%; MDAX +8.8%).

Share performance 2020, indexed



Despite the cancelation of 11 million treasury shares, there was a corresponding increase in the **market capitalization** of United Internet AG from around € 6.00 billion in the previous year to around € 6.68 billion as of December 31, 2020.

In the fiscal year 2020, average daily trading via the XETRA electronic computer trading system amounted to around 414,000 shares (prior year: 523,000) with an average value of € 13.4 million (prior year: € 16.4 million).

Multi-period overview: share performance (in €; all stock exchange figures are based on Xetra trading)

	2016	2017	2018	2019	2020
Year-end	37.10	57.34	38.20	29.28	34.43
Performance	-27.1%	+ 54.6%	-33.4%	-23.4%	+ 17.6%
Year-high	49.89	59.17	59.80	40.42	43.88
Year-low	34.42	37.01	34.14	24.21	22.01
Average daily turnover	16,301,156	19,666,155	19,261,114	16,415,087	13,355,218
Average daily turnover (units)	407,372	418,771	404,956	522,809	414,786
Shares at year-end (units)	205 million	205 million	205 million	205 million	194 million
Market value at year-end	7.61 billion	11.75 billion	7.83 billion	6.00 billion	6.68 billion
EPS(1)	0.86	3.06	0.94	2.13	1.55
Adjusted EPS(2)	2.11	2.02	1.96	1.88	1.76

(1) EPS from continued operations

(2) EPS from continued operations and without special items: 2015 without effects from sale of Goldbach shares and part of stake in virtual minds (EPS effect: € +0.07); 2016 without negative one-off effect from impairment (EPS effect: € -1.25); 2017 without net positive one-off effects from valuation topics, transaction and restructuring costs, writedowns on brands, writedowns on financial assets / Rocket impairment charges, financing costs and one-off tax effects (EPS effect: € +1.04); 2018 without negative effect from Tele Columbus impairment charges (EPS effect: € -1.02); 2019 without positive effects from sale of virtual minds shares (EPS effect: € +0.11), from reversal of impairments Tele Columbus (EPS effect: € +0.09) and trademark writeups Strato (EPS effect: € +0.05); 2020 without negative effect from write-off VDSL contingents (EPS effect: € -0.37) and positive effect from reversal of impairments Tele Columbus (EPS effect: € +0.16)

Share data

Share type	Registered common stock
Notional share of capital stock	1.00 €
German Securities Identification Number (WKN)	508903
International Securities Identification Number (ISIN)	DE0005089031
Ticker symbol Xetra	UTDI
Reuters ticker symbol	UTDI.DE
Bloomberg ticker symbol	UTDI.GR
Segment	Prime Standard
Index	MDAX, TecDAX
Sector	Software

Shareholder structure

Shareholder	Shareholding
Ralph Dommermuth – Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft (41.24%) – RD Holding GmbH & Co. KG (1.03%)	42.27%
United Internet (treasury stock)	3.49%
Zerena	5.45%
Flossbach von Storch	5.01%
Allianz Global Investors	4.99%
Free float	38.79%

As of December 31, 2020; figures based on the last respective notification of voting rights; Flossbach von Storch: based on voting rights notification before capital reduction March 2020

Dividend

United Internet's **dividend policy** aims to pay a dividend to shareholders of approx. 20-40% of adjusted consolidated net income after minority interests (adjusted consolidated net income attributable to the "shareholders of United Internet AG" – according to the consolidated statement of comprehensive income), provided that funds are not needed for further Company development.

At the (virtual) Annual Shareholders' Meeting of United Internet AG held on May 20, 2020, the proposal of the Management Board and Supervisory Board to pay a **dividend** of € 0.50 per share (prior year: € 0.05) for the fiscal year 2019, was approved with a majority of 99.99% of votes cast. As a consequence, a total of € 93.6 million (prior year: € 10.0 million) was distributed on May 26, 2020. The **payout ratio** was therefore 23.6% of the adjusted consolidated net income after minority interests for 2019 (€ 396.4 million) and thus – in view of the investments due to be made in the Company's own mobile communications network – within the lower range targeted by its dividend policy.

For the fiscal year 2020, the Management Board of United Internet AG will propose to the Supervisory Board a dividend of € 0.50 per share (prior year: € 0.50). The Management Board and Supervisory Board will discuss this **dividend proposal** at the Supervisory Board meeting on March 24, 2021 (and thus after the preparation deadline for this Management Report). The Annual Shareholders' Meeting of United Internet AG on May 27, 2021 will then vote on whether to adopt the joint proposal of the Management Board and Supervisory Board.

On the basis of around 187.2 million shares with dividend entitlement (as of December 31, 2020), the total dividend payment for fiscal year 2020 would amount to € 93.6 million. The dividend payout ratio would therefore amount to 28.4% of adjusted consolidated net income after minority interests for 2020

(€ 329.2 million) and thus lie – in view of the investments due to be made in the Company's own mobile communications network – within the medium range targeted by its dividend policy. Based on the closing price of the United Internet share on December 31, 2020, the dividend yield would be 1.5%.

Multi-period overview: dividend development

	For 2016	For 2017	For 2018	For 2019	For 2020(1)
Dividend per share (in €)	0.80	0.85	0.05	0.50	0.50
Dividend payment (in € million)	161.3	169.9	10.0	93.9	93.6
Payout ratio	90.0%	26.2%	5.3%	22.2%	32.2%
Adjusted payout ratio(2)	37.2%	42.1%	2.5%	23.6%	28.4%
Dividend yield(3)	2.2%	1.5%	0.1%	1.7%	1.5%

(1) Subject to approval of Supervisory Board and Annual Shareholders' Meeting 2021
(2) Without special items: writedowns on financial assets / Rocket impairment charges (2016); net positive one-off effects from non-cash-effective valuation topics, transaction and restructuring costs, writedowns on brands, writedowns on financial assets / Rocket impairment charges, financing costs, one-off tax effects, and discontinued operations (2017); impairment charges on Tele Columbus shares (2018); sale of virtual minds shares, reversal of impairment charges on Tele Columbus shares and trademark writeups on Strato (2019); write-off VDSL contingents and reversal of impairments Tele Columbus (2020)
(3) As of: December 31

Annual Shareholders' Meeting 2020

The (virtual) Annual Shareholders' Meeting of United Internet AG was held in Frankfurt am Main on May 20, 2020. A total of 81.21% of capital stock (or 84.15% of capital stock less treasury shares) was represented. The shareholders adopted all resolutions on the agenda requiring voting with large majorities.

Capital stock and treasury shares

On March 12, 2020, the Management Board of United Internet AG resolved, with the approval of the Supervisory Board and on the basis of the authorization granted by the Annual Shareholders' Meeting of May 18, 2017 regarding the purchase and use of treasury shares, to cancel 11,000,000 treasury shares and to reduce the **capital stock** of United Internet AG by € 11,000,000, from € 205,000,000 to € 194,000,000. The pro rata amount of capital stock of the issued shares remains unchanged at € 1 per share. The **cancelation of treasury shares** serves to increase the shareholding of the United Internet shareholders on a percentage basis. Subsequent to the implementation of the capital decrease, the Company's capital stock has thus returned to the level prior to the capital increase in the course of the Versatel takeover in 2014. After cancelling these 11,000,000 shares, United Internet still held 6,338,513 treasury shares – compared to 17,338,513 as of December 31, 2019.

On April 1, 2020, the Management Board of United Internet AG resolved, with the approval of the Supervisory Board, to launch a **new share buyback program**. In the course of this share buyback program, up to 5,000,000 shares of the Company (corresponding to approx. 2.58% of the capital stock of € 194,000,000) were to be bought back via the stock exchange. The Company was thus also utilizing the authorization issued by the Annual Shareholders' Meeting of May 18, 2017. The volume of the share buyback program amounted to up to € 150 million in total. The program commenced on April 3, 2020 and was to expire no later than on August 31, 2020. On April 30, 2020, the Company's Management Board resolved to suspend this share buyback program with effect as of the end of that day's trading (April 30, 2020). United Internet AG reserved the right to resume or cancel the share buyback program at any time. In the course of the share buyback program, the Company purchased 430,624 treasury shares for a total of € 12.2 million and thus held a total of 6,769,137 treasury shares (approx. 3.49% of the capital stock) as of April 30, 2020 (the day on which the program was suspended) as well as on the balance sheet date December 31, 2020 – compared to 17,338,513 **treasury shares** on December 31, 2019 (this corresponded to approx. 8.46% of capital stock at the time).

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 fiscal year 2020. However, the coronavirus pandemic meant that this intensive exchange was not possible to the same extent or in the same way as before. The capital market was informed via the quarterly statements, half-year financial report and annual report, press and analyst conferences, as well as via various webcasts, whereby all conferences were held virtually. The Company's management and Investor Relations department explained the Company's strategy and financial results in numerous one-on-one discussions at the Company's offices in Montabaur, as well as at virtual roadshows with mainly European and North American investors.

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 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 at https://www.united-internet.de/en/investor-relations/financial-calendar.html.

www.united-internet.de

Personnel report

As a telecommunications and internet company, United Internet is subject to the defining characteristics of the industry: rapid change, short innovation cycles, and fierce competition. United Internet AG has risen to these challenges with great success over many years now. One of the key factors for the success and growth of the United Internet Group are its dedicated and highly competent employees and executives with their entrepreneurial and autonomous approach to work. The Company therefore attaches great importance to a sustainable and balanced strategy across all aspects of its HR activities: from employee recruitment, to targeted entry-level and vocational training formats, tailored skills training programs, support with individual career paths, through to sustainable management development programs, and the long-term retention of executives, high potentials and top performers.

United Internet AG was once again recognized as a top employer in 2020. Based on an independent study of the "Top Employers Institute", United Internet received the "TOP Employers Germany" award – as in the preceding years. Certification is only awarded to organizations which offer staff attractive working conditions. Assessment is based on career opportunities, employer benefits, and working conditions, as well as training and development opportunities.

Headcount and personnel expenses

In the highly competitive market for skilled workers in the ICT sector, United Internet once again succeeded in recruiting top staff for its key positions and thus meeting the needs of its growing business. In addition to targeted employer branding, partnerships with education and training providers, and the positive impact of the Company's product brands, our successful recruitment efforts center around a candidate-friendly, highly competitive acquisition and selection process.

In the fiscal year 2020, the number of employees increased year on year by 2.8% to 9,638 (prior year: 9,374). Headcount in Germany rose by 2.2% to 7,929 as of December 31, 2020 (prior year: 7,761). The number of employees at the Group's non-German subsidiaries grew by 6.0% to 1,709 (prior year: 1,613).

Multi-period overview: headcount development by location(1)

	2016	2017	2018	2019	2020	Change
Employees, total	7,897	9,414	9,093	9,374	9,638	+ 2.8%
thereof in Germany	6,322	7,890	7,567	7,761	7,929	+ 2.2%
thereof abroad	1,575	1,524	1,526	1,613	1,709	+ 6.0%

(1) Active employees as of December 31 of the respective fiscal year

From the segment perspective, there were 3,191 employees in the Consumer Access segment (prior year: 3,163), 1,188 in the Business Access segment (prior year: 1,184), 1,005 in the Consumer Applications segment (prior year: 1,007), and 3,631 in the Business Applications segment (prior year: 3,416). A further 623 people were employed at the Group's headquarters (Corporate/HQ) (prior year: 604). The gradual increase in Corporate/HQ staff resulted in particular from the transfer of employees from the segments who already worked in corporate functions in the past, as well as from the pooling of apprentices in a specially created company.

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

	2016	2017	2018	2019	2020	Change
Employees, total	7,897	9,414	9,093	9,374	9,638	+ 2.8%
thereof Consumer Access	2,401	3,457	3,150	3,163	3,191	+ 0.9%
thereof Business Access	1,077	1,069	1,095	1,184	1,188	+ 0.3%
thereof Consumer Applications	978	961	947	1,007	1,005	-0.2%
thereof Business Applications	3,243	3,586	3,355	3,416	3,631	+ 6.3%
thereof Corporate/HQ	198	341	546	604	623	+ 3.1%

(1) Active employees as of December 31 of the respective fiscal year

Personnel expenses rose by 7.1% to € 592.3 million in the fiscal year 2020 (prior year: € 552.8 million). The **personnel expense ratio** thus amounted to 11.0% (prior year: 10.6%).

Multi-period overview: development of personnel expenses

in € million	2016	2017	2018	2019	2020	Change
Personnel expenses	433.8	489.0	538.8	552.8	592.3	+ 7.1%
Personnel expense ratio	11.4%	11.6%	10.5%	10.6%	11.0%	

Sales per employee, based on annual average headcount, amounted to approx. € 565k in fiscal year 2020 (prior year: approx. € 563k).

Diversity

Respect for diversity is a core aspect of United Internet's corporate culture. The reason for this is simple: only a workforce that mirrors the many different facets of society offers the best possible conditions for creativity and productivity, and makes employees – and the organization itself – unique. This unique diversity creates an incomparable wealth of potential ideas and innovations, increasing the Company's competitiveness and providing opportunities for all.

All United Internet employees are to be treated with respect and should receive the same opportunities, regardless of their nationality, ethnic origin, religion, ideological beliefs, gender and gender identity, age, disability, or sexual orientation and identity. Each employee should be able to find the area of activity and function in which they can make the most of their individual potential and talents.

Multi-period overview: employees by gender(1)

	2016	2017	2018	2019	2020
Women	34%	31%	32%	32%	32%
Men	66%	69%	68%	68%	68%

(1) Active employees as of December 31 of the respective fiscal year

The average age of the United Internet Group's employees at the end of fiscal year 2020 was around 39 (prior year: 38).

Multi-period overview: employee age profile[1]

	2016	2017	2018	2019	2020
< 30	28%	24%	26%	23%	23%
30 – 39	41%	36%	38%	34%	33%
40 – 49	23%	27%	25%	27%	27%
≥ 50	8%	13%	11%	16%	17%

(1) Active employees as of December 31 of the respective fiscal year

Employees of United Internet AG work in an international environment at over 30 sites around the world.

Multi-period overview: employees by country[1]

	2016	2017	2018	2019	2020
Employees, total	7,897	9,414	9,093	9,374	9,638
thereof Germany	6,322	7,890	7,567	7,761	7,929
thereof France	3	3	3	3	3
thereof UK	209	232	216	233	251
thereof Austria	6	5	37	43	44
thereof Philippines	386	366	351	360	395
thereof Poland	258	251	270	309	299
thereof Romania	194	174	176	195	217
thereof Spain	322	319	331	330	340
thereof USA	197	174	142	140	160

(1) Active employees as of December 31 of the respective fiscal year

www.united-internet.de

For further information on topics such as "HR Strategy and HR Organization", "Training and Education", "Diversity and Equal Opportunities" and "Occupational Health and Safety", please refer to the chapter "United Internet as an Employer" in the Sustainability Report 2020 of United Internet AG, which will be published in early April 2021 (at https://www.united-internet.de/en/investor-relations/publications/reports.html).

Liquidity and finance

The Group's financial strategy is primarily geared to the strategic business plans of its operating business units. In order to provide sufficient flexibility for further growth, United Internet therefore constantly monitors trends in funding opportunities arising on the financial markets. Various options for funding and potential for optimizing existing financial instruments are regularly reviewed. The main focus is on ensuring sufficient liquidity and the financial independence of the Group at all times. In addition to its own financial strength, the Group maintains sufficient liquidity reserves with core banks. The flexible use of these liquidity reserves enables efficient management of Group liquidity, optimal debt management to reduce interest costs, and the avoidance of negative interest on deposits.

As of December 31, 2020, the Group's bank liabilities amounted to € 1,466.1 million (prior year: € 1,738.4 million) and mainly comprise promissory note loans and syndicated loans.

Promissory note loans

At the end of the reporting period on December 31, 2020, total liabilities from promissory note loans with maximum terms until March 2025 amounted to € 547.5 million (prior year: € 835.5 million). In the fiscal year 2020, the Company exercised its right to prematurely redeem a variable-rate tranche of promissory note loans totaling € 50 million on the interest payment date of March 27, 2020. This tranche was originally due for repayment on March 27, 2023. In addition, a further promissory note loan due in December 2020 amounting to € 238 million was redeemed on schedule.

Syndicated loan facilities & syndicated loans

A banking syndicate has granted United Internet AG a revolving syndicated loan facility totaling € 810 million until January 2025. In the fiscal year 2020, the Company made use of a contractually agreed prolongation option and extended the term of the revolving syndicated loan facility agreed on December 21, 2018 for the period from January 2025 to January 2026. A credit facility of € 690 million was agreed for this prolongation period. As of December 31, 2020, € 550 million of the revolving syndicated loan facility had been drawn (prior year: € 700 million). As a result, funds of € 260 million (prior year: € 110 million) were still available to be drawn from the credit facility.

At the end of the reporting period on December 31, 2020, a syndicated loan totaling € 200 million redeemable on maturity with a term ending in August 2021 was also outstanding (prior year: € 200 million). Together with the above mentioned drawings from the revolving syndicated loan facility, total liabilities from syndicated loan facilities and syndicated loans outstanding as of the reporting period amounted to € 750 million.

Furthermore, a bilateral credit facility of € 280 million (prior year: € 200 million) is available to the Company. The facility has been granted until further notice. Drawings of € 165 million (prior year: € 0) had been made from the credit facility as at the end of the reporting period.

As of December 31, 2020, United Internet therefore had free credit lines totaling € 375 million.

Further disclosures on the various financial instruments, drawings, interest rates, and maturities are provided under note 31 of the Notes to the Consolidated Financial Statements.

see page 192

2.3 Position of the Group

There were **no significant acquisition or divestment effects** on consolidated and segment sales and EBITDA in the fiscal year 2020. There were also only **minor negative currency effects** at Group and segment level (Business Access segment) amounting to € -4.1 million for sales and € -1.3 million for EBITDA. The same applies to the Group's asset position, for which there were no significant effects from currency fluctuations.

Group's earnings position

In the fiscal year 2020, the total number of **fee-based customer contracts** in the United Internet Group was raised by 910,000 to 25.65 million contracts. At the same time, ad-financed free accounts rose by 1.81 million to 39.40 million.

Consolidated sales grew organically by 3.3% in the fiscal year 2020, from € 5,194.1 million in the previous year to € 5,367.2 million. Growth was impeded by the effects of the coronavirus pandemic. These effects had a particularly negative impact on the Consumer Access and Consumer Applications segments. There were opposing positive effects in the Business Access segment. Adjusted for these pandemic effects of € -25.1 million in total (compared to planning), **like-for-like sales** rose by 3.8%.

All four business segments contributed to this revenue growth, whereby hardware sales to existing customers in the Consumer Access segment were below target in the third and fourth quarters of 2020 (due to fewer tariff changes). The sale of devices is generally a low-margin business as customers pay no or only a low one-off price when they sign a contract or change tariffs and the device costs are refinanced via higher tariff prices. This business fluctuates seasonally and depends heavily on the attractiveness of new devices and manufacturers' model cycles.

Despite slightly negative currency effects of € 4.1 million, **sales outside Germany** improved by 5.9% from € 433.0 million in the previous year to € 458.5 million in the fiscal year 2020.

The increase in **cost of sales** was mainly due to the one-off, non-cash write-off of VDSL contingents. In addition, there was increased use of hardware, additional burdens on earnings from regulatory decisions, as well as extra costs for wholesale mobile communication purchases due to the coronavirus pandemic and the price increase for using Telefónica's network capacity. In view of these factors, there was a disproportionately strong increase in cost of sales from € 3,427.0 million (66.0% of sales) in the previous year to € 3,769.3 million (70.2% of sales).

There was a corresponding decline in the **gross margin** from 34.0% to 29.8%. As a result, **gross profit** decreased from € 1,767.1 million to € 1,597.9 million. Adjusted for the above mentioned write-off of VDSL contingents (€ 129.9 million), the gross margin amounted to 32.2% and gross profit to € 1,727.8 million.

Sales and marketing expenses increased in line with sales, from € 741.8 million (14.3% of sales) in the previous year to € 767.9 million (14.3% of sales). This figure includes (as of July 2020) sponsoring expenses for the partnership with Borussia Dortmund (1&1 is exclusive Bundesliga main and jersey sponsor of BVB).

Despite the expansion of business (+3.3% sales growth), **administrative expenses** of € 206.0 million (3.8% of sales) were almost unchanged from the previous year (€ 205.9 million; 4.0% of sales).

Multi-period overview: Development of key cost items

in € million	2016 (IAS 18)	2017 (IAS 18)	2018[1] (IFRS 15)	2019[1] (IFRS 16)	2020
Cost of sales	2,461.8	2,691.1	3,350.1	3,427.0	3,769.3
Cost of sales ratio	64.6%	64.0%	65.7%	66.0%	70.2%
Gross margin	35.4%	36.0%	34.3%	34.0%	29.8%
Selling expenses	521.2	638.3	678.2	741.8	767.9
Selling expenses ratio	13.7%	15.2%	13.3%	14.3%	14.3%
Administrative expenses	182.9	185.1	218.9	205.9	206.0
Administrative expenses ratio	4.8%	4.4%	4.3%	4.0%	3.8%

(1) 2018 and 2019 adjusted as part of the financial statements 2019

Other operating expenses rose from € 17.0 million to € 30.9 million, while **other operating income** decreased from € 102.9 million in the previous year (including income from the sale of virtual minds shares totaling € 21.5 million) to € 74.5 million. **Impairment losses on receivables and contract assets** amounted to € -92.9 million (prior year: € -94.2 million).

Key earnings figures were influenced by various **special items** in the fiscal years 2019 and 2020, which in total had a net negative effect in the fiscal year 2020 and a positive effect in the fiscal year 2019.

Special items 2020

- The special item **"write-off of VDSL contingents 2020"** results from the derecognition of accrued assets for VDSL contingents still available. In the fiscal year 2020, it had a **negative** effect on EBITDA, EBIT, EBT, net income, and EPS.

  Details are provided in chapter 2 "Economic report" under "Legal conditions / significant events".

see page 18

- The special item **"Impairment reversals Tele Columbus 2020"** results from the impairment reversal of shares in Tele Columbus AG held by United Internet and disclosed in the result from associated companies. In the fiscal year 2020, it had a **positive** effect on EBT, net income, and EPS.

Special items 2019

- The special item **"Sale of virtual minds shares 2019"** results from extraordinary income from the sale of shares in virtual minds and had a **positive** effect on EBITDA, EBIT, EBT, net income, and EPS in the fiscal year 2019.

- The special item "**Trademark writeups STRATO 2019"** results from trademark writeups on the "STRATO" brand and had a **positive** effect on EBIT, EBT, net income, and EPS in the fiscal year 2019.

- The special item **"Impairment reversals Tele Columbus 2019"** results from the impairment reversal of shares in Tele Columbus AG held by United Internet and disclosed in the result from associated companies. In the fiscal year 2019, it had a **positive** effect on EBT, net income, and EPS.

Reconciliation of EBITDA, EBIT, EBT, net income, and EPS with figures adjusted for special items

in € million; EPS in €	Fiscal year 2020	Fiscal year 2019
EBITDA	1,048.9	1,265.7
Write-off VDSL contingents 2020	129.9	
Sale of virtual minds shares 2019		-21.5
EBITDA before special items (operating)	**1,178.8**	**1,244.2**
EBIT	574.9	811.1
Write-off VDSL contingents 2020	129.9	
Sale of virtual minds shares 2019		-21.5
Trademark writeups Strato 2019		-19.4
EBIT before special items (operating)	**704.8**	**770.2**
EBT	556.2	779.7
Write-off VDSL contingents 2020	129.9	
Impairment reversals Tele Columbus 2020	-29.2	
Sale of virtual minds shares 2019		-21.5
Trademark writeups Strato 2019		-19.4
Impairment reversals Tele Columbus 2019		-18.5
EBT before special items (operating)	**656.9**	**720.3**
Net income	368.8	539.0
Write-off VDSL contingents 2020	91.5	
Impairment reversals Tele Columbus 2020	-29.2	
Sale of virtual minds shares 2019		-21.1
Trademark writeups Strato 2019		-13.5
Impairment reversals Tele Columbus 2019		-18.5
Net income before special items (operating)	**431.1**	**485.9**
Net income "Shareholders United Internet"	290.5	423.9
Write-off VDSL contingents 2020	68.9	
Impairment reversals Tele Columbus 2020	-29.2	
Sale of virtual minds shares 2019		-21.1
Trademark writeups Strato 2019		-9.0
Impairment reversals Tele Columbus 2019		-18.5
Net income "Shareholders United Internet" before special items (operating)	**330.2**	**375.3**
EPS	1.55	2.13
Write-off VDSL contingents 2020	0.37	
Impairment reversals Tele Columbus 2020	-0.16	
Sale of virtual minds shares 2019		-0.11
Trademark writeups Strato 2019		-0.05
Impairment reversals Tele Columbus 2019		-0.09
EPS before special items (operating)	**1.76**	**1.88**

Without consideration of the above mentioned opposing special items, the key performance measures EBITDA, EBIT, EBT, net income, and EPS for the fiscal year 2020 developed as follows:

There was a significant year-on-year decrease in **consolidated operating EBITDA** of 5.3% to € 1,178.8 million in the fiscal year 2020 (prior year: € 1,244.2 million).

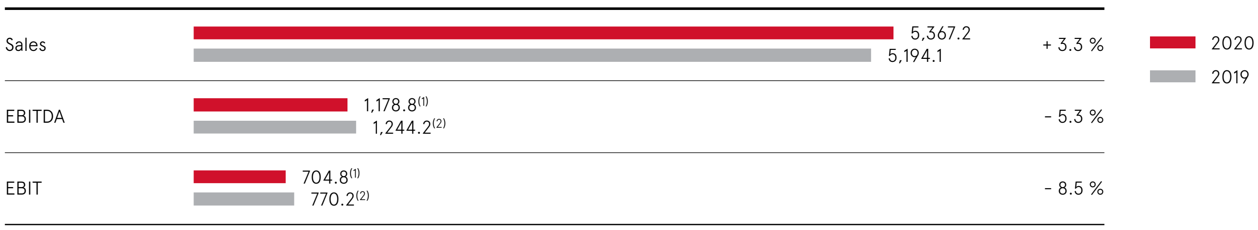
This decline was mainly due to the price increase introduced by Telefónica Germany on July 1, 2020 for the use of Telefónica's network capacity. Details are provided in chapter 2 "Economic report" under "Legal conditions / significant events".

see page 18

In addition to this price rise, which will be reduced retroactively by € 34.4 million on conclusion of the national roaming agreement (out-of-period recognition in fiscal 2021), earnings were burdened by negative effects from regulatory decisions of the EU on SMS tariffs (since May 15, 2019) and of Germany's Federal Network Agency regarding subscriber line charges (since July 1, 2019) with a total impact of € -13.7 million. Moreover, the initial costs for the construction of the Company's own 5G mobile communications network rose to € -13.9 million (prior year: € -5.7 million). By contrast, the one-off costs for integration projects declined to € -1.1 million (prior year: € -3.2 million). On top of this, the coronavirus pandemic also burdened earnings by a total of € -27.2 million in the fiscal year 2020 (compared to planning). The negative impact on both the Consumer Access and Consumer Applications segments was offset in part by slightly positive effects in the Business Access segment. Adjusted for the aforementioned negative effects, **like-for-like EBITDA** of € 1,269.1 million was 1.3% above the prior-year figure (€ 1,253.1 million).

As a result of the above mentioned burdens on earnings, **consolidated operating EBIT** of € 704.8 million was also below the prior-year figure (€ 770.2 million). Adjusted for these effects, like-for-like EBIT increased by 2.1%.

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



(1) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -1.1 million); excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.2 million); excluding extraordinary income from the sale of virtual minds shares (EBITDA and EBIT effect: € +21.5 million); excluding trademark writeups Strato (EBIT effect: € +19.4 million)

Quarterly development; change over prior-year quarter

in € million	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 2019	Change
Sales	1,329.4	1,328.5	1,326.8	1,382.5	1,339.1	+ 3.2%
EBITDA	300.8(1)	319.7(2)	275.9(3)	282.4(4)	321.7(5)	-12.2%
EBIT	184.2(1)	201.2(2)	156.3(3)	163.1(4)	204.1(5)	-20.1%

(1) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.1million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -1.1 million); excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(5) Including one-off expenses for integration projects (EBITDA and EBIT effect: € +0.6 million); excluding trademark writeups Strato (EBIT effect: € +19.4 million)

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

in € million	2016 (IAS 18)	2017 (IAS 18)	2018 (IFRS 15)	2019 (IFRS 16)	2020
Sales	3,808.1	4,206.3	5,102.9	5,194.1	5,367.2
EBITDA	835.4	979.6 (1)	1,201.3 (2)	1,244.2 (3)	1,178.8 (4)
EBITDA margin	21.9%	23.3%	23.5%	24.0%	22.0%
EBIT	642.7	704.0 (1)	811.0 (2)	770.2 (3)	704.8 (4)
EBIT margin	16.9%	16.7%	15.9%	14.8%	13.1%

(2) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million) and revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million), as well as without M&A transaction costs (EBITDA and EBIT effect: € -17.1 million), without restructuring charges in offline sales (EBITDA and EBIT effect: € -28.3 million) and without trademark writedowns Strato (EBIT effect: € -20.7 million)
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -25.1 million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.2 million); excluding extraordinary income from the sale of virtual minds shares (EBITDA and EBIT effect: € +21.5 million); excluding trademark writeups Strato (EBIT effect: € +19.4 million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -1.1 million); excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)

Due to the above mentioned burdens on earnings, **operating earnings before taxes (EBT)** and **operating consolidated net income** of € 656.9 million (prior year: € 720.3 million) and € 431.1 million (prior year: € 485.9 million), respectively, fell short of the corresponding prior-year figures.

The **operating consolidated net income attributable to shareholders of United Internet AG** also fell from € 375.3 million to € 330.2 million.

There was also a corresponding decrease in **operating earnings per share (EPS)** from € 1.88 in the previous year to € 1.76.

Group's financial position

Based on net income of € 368.8 million (prior year: € 539.0 million), **operative cash flow** rose from € 935.0 million to € 954.1 million in the fiscal year 2020.

Cash flow from operating activities in 2020 increased from € 828.9 million in the previous year to € 925.7 million. This strong increase was mainly due to cash outflows after the balance sheet date for wholesale services received.

Cash flow from investing activities in the reporting period resulted in net outflows of € 361.1 million (prior year: net inflows of € 87.2 million). This was mainly due to disbursements of € 447.0 million for capital expenditures, € 165.0 million of which for the first five-year extension phase of the existing MBA MVNO agreement with Telefónica which began on July 1, 2020, with an opposing effect from payments received for the disposal of financial assets (especially the sale of shares (9.82%) in Afilias Inc.) amounting to € 77.5 million. Cash flow from investing activities in the previous year was dominated by disbursements of € 252.8 million for capital expenditures and – with an opposing effect – proceeds from the sale of associated companies (mainly from the sale of shares in virtual minds) amounting to € 35.6 million, as well as proceeds from the sale of financial assets (especially the sale of Rocket Internet shares) amounting to € 303.7 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. Due to the strong increase in capital expenditures (especially the payment of € 165.0 million for the extension phase of the MBA MVNO agreement), **free cash flow** fell from € 607.0 million in the previous year (excluding tax payments for fiscal year 2017 and previous years of € 22.1 million) to € 483.8 million. Since the initial application of the accounting standard IFRS 16 in the fiscal year 2019, the redemption share of lease liabilities is disclosed in cash flow from financing activities. After deducting the cash flow item "Redemption of lease liabilities", free cash flow fell from € 496.0 million in the previous year (without the above mentioned tax payment) to € 376.6 million in the fiscal year 2020.

Cash flow from financing activities in the fiscal year 2020 was dominated by the purchase of treasury shares totaling € 12.2 million (prior year: € 373.6 million), net loan repayments of € 272.3 million (prior year: € 200.8 million), the redemption of frequency liabilities totaling € 61.3 million (prior year: € 61.3 million), the redemption of lease liabilities of € 107.2 million (prior year: € 111.0 million), and the dividend payment of € 93.6 million (prior year: € 10.0 million).

Cash and cash equivalents amounted to € 131.3 million as of December 31, 2020 – due to closing-date effects – compared to € 117.6 million on the same date in the previous year.

Development of key cash flow figures

in € million	2020	2019	Change
Operative cash flow	954.1	935.0	+ 19.1
Cash flow from operating activities	925.7	828.9	+ 96.8
Cash flow from investing activities	-361.1	87.2	-448.3
Free cash flow(1)	376.6(2)	496.0(3)	-119.4
Cash flow from financing activities	-549.1	-857.6	+ 308.5
Cash and cash equivalents on December 31	131.3	117.6	+ 13.7

(1) 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
(2) 2020 including the repayment portion of lease liabilities (€ 107.2 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)
(3) 2019 without consideration of tax payments from fiscal year 2017 and previous years (€ 22.1 million); incl. the repayment portion of lease liabilities (€ 111.0 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

Multi-period overview: development of key cash flow figures

in € million	2016 (IAS 18)	2017 (IAS 18)	2018 (IFRS 15)	2019 (IFRS 16)	2020
Operative cash flow	644.2	656.4	889.5	935.0	954.1
Cash flow from operating activities	587.0(2)	655.7(3)	482.3	828.9	925.7
Cash flow from investing activities	-422.7	-897.7	-350.9	87.2	-361.1
Free cash flow(1)	423.0(2)	424.4(3)	254.6(4)	496.0(5)	376.6(6)
Cash flow from financing activities	-43.2	312.2	-312.6	-857.6	-549.1
Cash and cash equivalents on December 31	101.7	238.5	58.1	117.6	131.3

(1) 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
(2) 2016 without consideration of an income tax payment originally planned for the fourth quarter of 2015 (€ 100.0 million)
(3) 2017 without consideration of a capital gains tax refund originally planned for the fourth quarter of 2016 (€ 70.3 million)
(4) 2018 without tax payment from fiscal year 2016 (€ 34.7 million)
(5) 2019 without consideration of tax payments from fiscal year 2017 and previous years (€ -22.1 million); incl. the repayment portion of lease liabilities (€ 111.0 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)
(6) 2020 including the repayment portion of lease liabilities (€ 107.2 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

Group's asset position

The **balance sheet total** increased from € 9.129 billion as of December 31, 2019 to € 9.231 billion on December 31, 2020.

Development of current assets

in € million	Dec. 31, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	131.3	117.6	+ 13.7
Trade accounts receivable	344.8	346.0	-1.2
Contract assets	577.6	507.8	+ 69.8
Inventories	85.4	79.3	+ 6.1
Prepaid expenses	214.4	237.0	-22.6
Other financial assets	82.3	48.1	+ 34.2
Income tax claims	64.8	21.5	+ 43.3
Other non-financial assets	12.4	13.8	-1.4
Total current assets	**1,512.9**	**1,371.2**	**+ 141.7**

Current assets rose from € 1,371.2 million on December 31, 2019 to € 1,512.9 million on December 31, 2020. **Cash and cash equivalents** disclosed under current assets increased from € 117.6 million to €131.3 million. Due to customer growth, the item **contract assets** rose from € 507.8 million to € 577.6 million and includes current claims against customers due to accelerated revenue recognition from the application of IFRS 15. By contrast, current **prepaid expenses** fell from € 237.0 million to € 214.4 million, as a result of closing-date effects and the write-off of available VDSL contingents, and now mainly comprise the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. Due to the reclassification of derivatives from non-current to current financial assets, **other financial assets** increased from € 48.1 million to € 82.3 million. **Income tax claims** rose from € 21.5 million to € 64.8 million as a result of tax prepayments made and subsequent effects from tax audits. **Trade accounts receivable, inventories** and **other non-financial assets** were virtually unchanged.

Development of non-current assets

in € million	Dec. 31, 2020	Dec. 31, 2019	Change
Shares in associated companies	89.6	196.0	-106.5
Other financial assets	9.9	90.4	-80.5
Property, plant and equipment	1,271.6	1,160.6	+ 111.0
Intangible assets	2,197.8	2,167.4	+ 30.4
Goodwill	3,609.4	3,616.5	-7.1
Trade accounts receivable	54.0	57.7	-3.7
Contract assets	196.5	174.3	+ 22.3
Prepaid expenses	144.8	284.3	-139.5
Deferred tax assets	20.4	10.4	+ 10.0
Total non-current assets	**7,594.0**	**7,757.6**	**-163.6**
Assets held for sale	124.0	0.0	+ 124.0

see page 27

Non-current assets fell from € 7,757.6 million as of December 31, 2019 to € 7,594.0 million on December 31, 2020. Due mainly to the reclassification of Tele Columbus shares pursuant to IFRS 5 as "assets held for sale", **shares in associated companies** decreased from € 196.0 million to € 89.6 million. Details are provided in chapter 2.2 "Business development" under "Group investments". Due mainly to the sale of Afilias shares and the reclassification of derivatives to current financial assets, non-current **other financial assets** fell from € 90.4 million to € 9.9 million. The increase in **property,**

plant, and equipment from € 1,160.6 million to € 1,271.6 million was mainly the result of additions from new long-term leases and network infrastructure. Due in particular to the one-off payment in connection with the extension of the MBA MVNO agreement, **intangible assets** increased from € 2,167.4 million to € 2,197.8 million. The item **contract assets** rose in line with customer growth from € 174.3 million to € 196.5 million and includes non-current claims against customers due to accelerated revenue recognition from the application of IFRS 15. Mainly as a result of the write-off of available VDSL contingents, non-current **prepaid expenses** decreased from € 284.3 million to € 144.8 million and now mainly include the long-term portion of expenses relating to contract acquisition and contract fulfillment, as well as prepayments in connection with long-term purchasing agreements. **Goodwill** and **trade accounts receivable** were largely unchanged.

Development of current liabilities

in € million	Dec. 31, 2020	Dec. 31, 2019	Change
Trade accounts payable	532.8	475.5	+ 57.3
Liabilities due to banks	370.4	243.7	+ 126.7
Income tax liabilities	114.6	91.7	+ 22.9
Contract liabilities	152.1	149.9	+ 2.2
Other accrued liabilities	9.3	18.4	-9.1
Other financial liabilities	278.6	239.4	+ 39.2
Other non-financial liabilities	46.7	50.3	-3.6
Total current liabilities	**1,504.6**	**1,269.0**	**+ 235.6**

Current liabilities rose from € 1,269.0 million as of December 31, 2019 to € 1,504.6 million on December 31, 2020. Due to closing-date effects, current **trade accounts payable** increased from € 475.5 million to € 532.8 million. There was an increase in current **bank liabilities** from € 243.7 million to € 370.4 million following a reclassification of non-current liabilities (in accordance with their maturity). Effects from tax audits of previous years resulted in an increase in **income tax liabilities** from € 91.7 million to € 114.6 million. Due in particular to marketing activities, current **other financial liabilities** rose from € 239.4 million to € 278.6 million. The item current **contract liabilities**, which mainly includes payments received from customer contracts for which the performance has not yet been completely rendered, as well as the items current **other accrued liabilities**, and current **other non-financial liabilities** were all largely unchanged.

Development of non-current liabilities

in € million	Dec. 31, 2020	Dec. 31, 2019	Change
Liabilities due to banks	1,095.7	1,494.6	-399.0
Deferred tax liabilities	331.6	351.8	-20.2
Trade accounts payable	6.0	6.1	-0.1
Contract liabilities	33.6	34.9	-1.3
Other accrued liabilities	69.3	67.6	+ 1.7
Other financial liabilities	1,278.7	1,289.9	-11.2
Total non-current liabilities	**2,815.0**	**3,245.0**	**-430.0**

Non-current liabilities declined from € 3,245.0 million as of December 31, 2019 to € 2,815.0 million on December 31, 2020. This was mainly due to long-term **bank liabilities**, which were reduced significantly from € 1,494.6 million to € 1,095.7 million following the repayment of loans and reclassifications to current liabilities. **Deferred tax liabilities** decreased from € 351.8 million to € 331.6 million. Please refer to note 15 "Income taxes" for further details. Non-current **other financial liabilities** also fell slightly from € 1,289.9 million to € 1,278.7 million. 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), and non-current **other accrued liabilities** were all largely unchanged.

Development of equity

in € million	Dec. 31, 2020	Dec. 31, 2019	Change
Capital stock	194.0	205.0	-11.0
Capital reserves	2,322.8	2,643.9	-321.2
Accumulated profit	2,240.5	1,993.9	+ 246.6
Treasury shares	-212.7	-548.4	+ 335.7
Revaluation reserves	-4.4	25.2	-29.5
Currency translation adjustment	-21.1	-9.6	-11.5
Equity attributable to shareholders of the parent company	**4,519.1**	**4,310.0**	**+ 209.1**
Non-controlling interests	392.1	304.8	+ 87.3
Total equity	**4,911.2**	**4,614.7**	**+ 296.5**

The Group's **equity capital** rose from € 4,614.7 million as of December 31, 2019 to € 4,911.2 million on December 31, 2020. The **equity ratio** increased accordingly from 50.6% to 53.2%.

Capital reserves decreased from € 2,643.9 million to € 2,322.8 million. The decline is mainly attributable to the cancelation of treasury shares. By contrast, the Group's **accumulated profit** rose from € 1,993.9 million to € 2,240.5 million and contains the past profits of the consolidated companies, insofar as they were not distributed, less payments for share-based compensation.

Based on the authorization granted by the Annual Shareholders' Meeting on May 18, 2017 regarding the acquisition and use of treasury shares, and with the approval of the Supervisory Board, the Management Board of United Internet AG resolved on March 12, 2020 to cancel 11,000,000 treasury shares and to reduce the **capital stock** of United Internet AG by € 11,000,000, from € 205,000,000 to € 194,000,000. The number of shares issued decreased correspondingly by 11,000,000, from 205,000,000 to 194,000,000 shares. Issued shares continue to represent a notional share of capital stock of € 1 each. The **cancelation of treasury shares** is aimed at raising the percentage stake of United Internet shareholders. On completion of the capital reduction, the Company's capital stock therefore returned to the level prior to the capital increase for the Versatel acquisition in 2014. Following the cancelation of these 11,000,000 shares, United Internet still holds 6,338,513 treasury shares – compared to 17,338,513 as of December 31, 2019. With the approval of the Supervisory Board, the Management Board of United Internet AG resolved on April 1, 2020 to launch a **new share buyback program**. In the course of this share buyback program up to 5,000,000 shares of the Company (corresponding to approx. 2.58% of the capital stock of € 194,000,000) were to be bought back via the stock exchange. The Company thus also utilized the authorization issued by the Annual Shareholders' Meeting of May 18, 2017. The volume of the share buyback program amounted to € 150 million in total. The program was launched on April 3, 2020 and was to last until August 31, 2020 at the latest. On April 30, 2020, the Management Board of United Internet AG resolved to suspend this share buyback program with effect as of the end of the trading day (April 30, 2020). United Internet AG reserved the right to resume or cancel the share buyback program at any time. In the course of this share buyback program, the Company bought back 430,624 treasury shares for a total of € 12.2 million and thus held a total of 6,769,137 **treasury shares** (approx. 3.49% of capital stock) as of April 30, 2020, the date on which the program was suspended, and also at the end of the reporting period on December 31, 2020.

Despite the dividend payment of € 93.6 million and the contractually agreed payment of € 165.0 million to Telefónica Germany in the third quarter of 2020 for the first five-year extension phase of the MBA MVNO agreement beginning on July 1, 2020, the Group's **net bank liabilities** (i.e., the balance of bank liabilities and cash and cash equivalents) were reduced from € 1,620.8 million as of December 31, 2019 to € 1,334.8 million on December 31, 2020.

Multi-period overview: development of relative indebtedness

	Dec. 31, 2016 (IAS 18)	Dec. 31, 2017 (IAS 18)	Dec. 31, 2018 (IFRS 15)	Dec. 31, 2019 (IFRS 16)	Dec. 31, 2020
Net bank liabilities(1) / EBITDA	1.98	1.37	1.57	1.28	1.27
Net bank liabilities(1) / free cash flow(2)	3.88	4.04	7.39	3.27	3.54

(1) Net bank liabilities = balance of bank liabilities and cash and cash equivalents
(2) Free cash flow without consideration of an income tax payment originally due in the fourth quarter of 2015 of around € 100.0 million (2016), a capital gains tax refund originally planned for the fourth quarter of 2016 of € 70.3 million (2017), a tax payment from fiscal year 2016 of € 34.7 million (2018) and tax payments from fiscal year 2017 and previous years of € -22.1 million (2019); Free cash flow 2019 and 2020 incl. the repayment portion of lease liabilities of € 111.0 million and € 107.2 million respectively, which have been reported under cash flow from financing activities since the financial year 2019 (IFRS 16)

Further details on the objectives and methods of the Group's financial risk management are provided under note 43 of the Notes to the Consolidated Financial Statements.

see page 227

Multi-period overview: development of key balance sheet items

in € million	Dec. 31, 2016 (IAS 18)	Dec. 31, 2017 (IAS 18)	Dec. 31, 2018 (IFRS 15)	Dec. 31, 2019 (IFRS 16)	Dec. 31, 2020
Total assets	4,073.7	7,605.2	8,173.8	9,128.8	9,230.8
Cash and cash equivalents	101.7	238.5	58.1	117.6	131.3
Shares in associated companies	755.5	418.0(1)	206.9(1)	196.0	89.6
Other financial assets	287.7	333.7(2)	348.1(2)	90.4(2)	9.9(2)
Property, plant and equipment	655.0	747.4(3)	818.0	1,160.6(3)	1,271.6
Intangible assets	369.5	1,408.4(3)	1,244.6	2,167.4(4)	2,197.8
Goodwill	1,087.7	3,564.1(5)	3,612.6(5)	3,616.5	3,609.4
Liabilities due to banks	1,760.7	1,955.8(6)	1,939.1	1,738.4	1,466.1
Capital stock	205.0	205.0	205.0	205.0	194.0(7)
Equity	1,197.8	4,048.7(8)	4,521.5(8)	4,614.7	4,911.2
Equity ratio	29.4%	53.2%	55.3%	50.6%	53.2%

(1) Decrease due to takeover and consolidation of ProfitBricks and Drillisch (2017); decrease due to Tele Columbus impairment charges (2018)
(2) Increase due to subsequent valuation of shares in listed companies (2017); increase due to subsequent valuation of shares in listed companies (2018); decrease due to sale of Rocket Internet shares (2019)
(3) Increase due to Strato, ProfitBricks and Drillisch takeovers (2017); increase due to initial application of IFRS 16 (2019)
(4) Increase due to initial recognition of acquired 5G frequencies (2019)
(5) Increase due to Strato, ProfitBricks and Drillisch takeovers (2017); increase due to World4You takeover (2018)
(6) Increase due to Strato takeover and increased stakes in Drillisch and Tele Columbus (2017)
(7) Decrease due to withdrawal of treasury shares
(8) Increase due to consolidation effects in connection with the investment of Warburg Pincus in the Business Applications segment and takeover of Strato (2017); transitional effects from initial application of IFRS 15 (2018)

Management Board's overall assessment of the Group's business situation

Against the backdrop of the coronavirus pandemic, the economies of all target countries of the United Internet Group, as well as the global economy as a whole, suffered a sharp decline in economic output in fiscal 2020.

United Internet's most important market, Germany, suffered a decline in gross domestic product of -5.4% according to the Federal Statistical Office – following a plus of +0.6% in the previous year. The German ICT market also lagged behind the previous year at -0.6%.

Despite its stable and largely non-cyclical business model, United Internet's business activities in the fiscal year 2020 were also affected by the economic impact of the coronavirus pandemic – albeit to a much lesser extent than other sectors and companies.

Nevertheless, United Internet was able to achieve the targets it set itself and made further progress with organic growth in customer contracts of 910,000 to 25.65 million and sales growth of 3.3% (despite negative pandemic effects) to € 5.367 billion. Earnings were impacted by negative special items from the one-off, non-cash write-off of remaining VDSL contingents. Adjusted for this special item and special items in the previous year, operating EBITDA was 5.3 percent down on the previous year at € 1.179 billion. Additionally adjusted for the retroactive price reduction in wholesale mobile communication services (on conclusion of the national roaming agreement to be recognized out-of-period in fiscal 2021), the impact on earnings of the coronavirus pandemic and regulatory effects, initial costs for the Group's own 5G network, and integration costs, like-for-like EBITDA increased year-on-year by 1.3%.

This positive performance – especially in view of the economic recession and negative sector trends – 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 win new customers, expand existing customer relationships, and grasp opportunities in new business fields and new markets – organically or via investments and acquisitions.

In the fiscal year 2020, the Company once again invested heavily in gaining and expanding customer relationships, as well as in developing new products – thus laying the basis for future growth.

The financial position of United Internet AG remained strong in fiscal 2020. Despite the one-off payment of € 165 million for the extension phase of the MBA MVNO agreement in the fiscal year 2020, free cash flow remained high at € 483.8 million or € 376.6 million after leasing (like-for-like prior-year figure: € 607.0 million or € 496.0 million after leasing). This once again underlines the Group's ability to generate very healthy levels of cash while at the same time achieving stable and qualitative growth. Against this backdrop, the Company plans to finance the development of its own mobile communications network largely from current revenue.

As of the reporting date for the Annual Financial Statements 2020, and at the time of preparing this Management Report, the Management Board believes that the United Internet Group as a whole is well placed for its further development. It regards the financial position and performance – subject to possible special items – as positive and is optimistic about the Group's future prospects.

2.4 Position of the Company

Earnings of United Internet AG

As a pure holding company, the earnings position of United Internet AG is usually dominated by its investment and financial result. In the fiscal year 2020, **sales** of the parent company amounted to € 0.6 million (prior year: € 0.3 million) and result mainly from services rendered to the Group's subsidiaries.

Other operating income amounted to € 12.3 million (prior year: € 1.0 million) and mainly results from income relating to other periods of € 9.9 million (prior year: € 0.02 million) due to sales tax effects from audits of previous years, writeups of securities amounting to € 1.4 million (prior year: € 0), cost allocations within the Group of € 1.0 million (prior year: € 0.2 million), and the reversal of accruals amounting to € 0.1 million (prior year: € 0.6 million).

Adjusted for effects from employee stock ownership programs, **personnel expenses** amounted to € 1.0 million (prior year: € 0.5 million).

Other operating expenses amounted to € 19.8 million (prior year: € 12.7 million) and mostly comprise expenses relating to other periods of € 10.1 million from audits of previous years, internal charges for services rendered to Group companies of € 5.2 million, as well as legal, auditing and consulting fees of € 1.4 million.

Income from profit transfer agreements of € 87.2 million (prior year: € 122.3 million) resulted from the profit transfers of 1&1 Mail & Media Applications SE amounting to € 68.1 million (prior year: € 70.5 million), United Internet Investments Holding AG & Co. KG amounting to € 15.9 million (prior year: € 48.9 million), United Internet Corporate Services GmbH amounting to € 3.0 million (prior year: € 2.7 million), and United Internet Service SE amounting to € 0.2 million (prior year: € 0.2 million).

Income from investments amounted to € 6.7 million (prior year: € 6.5 million) and mainly comprise the dividend of 1&1 Drillisch AG.

Expenses for loss assumptions of € 0.1 million (prior year: € 37.4 million) mainly relate to the compensation expense of United Internet Corporate Holding SE and United Internet Management Holding SE.

The parent company's **result before taxes** amounted to € 167.9 million (prior year: € 177.6 million).

Income taxes of € 57.2 million (prior year: € 58.9 million) comprise current taxes for 2020 of € 48.8 million (of which € 24.4 million corporation tax and the solidarity surcharge, and € 24.4 million trade tax), as well as € 9.4 million from previous years. In addition, deferred taxes liabilities of € 1.2 million were formed. Tax accruals of € 2.2 million had an opposing effect.

Net income in the separate financial statements of United Internet AG for the fiscal year 2020 amounted to € 110.6 million (prior year: € 118.7 million).

Assets and financial position of United Internet AG

The parent company's **balance sheet total** fell from € 5,944.6 million as of December 31, 2019 to € 5,618.2 million on December 31, 2020.

Non-current assets of the parent company amounting to € 5,331.0 million (prior year: € 5,670.9 million) were dominated by **financial assets**. At € 3,763.4 million, **shares in affiliated companies** were unchanged from the previous year. **Loans to affiliated companies** declined to € 1,567.6 million (prior year: € 1,907.6 million). The decrease results in particular from the redemption of loans within the Group.

Current assets of the parent company amounting to € 287.2 million (prior year: € 273.6 million) comprise receivables due from affiliated companies and other assets. The **receivables due from affiliated companies** rose to € 234.9 million (prior year: € 216.2 million). These mainly comprise receivables within the United Internet Group's internal cash management system as well as from profit transfer agreements and services received within the United Internet Group. **Other assets** amounting to € 36.3 million (prior year: € 14.8 million) consist mainly of receivables due from the tax office relating to audits of previous years.

Shareholders' equity of the parent company amounted to € 3,357.3 million as of December 31, 2020 (prior year: € 3,352.5 million). The slight increase in equity during the reporting period is mainly due to net income of € 110.6 million, with an opposing effect from the dividend payout of € 93.6 million and the buyback of treasury shares of € 12.2 million, which are subtracted from equity. The equity ratio rose from 56.4% in the previous year to 59.8% as of December 31, 2020.

The parent company's **accruals** of € 97.6 million (prior year: € 54.7 million) mainly comprise **accrued taxes** amounting to € 87.4 million (prior year: € 51.8 million) as well as **other accrued liabilities** for employee stock ownership plans, legal, auditing and consulting fees, bonuses, and other items totaling € 10.2 million (prior year: € 2.9 million).

The **liabilities of the parent company** are shaped in particular by liabilities to banks and liabilities due to affiliated companies. **Liabilities to banks** decreased to € 1,467.9 million in the fiscal year 2020 (prior year: € 1,740.7 million). Bank liabilities mainly comprise two promissory note loans totaling € 547.5 million, syndicated loans totaling € 750 million, and drawings from a bilateral credit facility of € 165 million. **Liabilities to affiliated companies** fell to € 672.6 million (prior year: € 783.9 million) and mainly comprise liabilities from balances within the United Internet Group's cash pooling system (€ 670.8 million), from service arrangements (€ 1.2 million), and from profit transfer agreements (€ 0.1 million). **Other liabilities** of € 12.0 million (prior year: € 3.6 million) are mainly sales tax liabilities.

Cash flow of the parent company's financial statements is dominated by cash flows from the profit transfer agreements, as well as the dividends of investments. There was an opposing effect under financial activities from the treasury shares purchased in the fiscal year 2020 and from the dividend payment.

Management Board's overall assessment of the current business situation of the parent company

Due to its role as the Group's holding company, the economic position of United Internet AG at parent company level is mainly influenced by its investment and financial result. The above statements on the Group's economic position therefore also apply qualitatively for United Internet AG itself.

2.5 Corporate Responsibility

United Internet AG's Management Board and Supervisory Board consider it their responsibility to ensure the Company's continued existence and create sustainable value through responsible corporate management that takes a long-term perspective. For United Internet, running a business involves more than pursuing economic goals – it also has an obligation to society, the environment, employees, and other stakeholders.

United Internet fulfills its disclosure obligations pursuant to the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG) (sections 315b and 315c in conjunction with section 289c of the German Commercial Code (Handelsgesetzbuch – HGB)) and publishes a combined non-financial statement as part of a separate sustainability report.

The Company's Sustainability Report 2020 will be published in early April 2021 (at https://www.united-internet.de/en/investor-relations/publications/reports.html) and thus fulfills the disclosure requirements of the CSR-RUG and the transparency requirements of stakeholders.

www.united-internet.de

This non- financial statement published within the sustainability report contains the statutory and supplementary disclosures for the material aspects for United Internet: environmental matters (chapter: Climate and Environmental Protection), employee-related matters (chapter: United Internet as an Employer), social matters (chapter: Our Social Commitment), respect for human rights (chapter: United Internet as a Business Partner), and anti-corruption and bribery matters (chapter: Responsible Corporate Management). This list of the minimum aspects required by the CSR-RUG has been supplemented by the chapter "Customer-Related Matters and Product Responsibility". These are material for United Internet and must therefore be reported. In addition to customer satisfaction, customer-related matters include information security, data protection, and digital transformation in general – all of which are particularly relevant to the sector. This is why these topics are presented in a separate chapter entitled "Corporate Digital Responsibility."

In addition to the CSR-RUG, reporting is based on the internationally recognized Sustainability Reporting Standards published by the Global Reporting Initiative (GRI). The non- financial statement is prepared in accordance with the GRI Standards: Core option. Both the CSR-RUG and the GRI Standards expect information to be presented on how the material topics and their impacts are managed, and in particular the associated goals and measures, and the procedures used for risk identification and mitigation. The CSR-RUG uses the term "policy" ("Konzept") in this context, whereas the GRI talks about the "management approach." The latter term is also used in the non- financial statement of United Internet and thus also comprises the CSR-RUG's "policies". In addition, the European Commission's Guidelines on non-financial reporting are applied, which build on Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups – the European Directive underlying the CSR-RUG.

When defining the content of the non- financial statement, the materiality principle was applied and the expectations of United Internet's stakeholders were taken into consideration. The main requirements used to define the material topics were those set out in the GRI Standards, the CSR-RUG, and the above mentioned EU Guidelines. The GRI Reporting Principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness were observed during the definition process.

The Company's Supervisory Board is responsible for examining the content of sustainability reporting.

3. SUBSEQUENT EVENTS

Acquisition of we22

The United Internet subsidiary 1&1 IONOS acquired the Cologne-based company we22 AG on February 1, 2021. we22 develops software for the creation, maintenance and hosting of websites. The German Federal Cartel Office has already approved the takeover of we22 AG.

we22 was founded in 1999 by Robert Schovenberg and Cornel Schnietz as Content Management AG. Today, we22 employs more than 140 people at its sites in Cologne, Berlin and Erfurt. The company became known for its white-label website builder CM4all, which has been used to create and operate more than 5 million websites to date. With over 25 language versions, CM4all has been an essential part of the product offering of over 50 hosting providers worldwide since 2000. Under its Web4Business brand, we22 also offers website creation and online marketing services to small businesses in Germany.

we22's products and services are also to be made available to IONOS customers in the future. Moreover, CM4all will continue to be offered as a white-label solution for other internet providers and business customers.

The management of we22, alongside the founders and Steffen Heym, will continue to steer the development of the company as a wholly-owned subsidiary of 1&1 IONOS.

Telefónica offer for national roaming and MBA MVNO services for 1&1 Drillisch; review by EU Commission completed

Drillisch Online GmbH, a wholly-owned subsidiary of 1&1 Drillisch AG and indirect subsidiary of United Internet AG, and Telefónica Germany GmbH & Co. OHG ("Telefónica") have been holding negotiations for some time regarding the conclusion of a national roaming agreement based on the voluntary commitments of Telefónica as part of the European Commission's clearance of its merger with E-Plus. The European Commission is responsible for monitoring Telefónica's compliance with these voluntary commitments.

In October 2020, Telefónica then submitted its final offer (in its opinion) to 1&1 Drillisch regarding the terms and prices for national roaming. The prices were to be applied retroactively as of July 2020, also for the existing MBA MVNO agreement. Whereas Telefónica had invoiced consistently high advance service prices for the MBA MVNO agreement since July 2020, the Telefónica offer was based on the pricing mechanisms of the first five years of the MBA MVNO agreement. In particular, the offer again included annually decreasing data prices, which were lower than the fixed prices charged at the time by Telefónica.

On conclusion of its review, the EU Commission announced its assessment on February 5, 2021 that the Telefónica offer submitted in October 2020 did not comply with the voluntary commitments as part of the EU's clearance and that Telefónica would have to submit an improved offer.

As a result, Telefónica submitted an improved offer to 1&1 Drillisch on the same day. 1&1 Drillisch had until February 19, 2021 to accept the improved offer.

Improved offer from Telefónica for national roaming accepted

On February 15, 2021, the Management Board and Supervisory Board of 1&1 Drillisch decided to accept Telefónica's offer – improved following review by the EU Commission – for national roaming and the related MBA MVNO advance services. The terms and conditions offered by Telefónica that will apply retroactively from July 2020 are based once again on the pricing mechanisms of the first five years of the MBA MVNO agreement. In particular, annually decreasing data prices are to be included again, which are lower than the fixed prices currently charged by Telefónica.

The conclusion of an agreement, which Telefónica's offer expects by approx. mid-May 2021, would have a positive earnings effect for 1&1 Drillisch, and thus also for United Internet, of € 34.4 million in the fiscal year 2020, which would be booked as income relating to other periods in the fiscal year 2021. In addition, this would constitute an essential prerequisite for 1&1 Drillisch's planned rollout of a high-performance 5G network.

New combined VDSL/FTTH agreement with Deutsche Telekom

On February 15, 2021, United Internet announced that its subsidiary 1&1 Drillisch AG planned to expand its fiber-optic offering and would in future receive VDSL and FTTH advance services (fiber to the home/FTTH) from its affiliate 1&1 Versatel. For this purpose, 1&1 Drillisch has entered into an agreement with 1&1 Versatel on the long-term purchase of FTTH and VDSL complete packages including Voice and IPTV effective from April 1, 2021.

At the same time, 1&1 Versatel has entered into an agreement with Deutsche Telekom on the use of Deutsche Telekom's FTTH and VDSL connections for households. These enable 1&1 Versatel to provide FTTH/VDSL complete packages for 1&1 Drillisch, as 1&1 Versatel's nationwide transport network is largely connected to the local broadband networks of Deutsche Telekom.

In addition to the existing access to FTTH connections of well-known city carriers, 1&1 Versatel thus gets initial access to approx. 750,000 additional FTTH connections. The number of marketable FTTH connections of Deutsche Telekom is expected to increase by an average of 2 million households per year in the coming years.

FTTH connections for private households enable bandwidths of up to 1 Gbit/s. Households not yet equipped with FTTH will be supplied with VDSL connections (up to 250 Mbit/s).

Given the advantages of the new combined VDSL/FTTH agreement, the existing purely VDSL advance service agreement between 1&1 Drillisch and Deutsche Telekom will be prematurely terminated by mutual agreement of the parties. As the premature termination of the agreement and the swift conclusion of the new agreement had already been sufficiently specified as at the reporting date, the 1&1 Drillisch subgroup wrote off deferred expenses (amounting to € 129.9 million) in the fiscal year 2020 due to a revised estimate of the remaining term of the agreement. The one-off write-off has no cash effect and will be clearly exceeded by the positive effects from the expanded cooperation with Deutsche Telekom in the long-run.

The new FTTH/VDSL agreement with Deutsche Telekom is subject to approval by the Federal Network Agency ("Bundesnetzagentur") as the competent regulatory authority.

There were no other significant events subsequent to the end of the reporting period on December 31, 2020 which had a material effect on the financial position and performance or the accounting and reporting of the parent company or the Group.

see page 80

Information on the economic position of the Group and Company at the time of preparing this Management Report are provided in chapter 4.3 "Forecast report".

4. RISK, OPPORTUNITY AND FORECAST REPORT

The risk and opportunity policy of the United Internet Group is based on the objective of maintaining and sustainably enhancing the Company's values by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. A risk and opportunity management system which is "lived" ensures that United Internet AG can exercise its business activities in a controlled company environment. The risk and opportunity management system regulates the responsible handling of those uncertainties which are always involved with economic activity.

4.1 Risk report

Risk management

The concept, organization, and task of United Internet AG's risk management system are defined by the Management Board and Supervisory Board, and documented in a risk management strategy and risk management manual which is valid for and available to all members of the Group. These requirements are regularly adapted to changing legal conditions and continuously developed. Corporate Risk Management coordinates the implementation and ongoing development of the risk management system and is responsible for the centrally managed risk management process on behalf of the Management Board. The risk management system covers only the Group's risks, while responsibility for the early and ongoing identification, evaluation, and management of opportunities lies directly with the Group Management Board and the operating management levels of the respective segments.

Corporate Risk Management is supported by the risk management teams of the respective segments (Company Risk Management). In order to support Company Risk Management, additional local risk managers have been installed in business fields of particular importance for the Company's business success (such as the areas "Technology & Development"). In order to facilitate the Group-wide exchange and comparison of risk information, regular Risk Manager Meetings are held between the various risk managers and also with the Company-wide, cross-functional managers.

The Corporate Audit department regularly examines the functioning and efficiency of the risk management system. As part of his statutory auditing obligations for the Annual Financial Statements and Consolidated Financial Statements, the external auditor also examines whether the risk early recognition system is generally suitable for the early identification of risks and developments which might endanger the Company so that suitable countermeasures can be swiftly introduced. The system complies with statutory requirements regarding risk early recognition systems, as well as with the version of the German Corporate Governance Code valid at the time of the last Declaration of Conformity. Its design is based on the specifications of the international ISO standard ISO/IEC 31000:2018. In accordance with the regulations of the German Stock Corporation Act, the Supervisory Board also examines the efficacy of the risk management system.

Methods and objectives of risk management

The risk management system comprises those measures which enable United Internet to identify, classify in terms of money and scenario, steer, and monitor from an early stage all possible risks for the attainment of its corporate objectives with the aid of assessments and early warning systems. The aim of the Group-wide risk management system is to provide maximum transparency for management regarding the actual risk situation, its changes, and the available options for action so that a conscious decision can be taken to accept or avoid such risks. Risks endangering the Company must be avoided as a matter of principle. There is always an established indirect connection to central Group-wide risk management via the regular reporting channels throughout the Group and a direct connection for all major divisions. This ensures the completeness of registered risks in the risk management system.

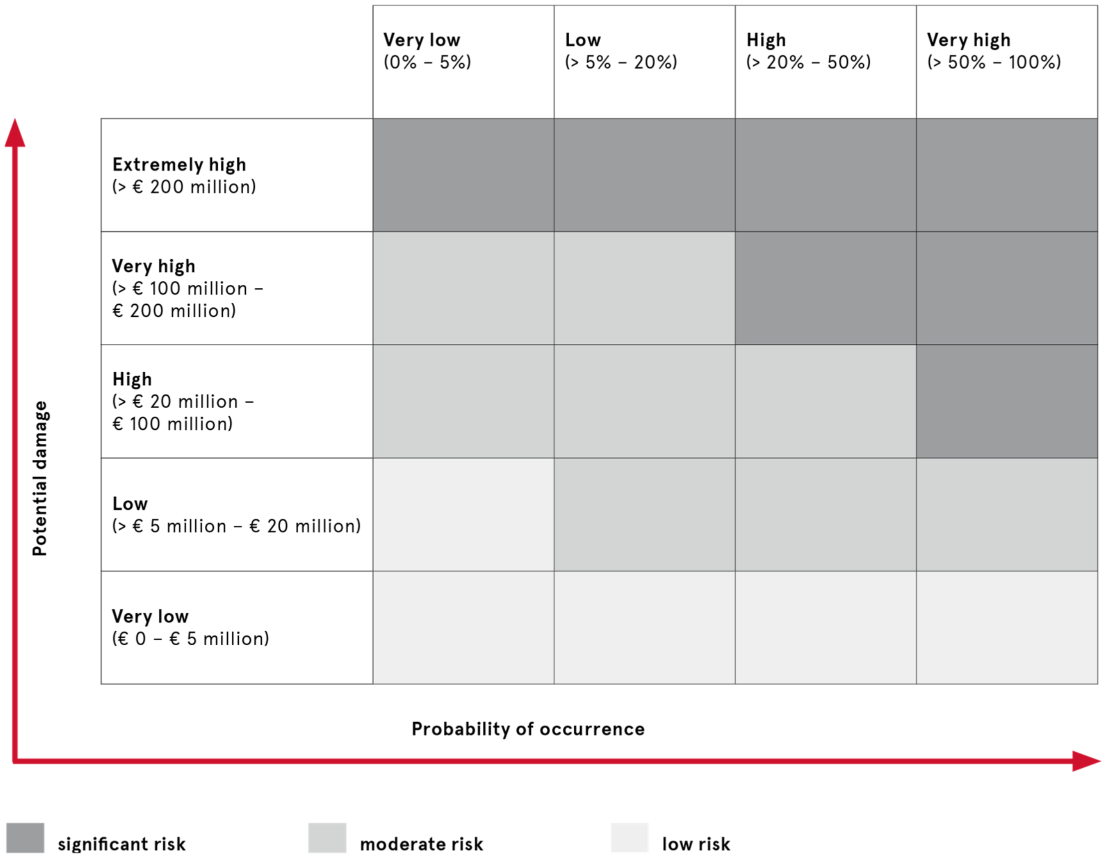
The current status of the main risks is communicated to the Management Board and Supervisory Board four times per year. Identified important risks with an immediate impact or significant changes in the risk situation trigger an ad-hoc reporting obligation. The respective risk is then communicated immediately to the CFO of United Internet AG, who in turn reports it to the Supervisory Board where necessary. In this way, significant risks can be addressed as quickly as possible.

Risks are assessed with their net impact, i.e., effects from mitigating (corrective) measures are only considered in the risk assessment after implementation.

Risks for United Internet

The assessment of the overall risk situation is the result of a consolidated examination of all known material risks. Of the total risks identified for the Group, the following sections describe the main risk categories from the Company's point of view.

The starting point for assessing the materiality of risks is provided by the characteristics "probability of occurrence" and "potential damage". The potential damage comprises the potential loss of revenue, as well as potential external and internal expenses. Based on the combination of probability of occurrence and potential damage, the risks are assigned as follows to one of three risk categories: "significant", "moderate", and "low" risks.



Specific assessments of the Company's Management Board regarding the Group's risk situation, as well as the probability of occurrence, potential damage, and resulting categorization of the risks described below are provided at the end of this Risk Report.

Strategy

Shareholdings and investments

The acquisition and holding of shares in other companies and the making of strategic investments represent a key success factor for United Internet AG. In addition to improved access to existing and new growth markets, as well as to new technologies and know-how, investments also serve to exploit synergy and growth potential. However, these opportunities involve risks. For example, there is a risk that the targeted potential cannot be exploited as expected or that acquired shareholdings will not develop as expected (impairment losses, disposal losses, absence of dividend, or reduction of hidden reserves).

All investments are therefore subject to a continuous monitoring process by the Investment Management and are supported promptly if required. This risk is largely without relevance for EBITDA as, in the event of an incident, predominantly non-cash-effective impairments are incurred. The value of investments is continuously monitored by management and the Controlling division.

Business development and innovations

A further key success factor for United Internet is also the development of new and constantly improved products and services in order to enhance sales and earnings, attract new customers, and expand existing customer relationships. There is always a risk, however, that new developments might be launched too late on the market or not be accepted by the target group as expected.

United Internet counters such risks by constantly and closely observing market, product, and competition trends, as well as by undertaking product development which constantly responds to customer feedback.

As part of its efforts to diversify the business model or expand its value chain, United Internet occasionally enters new markets, or upstream and downstream markets. On January 24, 2019, the management board of 1&1 Drillisch AG, a subsidiary of United Internet AG, decided with the approval of its supervisory board to apply for admission to the auction on the allocation of mobile frequencies in the 2 GHz and 3.6 GHz frequency bands and, in the event of a successful acquisition of spectrum at the auction, to establish and operate a 5G mobile network. At present, the company's mobile offerings are based on the use of third-party networks. Following its admission by the Federal Network Agency ("Bundesnetzagentur") on February 25, 2019, the 5G spectrum auction began on March 19, 2019. 1&1 Drillisch successfully completed its participation in the 5G spectrum auction on June 12, 2019 and purchased 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. The total auction price amounted to € 1.07 billion. By acquiring these frequencies, the company plans to gradually develop its own powerful mobile communications network, to further expand its value added in mobile communications, and to tap new business fields.

In addition to the resulting opportunities, such an entrepreneurial decision also entails risks. These may include, for example, the risk areas "technical plant operation", "procurement market", "litigation", "financing", and "liquidity". The Company attempts to minimize these risks by, among other things, cooperating with specialized partner companies as well as by preparing detailed and long-term plans in the risk areas "financing" and "liquidity".

Cooperation and outsourcing

United Internet works together with specialized cooperation and outsourcing partners in certain areas of the Company. The focus here is on objectives such as focusing on the actual core business, reducing costs, or leveraging the expertise of partners. These opportunities also involve risks in the form of dependencies on external service providers, as well as contractual and default risks.

In order to reduce these risks, detailed market analyses and due diligence reviews are carried out before major contracts are concluded with external service providers, and close and cooperative relationships are maintained with the cooperation and outsourcing partners after the contracts have been concluded.

Organizational structure and decision-making

The choice of the appropriate organizational structure is essential for the efficiency and success of the Company. In addition to the organizational structure, business success also depends to a large extent on making the right decisions. The basis for such decisions can be negatively influenced by various factors, such as limited flexibility offered by existing business processes and structures, or misunderstandings caused by ambiguities in the definition of key figures. If efficiency is jeopardized by one or several factors, this represents a strategic risk for United Internet which should be avoided wherever it makes economic sense.

Due to the high degree of agility within the organization, United Internet considers itself to be generally well positioned in this respect and undertakes a number of measures to standardize and optimize processes, structures, and key figures.

Personnel development and retention

Highly skilled and well trained employees form the basis for the economic success of United Internet. In addition to the successful recruitment of qualified personnel (see also the "personnel recruitment" risk), personnel development and the long-term retention of top performers within the Company are strategically important. If the Company fails to develop and retain executives and employees with specialist or technological knowledge, there is the danger that United Internet may not be able to effectively conduct its business and achieve its growth targets. The concentrated accumulation of strategic knowledge and skills (so-called head monopoly) can have a considerable impact on the performance of the Company if the corresponding employee is no longer available.

United Internet counteracts this risk by continuously developing employee and management skills. For example, it offers targeted measures for professional development, mentoring and coaching programs, as well as special offers for high potentials geared to the further development of talent and leadership skills.

For further information on topics such as "HR Strategy and HR Organization", "Training and Education", "Diversity and Equal Opportunities", as well as "Occupational Health and Safety", please refer to the chapter "United Internet as an Employer" in the Sustainability Report 2020 of United Internet AG, which will be published in early April 2021 (at https://www.united-internet.de/en/investor-relations/publications/reports.html).

www.united-internet.de

Market

Sales market and competition

United Internet's markets are characterized by strong and sustained competition. Depending on the strategy of the parties involved in the market, different effects may occur which may lead also involve adjustments to the Company's own business models or pricing policy. The entry of new competitors might also jeopardize market shares, growth targets, or margins. In addition, United Internet itself occasionally enters new, additional markets with large competitors. Such an entrepreneurial decision is always associated with new risks.

United Internet attempts to minimize these risks by means of detailed planning based on internal experience and external market studies, as well as by constantly monitoring the market and the competition.

Procurement market
A gap in the procurement or delivery of resources required for business operations may also lead to bottlenecks or outages at United Internet. This applies both to the purchase of hardware and the purchase of wholesale services. An increase in the price of purchased products and services also represents a risk for the targeted margins. Planned positive effects from contractually fixed price adjustment rounds can also become a risk for the achievement of the Company's periodic targets due to time delays.

United Internet counters these risks by cooperating with several long-term service providers and suppliers and – where it makes economic sense – by expanding its own value chain.

Financial market
The activities of United Internet AG are fundamentally exposed to risks on the financial market. In particular, these include risks from changes in interest rates and exchange rates.

- **Interest**
  The Company is exposed to interest risks as the major share of its borrowing bears variable interest rates with varying terms. As part of its liquidity planning, the Company constantly monitors the various investment possibilities and debt conditions. Any borrowing requirements are met by using suitable instruments to manage liquidity. Surplus cash is invested on the money market to achieve the best possible return. Due to developments on the global finance markets, the interest risk remained largely unchanged. Market interest rate changes might have an adverse effect on the interest result and are included in our calculation of sensitive factors affecting earnings. In order to present market risks, United Internet has developed a sensitivity analysis which shows the impact of hypothetical changes to relevant risk variables on pre-tax earnings. The reporting period effects are illustrated by applying these hypothetical changes in risk variables to the stock of financial instruments as of the balance sheet date.

- **Currency**
  United Internet's currency risk mainly results from its operations (if revenue and/or expenses are in a currency other than the Group's functional currency) and its net investments in foreign subsidiaries.

Personnel recruitment
It is therefore essential that human resources are effectively controlled so that the Company can ensure its short- and long-term needs for staff and the requisite expertise. If United Internet is not able to attract managers and employees with specialist and technological knowledge, it would not be able to effectively conduct its business and achieve its growth targets.

As an attractive employer, the Company believes it is well placed to hire highly skilled specialists and managers with the potential to drive its business success in the future. This was confirmed in the past years by the Top Employers Institute, which awarded United Internet the accolade "Top Employer 2020".

For further information on topics such as "HR Strategy and HR Organization", "Training and Education", "Diversity and Equal Opportunities", as well as "Occupational Health and Safety", please refer to the chapter "United Internet as an Employer" in the Sustainability Report 2020 of United Internet AG, which will be published in early April 2021 (at https://www.united-internet.de/en/investor-relations/publications/reports.html).

Provision of services

Work processes
In view of the ever-increasing complexity and interoperability of the products offered, there are steadily growing demands placed on the development of internal work processes. This also involves an ever-higher degree of coordination The particular challenge is to ensure quality standards especially in view of fast-changing market events – and on numerous differing domestic and foreign markets.

The Company counters these risks by continuously developing and enhancing its internal processes, pooling and retaining its experts and key personnel, and continuously optimizing its organizational structures.

Information security
United Internet generates its commercial success largely in the telecommunications market and within the environment of the internet. In order to provide products and services, the Company uses information and telecommunication technologies (data centers, transmission systems, connection nodes, etc.) in its business processes which are closely networked with the internet and whose availability may be endangered by threats from the internet.

In order to deal with such risks more quickly, the existing monitoring and alarm system, together with the necessary processes and documentation, is continuously optimized.

There is also the risk of hacker attacks with the aim of stealing or deleting customer data, or using services fraudulently. In the fiscal year 2020, an increasing professionalization of the attackers and their attack methods was observed once again. According to the German Federal Office for Information Security (BSI), the number of known malicious program variants amounted to around 117.4 million new malware variants in the period June 1, 2019 to May 31, 2020.

United Internet counters this risk with the aid of virus scanners, firewalling concepts, self-initiated tests, and various technical monitoring mechanisms.

The threat potential of the internet is one of the largest threat groups for United Internet with regard to its effects, which are all monitored by numerous technical and organizational measures. Of particular relevance in this respect are the operation and continuous improvement of the security management system and the steady enhancement of system resilience.

Capacity bottlenecks
Due to temporary or permanent shortages of technical resources, e.g., due to the temporary overloading of systems or a lack of resources to operate data centers, the planned provision of services may be jeopardized, threatening a corresponding loss of sales. Risks from the procurement of resources, such as products or services on the market, are not taken into account here.

In order to counter these risks, several internal stores are maintained. In addition, the Company is in close contact with energy suppliers, for example, in order to coordinate emergency concepts regarding the data centers. In the case of outages, these can be compensated for at short notice by implementing the aforementioned measures.

Projects
The classic project objectives of quality, time, and budget are defined before or at the start of a project and are thus the subject of entrepreneurial planning. If potential risks already become apparent in the course of planning or project design (e.g., in the case of the planned construction of the Company's own mobile communications network) or if negative deviations from these plans become apparent in

the course of a project's implementation, these are recorded as risks. Moreover, projects may also involve risks that do not affect the project itself but arise after the project has been completed (for example, security vulnerabilities in new software code).

In addition to maintaining the current professional project management, the Company reduces the aforementioned risks by holding regular specialist project management training courses, in order to improve such aspects as security or data privacy requirements. The project objectives of quality, time, and budget are also closely monitored by management and the Controlling division.

Technical plant operation

United Internet's products and related business processes are based on a complex technical infrastructure and a number of success-critical software systems (servers, customer relationship databases, and statistics systems, etc.). Constantly adapting this infrastructure to changing customer needs leads to greater complexity and regular changes. In addition to major events, like the migration of databases, this may lead to various disruptions or defects. Should this affect our business systems or their databases, for example, daily account debiting may be delayed or no longer possible. Should this affect our performance systems, for example, United Internet may not be able to provide its customers with the promised service, on a temporary or longer-term basis.

The Company meets these risks by making targeted adjustments to the architecture, introducing quality assurance measures, and establishing spatially separated (geo-redundant) core functionalities.

For the operation of systems, there is a risk of targeted attacks from inside and outside the Company, e.g., from hackers or manipulation by staff with access rights, which may result in non-availability or a deterioration of services.

In order to counter this risk, the Company takes a wide variety of software- and hardware-based safety precautions to protect the infrastructure and its availability. By dividing responsibilities, the Company has made sure that activities or business transactions involving risks are not carried out by single employees but on the basis of the "double-check principle". Manual and technical access restrictions also ensure that employees may only operate within their particular area of responsibility. As an additional precautionary measure against data loss, all data are regularly backed up and stored in separate, i.e., geo-redundant, data centers.

Compliance

Data privacy

It can never be fully ruled out that data privacy regulations may be contravened, for example by human error or technical weaknesses. In such cases, United Internet faces fines and the loss of customer confidence.

United Internet stores the data of its customers on servers according to international security standards at its own and at rented data centers. The handling of these data is subject to extensive legal regulations.

The Company is aware of this great responsibility and attaches a high degree of importance and care to data privacy. By using state-of-the-art technologies, continuously monitoring all data-privacy and other legal regulations, providing extensive staff training on data protection regulations, and involving data protection aspects and requirements as early as possible in product development, United Internet continuously invests in improving the standard of its data privacy.

The new rules of the EU General Data Protection Regulation (GDPR) came into force in May 2018. Due to increased sanctions for breaches of duty, data protection risks have increased. In addition to higher sanctions, GDPR also includes new regulations regarding consent declarations, as well as new obligations for reporting to authorities and those affected in the case of data loss.

Misconduct and irregularities
Non-compliance or non-observance of social norms, trends, and peculiarities can lead to misconduct and wrong decisions and thus to a loss of revenue. As an internationally operating company, United Internet also faces the challenge of countering such negative factors through adequate management in the area of internal processes and procedures. Not every decision or business practice that is unobjectionable from a legal point of view is also acceptable in the respective cultural, ethical, or social context.

United Internet counters the risks arising from misconduct and breaches of rules with its "culture of togetherness", the provision of a Code of Conduct, country-specific management, and compliance as an integral part of corporate culture.

Legislation and regulation
Changes in existing legislation, the enactment of new laws, and changes in government regulation issues may have unexpected negative effects on the business models pursued by United Internet and their further development. In the Consumer Access segment in particular, the decisions of the Federal Network Agency and the Federal Cartel Office have an influence on network access and the pricing of internet access tariffs. Price increases of network providers from whom United Internet purchases pre-services for its own customers can have a negative impact on the profitability of tariffs. In the same way, there is also the possibility that a lack of regulation may lead to a deterioration of market circumstances for United Internet.

United Internet attempts to counter this tendency toward an increasing regulation risk by cooperating with various pre-service providers and by actively participating in the activities of industry associations. With its complete takeover of Versatel in 2014, United Internet now also has its own landline network. This network infrastructure gives United Internet the possibility to gradually expand its vertical integration and to procure fewer broadband wholesale services. In addition, since the takeover of Drillisch (now 1&1 Drillisch) in 2017, United Internet has been the only MBA MVNO in Germany with long-term rights to a share of up to 30% of the used network capacity of Telefónica Germany. This gives United Internet extensive access to one of Germany's largest mobile networks and to all available mobile communications technologies, such as 5G.

Litigation
The United Internet Group is currently involved in various legal disputes and arbitration proceedings arising from its normal business activities. The outcome is by definition uncertain and thus represents a risk. Insofar as the size of the obligation can be reliably estimated, accruals are formed for such risks from litigation, where permissible.

Tax risks
As an internationally operating company, United Internet is subject to the tax laws applicable in the respective countries. Risks may arise from changes in tax laws or case law, as well as from differences in the interpretation of existing regulations.

United Internet counters these risks by continuously expanding its existing tax management system.

Finance

Financing

The main financial liabilities incurred by United Internet AG for the financing of its activities include bank loans, overdraft facilities, and other financial liabilities. United Internet holds various financial assets which result directly from its business activities. They consist mainly of shares in affiliated companies and investments, as well as receivables from affiliated companies. As of the balance sheet date, the Company mainly held primary financial instruments.

The aim of financial risk management is to limit risks through ongoing operating and financial activities.

Fraud and credit default

In order to meet the requirements of dynamic customer growth and provide services as quickly as possible in the interests of its customers, United Internet has largely automated its order and provision processes – as have many other companies in such mass market businesses. The nature of such automated processes provides possibilities for attacks from fraudsters. Due to the strong appeal of the products and services offered, not only the number of customers is increasing but also the number of non-payers and fraudsters. Consequently, the amount of credit default has risen. United Internet may suffer damage, for example, from hardware or automated domain orders which are ordered under false names and not paid for. The fraudulent use of SIM cards may also incur damage due to large-scale call forwarding or roaming calls, for example.

United Internet attempts to prevent such fraud attacks – or at least to recognize and end them at an early stage – by permanently expanding its fraud management capabilities, working closely with pre-service providers, and taking account of such risks in the design of its products.

Liquidity

The general liquidity risk of United Internet consists of the possibility that the Company may not be able to meet its financial obligations, such as the redemption of financial debts. The Company's objective is to continuously cover its financial needs and secure flexibility, for example by using overdraft facilities and loans.

Group-wide cash requirements and surpluses are managed centrally by the cash management system. By netting these cash requirements and surpluses within the Group, the amount of external bank transactions can be minimized. This is managed, for example, by using cash pooling processes. The Company has established standardized processes and systems to manage its bank accounts and internal netting accounts, as well as for the execution of automated payment transactions. In addition to operating liquidity, United Internet also holds other liquidity reserves, which are available at short notice.

Acts of God

External events such as natural disasters (earthquakes, floods, tsunamis, etc.), personnel crises (pandemics, strikes, etc.), infrastructure crises (power outages, road damage, etc.), or violent incidents (rampage, terrorist attacks, etc.) may affect United Internet's operations.

United Internet counters these risks as far as possible with a variety of measures. Examples include the establishment of building access restrictions, the operation of georedundant data centers, or (as in the current case of the coronavirus) hygiene precautions, location-independent workplaces, the use of modern communication media to avoid travel, and the elaboration of emergency concepts.

Additional disclosures on risks, financial instruments, and financial risk management

Further details on risks, financial instruments, and financial risk management are provided in note 43 "Objectives and methods of financial risk management" in the Notes to the Consolidated Financial Statements.

see page 227

Management Board's overall assessment of the Group's risk 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 "Litigation", "Business development & innovations" and "Information security". All in all, the risk classifications of the risk fields of United Internet AG as at December 31, 2020 were all unchanged from December 31, 2019.

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

Compared to the previous year, the overall risk has risen in total. The main reason is the global impact of the coronavirus pandemic (Sars-CoV-2). Should the virus continue to spread over a longer period, this may also have a negative impact on demand, as well as on the usage and payment behavior of consumers and business owners, the purchase of pre-services (e.g., smartphones, routers, servers or network technology), or the health and fitness of employees, and thus ultimately on the performance of the United Internet Group. A precise risk assessment with regard to the duration and further effects of the coronavirus crisis is not possible at present, as the assessments of health experts and political measures are frequently changing (due also to new mutations of the virus).

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 fiscal year 2020, nor as of the preparation date for this Management Report, neither from individual risk positions nor from the overall risk situation.

Probability of occurrence, potential damage, and the classification of risks from the Group's perspective and their relevance for the various segments/divisions:

	Main segment relevance	Probability of occurrence	Potential damage	Risk classification	Change over previous year
Risks in the field of "Strategy"					
Shareholdings & investments	Corporate	High	Low	Moderate	→
Business development & innovations	Consumer Access	Low	Extremely high	Significant	→
Cooperation & outsourcing	Business Applications	Low	Very low	Low	→
Organizational structure & decision-making	Business Applications	Low	Very low	Low	→
Personnel development & retention	Business Applications	High	Low	Moderate	→
Risks in the field of "Market"					
Sales market & competition	Consumer Applications Business Applications	Low	High	Moderate	→
Procurement market	Business Applications	Low	Low	Moderate	→
Financial market	Business Applications	Very high	Very low	Low	→
Personnel recruitment	Business Access Business Applications	High	Very low	Low	→
Risks in the field of "Service Provision"					
Work processes	Business Applications	Low	Low	Moderate	→
Information security	Business Applications	Low	Extremely high	Significant	→
Capacity bottlenecks	Business Applications	High	Very low	Low	→
Projects	Consumer Access	Low	High	Moderate	→
Technical plant operation	Business Applications	Low	High	Moderate	→
Risks in the field of "Compliance"					
Data privacy	Consumer Applications Business Applications	Low	Very high	Moderate	→
Misconduct & irregularities	Business Applications	Very low	Very low	Low	→
Legislation & regulation	Consumer Access	Low	Very high	Moderate	→
Litigation	Consumer Access	Low	Extremely high	Significant	→
Tax risks	Business Applications	High	Very low	Low	→
Risks in the field of "Finance"					
Financing	Business Applications	Low	Very low	Low	→
Fraud & credit default	Consumer Access	Very high	Low	Moderate	→
Liquidity	Business Applications	Low	Very low	Low	→
Risks in the field of "Acts of God"					
Acts of God	Consumer Access	High	High	Moderate	→

Legend: ↘ improved → unchanged ↗ worsened

4.2 Opportunity report

Opportunity management

Opportunity management is based on strategic planning and the resulting measures for the development of products and their positioning for various target groups, markets, and countries during the product life cycle.

The Group Management Board, as well as the operative management level of the respective business segments, have the direct responsibility for the early and continuous identification, assessment, and steering of opportunities.

The management team of United Internet AG makes extensive use of detailed evaluations, models, and scenarios on current and future trends regarding sectors, technologies, products, markets/market potential, and competitors in the Group's fields of activity. The potential opportunities identified during these strategic analyses are then examined with regard to the critical success factors and existing external conditions and possibilities of United Internet AG in planning discussions between the Management Board, Supervisory Board, and operational managers before being implemented in the form of specific measures, targets, and milestones.

The progress and success of these measures is continuously monitored by operational management, as well as the managing directors and management board members of the respective companies.

Opportunities for United Internet

United Internet's stable and largely non-cyclical business model ensures predictable revenues and cash flows, thus providing the financial flexibility to grasp opportunities in new business fields and markets – organically or via investments and acquisitions.

Broad strategic positioning in growth markets

In view of its broad positioning in current growth markets, the Company's purely strategic growth opportunities are clearly apparent: universally accessible, permanently available, and increasingly powerful broadband connections are enabling new and more sophisticated cloud applications. From the current perspective, these internet-based programs for home users, freelancers, and small companies are likely to be United Internet's growth drivers over the coming years – both as stand-alone products in the Consumer Applications and Business Applications segments, as well as in combination with landline and mobile access products in our Consumer Access segment.

Participation in market growth

Despite the uncertain macroeconomic conditions, United Internet – as well as many of the sector's leading analysts – expects further progress in those markets of importance to the Company. United Internet is one of the leading players in these markets. At home and abroad. With its highly competitive Access products, its growing portfolio of cloud applications, its strong and specialized brands, its high sales strength, and already established business relationships with millions of private and business customers (cross-selling and up-selling potential), United Internet is also well positioned to participate in the expected market growth of both its business divisions.

Expansion of market positions

United Internet AG is now one of the leaders in many of its business fields. Based on its existing technological know-how, its high level of product and service quality, the widespread popularity of Group brands such as 1&1, GMX or WEB.DE, its business relationships with millions of private and business customers, and its high customer retention ratio, United Internet sees good opportunities to build on its current market shares.

Entry into new business fields

One of United Internet's core competencies is to recognize customer wishes, trends, and thus new markets at an early stage. With its broadly based value chain (from product development and data center operation, to effective marketing, powerful sales organization, and active customer support), United Internet is often faster at placing innovations on the market and – thanks to the high level of cash generation in its existing business fields – capable of providing them with strong marketing support.

When new opportunities appear on the horizon, United Internet is well prepared and also capable of financing many years of cost-intensive preparation thanks to its strong cash generation in existing business fields.

In 2018, for example, United Internet established the European netID Foundation (EnID) together with the media group RTL Germany and ProSiebenSat.1. The initiative's goal is to establish a European alternative to US providers with the single sign-on product netID. The Foundation has developed an open standard that enables users to access all partner websites of the European netID Foundation using the same login data. The Foundation reviews all standards, partners, and providers of user accounts within the initiative. With the open login standard netID, the Foundation focuses on the data sovereignty of each individual user. With the aid of netID, users can organize their consent to the use of online services via a privacy center which guarantees transparency and compliance with data protection regulations. netID is available to GMX and WEB.DE customers, as well as to customers of other netID partners, with the same log-in data. New users can create a netID account free of charge by using a combination of e-mail address and password. As part of the development of NetID, the United Internet brands GMX and WEB.DE have greatly reduced their ad space on the respective portals and at the same time are driving the expansion of data-driven business models for better advertising monetization.

Own landline infrastructure

Since its acquisition of 1&1 Versatel (2014), United Internet operates its own telecommunications network. With a length of around 50,900 km, it is one of Germany's largest fiber-optic networks. This network infrastructure gives United Internet the opportunity to extend its vertical integration and also gradually reduce its purchases of wholesale broadband services.

In addition, having its own network also offers United Internet the opportunity to systematically expand its B2B data and infrastructure business with SMEs and large corporations. The scale of this opportunity is underlined by the considerable pent-up demand for direct fiber-optic connections in Germany. According to the latest survey of the OECD (Organization for Economic Co-operation and Development) in December 2019, only 4.1% (prior year: 3.2%) of all broadband connections in Germany are fiber-optic connections. Germany thus lags well behind in 33rd place (prior year: 32nd place) among the 38 OECD countries surveyed, and is also well below the OECD average of 28.0% (prior year: 25.6%).

Access to Telefónica mobile network

Following the merger with Drillisch (2017), United Internet – indirectly via 1&1 Drillisch – is the only MBA MVNO in Germany with a long-term claim to a specific share (rising to 30%) of the used network capacity of Telefónica Germany, and thus has extensive access to one of Germany's largest mobile networks. As a result, United Internet has contractually assured, unrestricted access not only to LTE (4G), but also to all further future technologies such as 5G.

As a consequence of the merger between 1&1 Telecommunication and Drillisch, United Internet can use its coordinated branding and customer targeting to address the German premium and discount segments more precisely, while achieving a high and comprehensive reach among its target groups with its differently positioned brands.

Establishment of own mobile communications network

On June 12, 2019, 1&1 Drillisch successfully completed its participation in the 5G spectrum auction and purchased 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. The total auction price amounted to € 1.07 billion. By acquiring these frequencies, the Company plans to gradually develop its own powerful mobile communications network, to further expand its value added in mobile communications, and to tap new business fields.

With over 10.5 million mobile and over 4.3 million broadband customers, one of Germany's largest fiber-optic networks, and a leading European position in app development, the United Internet Group is well placed to exploit the tremendous potential of 5G in Germany.

High degree of vertical integration for applications

In its Applications segment, United Internet covers the entire value creation chain. Applications are developed at the Company's own "Internet Factories" or in cooperation with partner firms and operated on around 90,000 servers at the Company's 10 data centers. This enables United Internet to maintain high quality standards and to respond quickly to customer needs and changing market situations in order to win new customers and retain existing ones.

Internationalization

Cloud applications can be used anywhere in the world and work on the same principle in Frankfurt as they do in London, Rome, or New York. In the past, United Internet has already successfully adapted cloud products – such as 1&1 MyWebsite – to various languages and country-specific features and gradually rolled them out in different nations.

Thanks to the high degree of exportability which these products offer, United Internet is already active in its Applications segment in numerous European countries (including Germany, Austria, Switzerland, the UK, France, Spain, Italy, Poland, and the Netherlands), as well as in North America (USA, Canada, and Mexico). Further countries and product roll-outs will gradually follow.

Acquisitions and investments

In addition to organic growth, United Internet also constantly examines the possibility of company acquisitions and strategic investments. Thanks to its high and plannable level of free cash flow, United Internet also has a strong source of internal funding and good access to debt financing markets in order to utilize opportunities in the form of acquisitions and investments.

United Internet has enhanced its market standing in Germany and abroad, for example, by making several acquisitions and strategic investments while gaining considerable expertise in the field of mergers and acquisitions (M&A) and company integration.

The most important M&A activities of the past include the acquisition of WEB.DE's portal business (in 2005), the acquisitions of Fasthosts (2006) and united-domains (2008), the acquisition of freenet's broadband business (2009), and the acquisitions of mail.com (2010), Arsys (2013), Versatel (2014; now 1&1 Versatel), home.pl (2015), STRATO (2017), ProfitBricks (2017; now IONOS Cloud), Drillisch (2017; now 1&1 Drillisch), and World4You (2018). The most important strategic investments include the investments in Open-Xchange (2013), uberall (2014), Tele Columbus (2016), rankingCoach (2017), and AWIN (2017; via the contribution of affilinet).

4.3 Forecast report

Expectations for the economy

In its global economic outlook published in January 2021, the International Monetary Fund (IMF) updated its forecasts for the development of the global economies in 2021 and 2022. The IMF now expects the **global economy** to recover in the current and following year. In its global economic outlook, the Fund forecasts global growth of 5.5% and 4.2% for the years 2021 and 2022 – following a decline of -3.5% in 2020.

The IMF is thus more optimistic than in its outlook of October 2020. The Fund cited the positive impact of the ongoing vaccination campaigns and the additional economic stimulus measures recently adopted in the USA and Japan as reasons for this. In addition, the estimated global economic decline of -3.5% in 2020 was not as severe as feared in the last forecast in October 2020, when -4.4% was anticipated.

The latest IMF forecasts for United Internet's target markets in North America (the USA, Canada, and Mexico) are as follows: the **US economy** is expected to grow by +5.1% in 2021 and +2.5% in 2022 (after -3.4% in 2020); in **Canada**, economic growth of +3.6% and +4.1% is anticipated in 2021 and 2022 (after -5.5% in 2020); and the economy in **Mexico** is also expected to grow again, by +4.3% in 2021 and +2.5% in 2022 (after -8.5% in 2020).

The IMF anticipates growth of +4.2% and +3.6% in the **eurozone** for 2021 and 2022 (after -7.2% in 2020).

The IMF also expects positive economic trends in United Internet's main European markets (France, Spain, Italy, and the non-EU country UK): the Fund forecasts growth of +5.5% in 2021 and +4.1% in 2022 for **France** (after -9.0% in 2020); growth in **Spain** is expected to reach +5.9% and +4.7% in 2021 and 2022 (after -11.1% in 2020); growth of +3.0% and +3.6% is forecast for **Italy** in 2021 and 2022 (after -9.2% in 2020); and for the **UK**, the IMF anticipates growth in 2021 and 2022 of +4.5% and +5.0% (after -10.0% in 2020).

For United Internet's most important market, **Germany**, the IMF forecasts economic growth of +3.5% in 2021 and +3.1% in 2022 (after -5.4% in 2020). With expected growth of +3.5% for 2021, the Fund is above the German government's own forecast of +3.0% growth in price-adjusted GDP, as published in its Annual Economic Report 2021 on January 26, 2021.

Market forecast: GDP development of most important economies for United Internet

	2022e	2021e	2020
World	4.2%	5.5%	-3.5%
USA	2.5%	5.1%	-3.4%
Canada	4.1%	3.6%	-5.5%
Mexico	2.5%	4.3%	-8.5%
Eurozone	3.6%	4.2%	-7.2%
France	4.1%	5.5%	-9.0%
Spain	4.7%	5.9%	-11.1%
Italy	3.6%	3.0%	-9.2%
UK	5.0%	4.5%	-10.0%
Germany	3.1%	3.5%	-5.4%

Source: International Monetary Fund, World Economic Outlook (Update), January 2021

Sector/market expectations

Following the "corona shock", the industry association Bitkom believes that the **German ICT market** as a whole will return to growth of +2.7% in 2021 (prior year: -0.6%) to € 174.4 billion.

The **IT market** is expected to gain in relevance again in 2021 and strengthen its importance as the largest segment of the industry. According to Bitkom calculations, sales will increase by +4.2% (prior year: -0.7%) to € 98.6 billion. IT hardware sales are likely to grow the fastest – in particular computers, servers and periphery – at +8.6% (prior year: +3.2%) to € 31.6 billion. Software sales are expected to return to growth with an increase of +4.1% (prior year: -1.0%) to € 27.0 billion. And the IT services business – which also includes IT consulting – is also expected to turn positive again with growth of +1.1% (prior year: -3.2%) to € 40.0 billion.

Sales of **consumer electronics** continue to fall. According to a Bitkom forecast, sales will decline for the fourth year in succession in 2021, albeit at a slower rate than in the past few years. This smallest ICT sub-market is likely to shrink by -2.4% (prior year: -3.0%) to € 8.3 billion.

The most important ICT markets for United Internet's business model are the German telecommunications market (broadband connections and mobile internet) for its mostly subscription-financed Access division, and the global cloud computing and German online advertising markets for its subscription- and ad-financed Applications division.

Telecommunications market in Germany

The industry association Bitkom forecasts moderate growth for the German telecommunications market as a whole. Following two years of consolidation, sales are expected to grow by +1.0% (prior year: -0.1%) to € 67.4 billion in 2021.

Slight growth of +0.3% (prior year: +0.1%) to € 48.7 billion is anticipated for telecommunication services. Sales of TC devices are set to grow by +2.8% (prior year: +0.3%) to € 11.6 billion. The telecommunication infrastructure business is forecast to grow the strongest at +3.2% (prior year: -2.4%) to € 7.1 billion. The industry association expects network operators to invest heavily in the future of their fixed-line (expansion of fiber-optics) and mobile communications (expansion of new 5G mobile communications standard) networks.

Market forecast: telecommunications market in Germany

in € billion	2021e	2020	Change
Sales	67.4	66.7	+ 1.0%

Source: Bitkom, Annual press conference, January 2021

Global cloud computing market

In an update of its study "Forecast Analysis: Public Cloud Services, Worldwide, 2018-2024, 3Q20 Update" (September 2020), Gartner forecasts global growth for public cloud services of +18.4% from USD 257.54 billion to USD 304.99 billion in 2021, following the pandemic-related slowdown of growth in 2020 (+6.1%).

Market forecast: global cloud computing

in $ billion	2021e	2020	Change
Global sales of public cloud services	304.99	257.54	+ 18.4%
thereof Application Infrastructure Services (PaaS)	55.49	43.82	+ 26.6%
thereof Application Services (SaaS)	117.77	101.48	+ 16.1%
thereof System Infrastructure Services (IaaS)	65.26	51.42	+ 26.9%
thereof Management and Security Services	17.00	14.88	+ 14.2%
thereof Business Process Services (BPaaS)	47.52	44.74	+ 6.2%
thereof Cloud Desktop as a Service (DaaS)	1.95	1.20	+ 62.5%

Source: Gartner, September 2020

Online advertising market in Germany

After the pandemic-related strong decline in online advertising of -4.7% in 2020, PricewaterhouseCoopers expects the market to recover in 2021 with total market growth (mobile advertising and desktop advertising) of +7.5% to € 8.70 billion.

The strongest growth is expected for video advertising and display advertising with increases of +16.9% and +8.7%, respectively.

Market forecast: online advertising in Germany (mobile advertising & desktop advertising)

in € billion	2021e	2020	Change
Online advertising revenues	8.70	8.09	+ 7.5%
thereof search marketing	3.51	3.40	+ 3.2%
thereof display advertising	2.63	2.42	+ 8.7%
thereof affiliate / classifieds	0.76	0.73	+ 4.1%
thereof video advertising	1.80	1.54	+ 16.9%

Source: PricewaterhouseCoopers, German Entertainment and Media Outlook 2020 – 2024, November 2020

Expectations for the Company in 2021

Forecast for the fiscal year 2021

For the fiscal year 2021, United Internet expects **sales growth** to approx. € 5.5 billion (2020: € 5.367 billion). Without consideration of the out-of-period income of approx. € 34 million in connection with the planned conclusion of a national roaming agreement, **EBITDA** is expected to increase to approx. € 1.22 billion (2020: € 1.179 billion).

Planning is based on comparable usage behaviour due to the coronavirus pandemic as in the fiscal year 2020 and consequently a comparable burden on sales and earnings.

Planning includes **high investments in future topics**. For example, 1&1 Drillisch **plans initial costs for the 5G network rollout** of approx. € 30 million (2020: around € 14 million) and IONOS an additional approx. € 40 million for a **product and sales drive**. Following the integration of STRATO, World4You and ProfitBricks in the past few years and its successful rebranding, IONOS aims to focus on expanding its cloud business and driving further internationalization. In the current year, IONOS expects to reach sales of approx. € 1 billion for the first time. The IPO is scheduled to be held within the next two years.

The above mentioned forecasts are subject to uncertainty, as an exact assessment of the duration and further impact of the coronavirus pandemic is not currently possible. For further information, please refer to the Risk Report of this Management Report.

see page 63

Due to its role as a holding company, the earnings of United Internet AG at **parent company level** are mainly influenced by its investment result (profit transfers and dividends) and the interest result. Against this backdrop, the Management Board expects strongly positive net income for fiscal year 2021 (subject to possible special items).

United Internet AG intends to maintain its shareholder-friendly **dividend policy** based on continuity in the coming years. Dividend payouts will continue to represent approx. 20-40% of adjusted net income from continued operations after minority interests (adjusted net income attributable to "shareholders of United Internet AG" – according to the consolidated statement of comprehensive income) in the future. The prerequisite, however, is that funds are not required for further Company development.

Management Board's overall statement on the anticipated development

The Management Board of United Internet AG is 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. And with the investments made over the past few years in customer relationships, new business fields and internationalization, as well as via acquisitions and investments, the Company has laid a broad foundation for its planned future growth.

United Internet will continue to pursue this sustainable business policy in the coming years. In addition to the above mentioned investments in future-oriented topics in the Consumer Access and Business Applications segments, the segments will focus on the following topics.

- In the Consumer Access segment, the main focus in 2021 will be on marketing mobile internet products and winning high-quality customer relationships. The Company also plans to leverage the strong positioning of its broadband products to generate further growth.
- In the Business Access segment, the Company's own fiber-optic network is to be expanded in 2021 with the connection of further locations. Activities for business and wholesale customers will also be expanded.
- In fiscal year 2021, the key topics in the Consumer Applications segment will again be increasing fee-based customer relationships and the further expansion of data-driven business models.
- In the Business Applications segment, the focus will continue to be on expanding business with existing customers and gaining new high-quality customer relationships in 2021. In addition, the segment will strengthen its cloud business in particular and drive its international expansion.

Following a successful start to the year (at the time of preparing this Management Report), the Company's Management Board believes that the Company is on track to reach the forecast presented above in the section "Forecast for the fiscal year 2021".

Forward-looking statements

This Management 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 report.

5. ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In accordance with section 289 (4) and section 315 (4) German Commercial Code (HGB), United Internet AG is obliged to describe the main features of its accounting-related internal control and risk management system in its Management Report.

United Internet AG regards risk management as part of its internal control system (ICS). The ICS is understood as an ongoing process comprising organizational, controlling, and monitoring structures to ensure permanent compliance with legal and corporate requirements.

The Management Board of United Internet AG is responsible for the scope and structure of its ICS and takes account of the Company's specific requirements. The monitoring of the ICS's effectiveness is one of the duties of the Supervisory Board of United Internet AG, which is regularly informed by the Management Board about the status of the ICS and the findings of the Company's Internal Audit system. Within the United Internet Group, the Corporate Audit department is responsible for independently auditing the appropriateness, effectiveness, and functionality of the ICS and has been granted extensive rights with regard to information, examination, and access in order to exercise its duties. Its audits are based on a risk-oriented audit plan which also includes regular audits of subsidiaries. In addition, the Corporate Audit department conducts fundamental audits regarding the proper functioning of important asset and inventory stock-taking. In addition, those areas of ICS of relevance for financial reporting are audited with regard to efficiency by the external auditors as part of their risk-oriented audit approach.

The accounting-related ICS is continuously being developed and comprises principles, procedures, and measures to secure the effectiveness, economic efficiency, and compliance of the accounting system and to ensure that the relevant laws and standards are observed. During preparation of the Consolidated Financial Statements, the ICS is used in particular to ensure the application of International Financial Reporting Standards (IFRS), as endorsed by the European Union, and the additional provisions under commercial law pursuant to section 315e of the German Commercial Code (HGB). When preparing the Annual Financial Statements and Management Report, the ICS also helps ensure that regulations under commercial law are observed.

However, a fundamental aspect of every ICS, irrespective of its particular design, is that it cannot provide absolute safety that material misstatements in accounting are avoided or detected. This may be due, for example, to incorrect discretionary decisions of individuals, faulty controls, or criminal acts.

The following statements refer solely to the fully consolidated subsidiaries included in the Annual Financial Statements of United Internet AG, for which United Internet AG has the direct or indirect possibility of determining their financial and monetary policy in order to derive a benefit from the activity of these companies.

The task of United Internet AG's risk management system includes setting measures to detect and assess risks, reduce them to an acceptable level, and monitor recognized risks. A risk management system requires organized action to deal suitably with uncertainty and threats and urges employees to utilize the regulations and instruments required to ensure compliance with the risk management principles. In addition to operative risk management, it also includes the systematic early recognition, management, and monitoring of risks. The accounting-related risk management system focuses on the risk of false statements in accounting and external reporting.

Specific accounting-related risks may arise, for example, from the conclusion of unusual or complex transactions. Business transactions which cannot be processed in a routine manner are also exposed to latent risks. It is necessary to grant a limited circle of people certain scope for discretion in the recognition and measurement of assets and liabilities, which may result in further accounting-related risks.

The accounting-related ICS comprises internal controls, defined on the basis of risk aspects, for those processes which are relevant for financial reporting as well as those processes that support the IT systems. Special emphasis is placed on IT security, change management, and operational IT processes. Organizational, preventive, and detective controls are applied, which can be conducted manually or with the aid of IT. The effectiveness and efficiency of the accounting-related ICS requires highly developed employee skills. Regular training, the "four-eye principle", and the functional separation of administrative, executive, and approval processes are indispensable for the United Internet Group. The Corporate Accounting division and other accounting departments are responsible for the management of the accounting processes. Laws, accounting standards, and other pronouncements are continuously analyzed with regard to their relevance and impact on accounting. The Group's accounting policy sets out and communicates relevant requirements and forms the basis for the financial statement preparation process. In addition, supplementary procedural instructions such as the intercompany guideline, standardized reporting formats, IT systems and computer-aided reporting and consolidation processes support the standardized and compliant Group accounting process. The Corporate Accounting division ensures that these requirements are implemented uniformly throughout the Group. The Group companies are responsible for the orderly and timely execution of the accounting-related processes and systems and are supported by the accounting departments accordingly.

If significant control weaknesses or opportunities for improvement are detected, they are assessed and countermeasures are developed with the persons responsible to improve the effectiveness of the ICS. Implementation of the measures is monitored by the Corporate Audit department and may be the subject of subsequent audits. In order to ensure the high quality of the accounting-related ICS, the Corporate Audit department is closely involved during all stages.

6. DISCLOSURES REQUIRED BY TAKEOVER LAW

The following disclosures according to sections 289a and 315a German Commercial Code (HGB) represent conditions as of the balance sheet date. As required by section 176 (1) sentence 1 AktG, the disclosures are explained in the sections below.

Composition of capital

The subscribed capital of United Internet AG as of December 31, 2020 amounts to € 194,000,000 divided into 194,000,000 no-par value, registered shares. Each share entitles the owner to one vote. There are no other share categories. In the case of a capital increase, the commencement of dividend entitlement for new shares may be determined separately from the moment of contribution. All shares are listed on the stock exchange.

Limitations affecting voting rights or the transfer of shares

There are legal limitations affecting voting rights of certain shares pursuant to section 71b AktG and section 71d S. 4 in conjunction with section 71b AktG. As of the balance sheet date, United Internet holds 6,769,137 treasury shares representing 3.49% of capital stock.

There are also legal limitations affecting voting rights regarding a conflict of interests pursuant to section 136 (1) AktG for shares held by the Management Board and Supervisory Board.

Among the current members of the Management Board, Mr. Ralph Dommermuth held 82,000,000 shares of United Internet AG (42.27% of capital stock) as of December 31, 2020. Moreover, Mr. Martin Mildner (member of the Management Board since October 1, 2020) held 2 shares of the Company (0.00% of capital stock).

On the date of his departure, Mr. Frank Krause (member of the Management Board until September 30, 2020) held 5,482 shares of the Company (0.00% of capital stock).

As of December 31, 2020, no current members of the Supervisory Board held shares in United Internet AG.

There are no limitations affecting the transfer of shares.

Direct and indirect participations in capital with over 10% of voting rights

On December 31, 2020, the Company's CEO, Mr. Ralph Dommermuth, residing in Germany, held 82,000,000 shares or 42.27% of the 194,000,000 shares in United Internet AG. The Management Board is not aware of further participations in capital exceeding 10% of voting rights.

Special rights

Mr. Ralph Dommermuth is personally entitled to nominate two members of the Supervisory Board. This right is exercised by naming a person for the Supervisory Board to the Company's Management Board. The nomination becomes effective as soon as the nominated person declares his acceptance of the Supervisory Board seat to the Management Board. A requirement for the aforementioned nomination right is that Mr. Ralph Dommermuth holds shares himself or via affiliated companies pursuant to section 15ff. German Stock Corporation Law (AktG) representing at least 25% of the Company's voting capital and can prove as much to the Management Board on nomination of the Supervisory Board member by providing depository account statements or similar documents. Mr. Dommermuth has so far not made use of this nomination right.

The Management Board is not aware of any further shares with special rights.

Appointment and dismissal of Management Board members, amendments to Company articles

The appointment and dismissal of Management Board members is determined by sections 84, 85 AktG in conjunction with section 1 of the rules of procedure for the Supervisory Board. According to section 6 (1) of the Company's articles, the Management Board consists of at least one person. The Supervisory Board appoints and dismisses the members of the Management Board, determines their number and can appoint one member of the Management Board as Chairman.

Each amendment of the Company's articles requires the adoption of a shareholders' meeting resolution with a majority of at least three quarters of capital represented at the vote. Pursuant to section 22 of the Company's articles in conjunction with section 179 (1) sentence 2 AktG (Changes in capital stock and number of shares), the Supervisory Board is authorized to make amendments to the Company's articles insofar as they only concern formulation.

Powers of the Management Board to issue new shares

The Management Board is entitled to issue new shares under the following circumstances:

The Management Board is authorized, subject to the approval of the Supervisory Board, to increase the capital stock in the period ending August 31, 2023, by a maximum of € 77,500,000.00 by issuing on one or more occasions new no-par shares for cash and/or non-cash contributions (**Authorized Capital 2020**).

Subject to the following restrictions, shareholders shall be granted subscription rights.

The Management Board is authorized, subject to the approval of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription rights and to also exclude subscription rights to the extent that this is necessary in order to grant subscription rights for new shares to bearers of warrants and convertible bonds issued by the Company or its subsidiaries in the amount to which they would be entitled on exercise of their warrant or conversion rights or fulfillment of their conversion obligation. In the case of a capital increase in return for cash contribution, the Management Board is further authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights for an amount of up to 10% of the capital stock existing at the time Authorized

Capital 2020 becomes effective, or – if this amount is lower – at the time the resolution to use Authorized Capital 2020 is adopted, if the new shares are issued at an issuance price which is not substantially below the market price of those Company shares already listed at the time of the final determination of the issuance price, which shall be as near in time as possible to the share issuance date. This maximum amount of 10% of the capital stock includes the proportionate share of capital stock attributable to treasury shares sold on or after the effective date of this authorization in direct or analogous application of section 186 (3) sentence 4 German Stock Corporation Act (AktG), as well as the proportionate share of the capital stock attributable to shares subject to conversion and/or warrant rights or conversion obligations from bonds issued pursuant to the authorization of the Annual Shareholders' Meeting of May 20, 2020, with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG. The Management Board is further authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of capital increases in return for non-cash contribution in order to grant shares for the purpose of acquiring companies, parts of companies, interests in companies or other assets, including rights and receivables, or as part of business combinations. The above mentioned authorizations to exclude subscription rights are limited in total to an amount of up 20% of the capital stock existing at the time Authorized Capital 2020 becomes effective, or – if this amount is lower – at the time the resolution to use Authorized Capital 2020 is adopted. This maximum amount of 20% of the capital stock includes the proportionate share of capital stock attributable to shares subject to conversion and/or warrant rights or conversion obligations from bonds issued pursuant to the authorization of the Annual Shareholders' Meeting of May 20, 2020, with the exclusion of subscription rights, as well as the proportionate share of capital stock attributable to treasury shares sold on or after the effective date of this authorization in a manner other than via the stock exchange or by means of an offer to all shareholders.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to determine the further details of the capital increase and its execution.

Capital stock is conditionally increased by up to € 25,000,000.00, divided into up to 25,000,000 no-par value registered shares (**Conditional Capital 2020**). The conditional capital increase shall only be implemented to the extent that the bearers or holders of warrant rights or conversion rights or obligations from bonds with warrants or convertible bonds that have been issued or guaranteed by the Company or a subordinated Group company in the period ending August 31, 2023, on the basis of the Management Board's authorization resolved by the Annual Shareholders' Meeting of May 20, 2020, exercise their warrant or conversion rights or, to the extent that they are obligated to convert their bonds, fulfill their obligation, or to the extent that the Company exercises a right to grant shares in the Company, instead of paying the cash amount due (or parts thereof), and to the extent that cash compensation is not granted or treasury shares or shares in another listed company are not used to service bonds. The new shares shall be issued at the warrant or conversion price to be determined in accordance with the above authorizing resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created; to the extent that it is legally permissible, the Management Board may, with the approval of the Supervisory Board, determine the profit participation of new shares and, notwithstanding section 60 (2) AktG, also for a fiscal year already expired.

The Management Board is authorized, subject to the approval of the Supervisory Board, to determine the further details concerning the execution of the conditional capital increase.

Powers of the Management Board to buy and use treasury shares

The authorization to acquire and use treasury shares that was granted by the Annual Shareholders' Meeting on May 18, 2017 in accordance with section 71 (1) number 8 AktG expired on September 18, 2020. Against this background, the Annual Shareholders' Meeting of May 20, 2020 issued a new authorization pursuant to section 71 (1) number 8 AktG, to acquire and use treasury shares. This authorization is valid from September 19, 2020 to August 31, 2023.

The authorization is limited to an amount of 10% of the capital stock existing at the time the Annual Shareholders' Meeting adopts the resolution or – if this amount is lower – at the time the authorization is exercised. The authorization can be exercised directly by the Company, or by a dependent or majority-owned corporation of the Company, or by third parties commissioned by dependent or majority-owned corporations of the Company, and permits the purchase of treasury shared in their entirety or in parts on one or more occasions.

Treasury shares may be acquired via the stock exchange or by means of a public purchase offer made to all shareholders or by means of a public request made to all shareholders to submit sales offers or by granting tender rights to shareholders.

- If acquisition is made via the stock exchange or by means of a public purchase offer, the per share purchase price (excluding ancillary acquisition costs) paid by the Company must not be more than 10% above or below the arithmetic mean of the closing auction prices of the Company's no-par value shares in the Frankfurt Stock Exchange's Xetra trading system (or an equivalent successor system) over the last ten stock exchange trading days before the conclusion of any transaction imposing an obligation (if the acquisition is made via the stock exchange) or before the publication of the decision to submit a public purchase offer (if the acquisition is made by means of a public purchase offer). Should the share price deviate significantly from the offered purchase price or from the limits of the offered purchase price range after a public purchase offer is published, the offer may be adjusted. In this case, the relevant purchase price shall be determined based on the corresponding stock exchange price on the last trading day before the announcement of the adjustment and must not be more than 10% higher or lower than that amount.

  The volume of a public purchase offer may be limited. If, in the case of a public purchase offer, the volume of the tendered shares exceeds the volume intended to be bought back, tender rights, if any, may be partially excluded so that shares may be acquired based on the proportions of tendered shares (percentages of tendered shares) rather than based on the proportions of the tendering shareholders' shareholdings in the Company (shareholding percentages). Tender rights, if any, may also be partially excluded such that priority is given to smaller lots of up to 100 shares offered per shareholder and such that the number of shares is rounded in accordance with commercial rounding principles in order to avoid fractions of shares.

  If acquisition is made by means of a public request made to all shareholders to submit sales offers, the Company will stipulate a purchase price range per share within which sales offers may be submitted. The purchase price range may be adjusted if, during the submission period, the share price deviates significantly from the share price prevailing at the time of publication of the request to submit sales offers. The purchase price per share (excluding ancillary acquisition costs) to be paid by the Company and that the Company calculates on the basis of the received sales offers must not be more than 10% above or below the arithmetic mean of the closing auction prices of the Company's no-par value shares in the Frankfurt Stock Exchange's Xetra trading system (or an equivalent successor system) over the last three stock exchange trading days before the cutoff date described below. The cutoff date is the date on which the Company`s Management Board makes its final and formal decision on the publication of the request to submit sales offers or the adjustment thereof.

The volume of offers that may be accepted may be limited. If, due to the limited volume, not all of several equal sales offers can be accepted, tender rights, if any, may be partially excluded so that shares may be acquired based on the percentages of tendered shares rather than based on the shareholding percentages. Tender rights, if any, may also be partially excluded such that priority is given to smaller lots of up to 100 shares tendered per shareholder and such that the number of shares is rounded in accordance with commercial rounding principles in order to avoid fractions of shares.

- If acquisition is made by granting tender rights to the shareholders, the rights may be allocated per Company share. A number of tender rights determined based on the ratio of the Company's capital stock to the volume of shares to be bought back by the Company will entitle a tendering shareholder to sell one Company share to the Company. Tender rights may also be allocated in such a way that one tender right is allocated for a certain number of shares determined based on the ratio of the capital stock to the buyback volume. Fractions of tender rights will not be allocated; in case thereof, partial tender rights are excluded. The price or the limits of the offered purchase price range (in each case excluding ancillary acquisition costs) at which a share may be sold to the Company when a tender right is exercised will be determined in accordance with the provisions of the sub-section above, with the relevant cutoff date being the date of publication of the buyback offer with the granting of tender rights, and adjusted if necessary also in accordance with the provisions of the sub-section above, with the relevant cutoff date being the date of publication of the adjustment. The Company's Management Board will determine the further details of the tender rights, in particular their conditions, term and, where appropriate, tradability.

In addition, the Management Board is authorized to sell treasury shares in a manner other than via the stock exchange or by means of an offer to all shareholders if the shares are sold for cash at a price that is not substantially below the stock exchange price of the Company's shares at the time of sale. The shareholders' subscription rights are excluded in this context. However, this authorization is subject to the condition that the shares sold with the exclusion of subscription rights pursuant to section 186 (3) sentence 4 AktG must not exceed in aggregate 10% of the capital stock either at the time the authorization becomes effective or – if this is lower – at the time the authorization is exercised. This limit of 10% of the capital stock includes those shares that are issued during the term of this authorization until the sale of treasury shares from authorized capital with the exclusion of subscription rights pursuant to section 186 (3) sentence 4 AktG. This limit of 10% of the capital stock also includes those shares that are issued or are to be issued in order to service warrant and/or conversion rights and/or conversion obligations provided that the bonds were issued during the term of this authorization in analogous application of section 186 (3) sentence 4 AktG with the exclusion of subscription rights.

The Management Board is also authorized, in addition to a sale via the stock exchange or a use in another manner that complies with the principle of equal treatment of all shareholders, to use treasury shares for the following purposes:

- As (partial) consideration in connection with the acquisition of companies or interests in companies or parts of companies or in connection with business combinations.

- To float shares of the Company on foreign stock exchanges on which they were previously not admitted to trading. The price at which these shares are floated on foreign stock exchanges (excluding ancillary acquisition costs) must not be more than 5% below the arithmetic mean of the prices of the Company's no-par value shares in the closing auctions of the Frankfurt Stock

Exchange's Xetra trading system (or an equivalent successor system) over the last three stock exchange trading days before the day of their flotation on the foreign stock exchange.

- To grant United Internet shares as part of remuneration and/or employee stock ownership programs such that United Internet shares are offered or transferred to members of the Management Board of United Internet AG and/or to individuals who are or were in an employment relationship with the Company and/or to members of the management of affiliated companies. Insofar as United Internet shares are to be transferred to members of the Company's Management Board, the decision on this is incumbent upon the Company's Supervisory Board.

Shareholders' statutory subscription rights with regard to these treasury shares will be excluded in accordance with sections 71 (1) no. 8 and 186 (3) and (4) AktG to the extent that these shares are used pursuant to the above authorizations. Furthermore, the Managing Board is authorized to exclude shareholders' subscription rights for fractional shares if treasury shares are sold by means of an offer to all shareholders.

The authorizations to exclude subscription rights are in aggregate limited to an amount of up 20% of the capital stock existing at the time these authorizations become effective or – if this amount is lower – at the time the resolution to sell treasury shares is adopted. This maximum amount of 20% of the capital stock includes the proportionate share of capital stock attributable to shares that are subject to conversion and/or warrant rights or conversion obligations under bonds issued pursuant to the authorization of the Annual Shareholders' Meeting of May 20, 2020, with the exclusion of subscription rights, as well as the proportionate share of the capital stock attributable to shares issued from Authorized Capital 2020 on the basis of the authorization of the Annual Shareholders' Meeting of May 20, 2020, with the exclusion of subscription rights.

In addition, the Management Board is authorized to redeem treasury shares without any further resolution of the Annual Shareholders' Meeting being required either for the redemption or the implementation thereof. The redemption may also be implemented in accordance with section 237 (3) no. 3 AktG without a capital reduction and in such a manner that, as a result of the redemption, the proportionate share of the Company's remaining no-par value shares in the capital stock is increased in accordance with section 8 (3) AktG. In accordance with section 237 (3) no. 3 2nd half-sentence AktG, the Management Board is authorized to amend the number of shares specified in the Articles of Association accordingly. The redemption may also be implemented in combination with a capital reduction, in which case the Management Board is authorized to reduce the capital stock by the proportionate share of capital stock attributable to the redeemed shares. The Supervisory Board is authorized to amend the number of shares and the capital stock amount specified in the Articles of Association.

The foregoing authorizations are granted for the period beginning September 19, 2020. They may be exercised once or several times, in their entirety or partially, individually or collectively. They also cover the use of treasury shares that have been acquired on the basis of previous authorizations to acquire treasury shares and treasury shares that have been acquired in accordance with section 71d sentence 5 AktG or (i) by any company controlled or majority-owned by the Company or (ii) by third parties acting for the account of the Company or of any company controlled or majority-owned by the Company.

Material agreements conditional to a change of control following a takeover bid

A bank consortium has granted United Internet AG a syndicated loan facility of € 810 million until January 2025 and a syndicated loan of € 200 million until August 2021. In fiscal 2020, the Company exercised a contractually agreed extension option and extended the term of the revolving syndicated credit facility entered into on December 21, 2018 for the period January 2025 to January 2026. A credit facility of € 690 million was agreed for this extension period.

The members of the consortium were granted the right to terminate their share of the syndicated loan facility or the syndicated loan if a third party or a group of third parties acting in concert acquired a majority of the shares in United Internet AG or held the majority of voting shares at an Annual Shareholders' Meeting of the Company. The right of termination is available to each member of the bank consortium individually within 30 days of the announcement of the change of control by the Company. However, this right of termination does not apply if the majority of shares or voting rights at an Annual Shareholders' Meeting are acquired by Mr. Ralph Dommermuth or his direct relatives.

Furthermore, several promissory note loans of United Internet AG totaling € 547.5 million are outstanding as of the reporting date. The lenders of the promissory notes were granted the right to terminate their share of the respective promissory note loans if a third party or a group of third parties acting in concert acquired a majority interest in United Internet AG. The right of termination is available to each lender individually within 30 days of the announcement of the change of control by the Company. However, this right of termination does not apply if the majority of the shares are acquired by Mr. Ralph Dommermuth.

Compensation agreements in the event of a change of control following a takeover bid

No compensation agreements have been concluded with members of the Management Board or employees of the Company in the event of a change of control following a takeover bid.

7. DECLARATION ON COMPANY MANAGEMENT

Principles of corporate governance

As a German public company listed on the stock exchange, the management of United Internet AG is primarily determined by the German Stock Corporation Act (AktG) and the rules of the German Corporate Governance Code (the "Code").

The term Corporate Governance stands for responsible corporate management and control geared to long-term value creation. Efficient cooperation between Management Board and Supervisory Board, respect for stockholder interests, openness and transparency of corporate communications are key aspects of good corporate governance.

The Management Board and Supervisory Board of United Internet AG regard it as their duty to secure the Company's continued existence and sustainable value creation through responsible corporate governance focused on the long term.

The following report contains the "Declaration on company management", in accordance with section 289f HGB for the parent company and in accordance with section 315d HGB for the Group, of the Management Board and Supervisory Board pursuant to Principle 22 of the Code.

Management and corporate structure

In accordance with its legal status, United Internet AG operates a dual management and monitoring structure comprising two corporate bodies: the Management Board and the Supervisory Board. The third body is the Shareholders' Meeting. All three bodies are committed to serving the Company's interests.

Management Board

Working procedures of the Management Board

The Management Board is the body charged with managing the Group's operations. In fiscal year 2020, it consisted of two persons. The Management Board conducts operations in accordance with its legal and statutory obligations, as well as the rules of procedure adopted by the Supervisory Board, and the corresponding recommendations of the Code – unless deviations are declared pursuant to section 161 AktG.

The Management Board is responsible for preparing the Interim and Annual Financial Statements as well as for appointing key managers within the Company.

Decisions of fundamental importance require the approval of the Supervisory Board. The Management Board reports to the Supervisory Board in accordance with the statutory provisions of section 90 AktG and provides the Chairman of the Supervisory Board at least once a month with an oral overview – and at the request of the Chairman of the Supervisory Board also in writing – of the current status of relevant reporting items pursuant to section 90a AktG. The Chairman of the Supervisory Board is thus informed without delay by the Chairman or Speaker of the Management Board, or the Chief Financial Officer, about important events that are essential for assessing the Company's situation and development, as well as for the management of the Company. Important items also include any substantial deviation from the budget or other forecasts of the Company. The Chairman or Speaker of the Management Board, or Chief Financial Officer, shall also inform the Chairman of the Supervisory Board, in advance where possible otherwise immediately thereafter, about all ad hoc announcements of the Company pursuant to Art. 17 MAR.

There is an age limit of 70 for members of the Management Board. This requirement is currently complied with in full.

The Management Board conducts the Company's business with joint responsibility and according to common objectives, plans, and policies. Irrespective of the joint responsibility of the Management Board, each member bears responsibility for his assigned division, but is required to subordinate the interests of his assigned division to the overall good of the Company.

The full Executive Board regulates the division of responsibilities in a business distribution plan.

The Management Board members inform each other about important events within their divisions. Matters of greater importance which are not approved in the budget must be discussed and decided by at least two Management Board members, whereby one of the two Management Board members must be responsible for the Finance division.

Irrespective of their areas of responsibility, all Management Board members constantly monitor those data which are crucial for the Company's business development so they are always able to help avert potential disadvantages, or implement desirable improvements and expedient changes by drawing them to the attention of the full Management Board.

The full Management Board resolves on all matters of particular importance and scope for the Company or its subsidiaries and investment companies.

Resolutions are adopted by the full Management Board with a simple majority. Should the vote result in a tie, the Chairman of the Management Board has a casting vote. The resolutions of the Management Board are recorded in the minutes.

The full Management Board meets regularly once a month and otherwise as required.

Each Management Board member immediately discloses any conflict of interest to the Chairman of the Supervisory Board and the Chairman of the Management Board or Speaker of the Management Board and informs the other Management Board member about it where necessary.

Current composition of the Management Board

The Management Board of United Internet AG comprised the following members in the fiscal year 2020:

Management Board members on December 31, 2020

- Ralph Dommermuth Company founder and Chief Executive Officer
  (with the Company since 1988)

- Martin Mildner, Chief Financial Officer
  (with the Company since October 1, 2020)

Departed in the fiscal year 2020

- Frank Krause, Chief Financial Officer
  (Management Board member from July 1, 2015 to September 30, 2020)

Supervisory Board

Working procedures of the Supervisory Board

The Supervisory Board elected by the Annual Shareholders' Meeting consisted of three members until July 23, 2020. As of July 24, 2020, the Supervisory Board consists of six members in accordance with the resolutions of the Annual Shareholders' Meeting of May 20, 2020. The members of the Supervisory Board are generally elected for a period of five years.

In accordance with German law, the Company’s articles, its rules of procedure, and the corresponding recommendations of the Code – unless deviations are declared pursuant to section 161 AktG – the Supervisory Board is in regular contact with the Management Board and monitors and advises it with regard to the management of business, and the Company’s risk and opportunity management system.

The Supervisory Board meets at regular intervals to discuss with the Management Board all matters of relevance to the Company regarding strategy and its implementation, as well as planning, the development of business, the risk position, risk management, and compliance. Together with the Management Board, it discusses the quarterly statements and half-year reports before publication and approves annual budgets. It examines the Annual Financial Statements of the parent company and the Group and adopts them if it has no reservations. In doing so, it also takes the reports of the Company’s external auditors into account.

The Supervisory Board’s responsibilities also include appointing members of the Management Board, as well as determining and regularly monitoring their remuneration in compliance with the latest legal regulations and recommendations of the Code – unless deviations are declared pursuant to section 161 AktG.

When appointing members of the Management Board, the Supervisory Board strives to achieve the best possible, diverse and mutually complementary composition for the Company and pays attention to long-term succession planning. Experience and industry knowledge as well as professional and personal qualifications play a particularly important role.

As part of its long-term succession planning, the Supervisory Board, with the involvement of the Management Board, regularly discusses highly skilled executives who could be considered as potential candidates for Management Board positions.

The Supervisory Board conducts regular tests to assess its own efficiency. In accordance with Recommendation D.13 of the German Corporate Governance Code, the Supervisory Board regularly assesses how effectively it performs its duties as a body. For this purpose, the Supervisory Board carries out a self-assessment by means of questionnaires every two years or so. The results of the survey are evaluated anonymously and then discussed in a plenary meeting. Any need for improvement revealed in the process is addressed. The next self-assessment is planned for spring/summer 2021.

The members of the Supervisory Board complete the training and further education measures required for their tasks on their own, but receive appropriate support in this context from the Company.

The Supervisory Board is convened at least twice every half of a calendar year. Supervisory Board meetings are convened in writing by its Chairman at least 14 days in advance.

When meetings are convened, the Supervisory Board members are informed of the agenda items. If an agenda item has not been properly announced, a resolution concerning it may only be adopted if no Supervisory Board member objects prior to the vote.

Resolutions of the Supervisory Board are generally adopted at meetings held with physical attendance. However, it is permissible for meetings of the Supervisory Board to be held in the form of a video or telephone conference call or for individual members of the Supervisory Board to be connected by video or telephone call and, in such cases, for resolutions to be adopted or votes to be cast by video or telephone conference call. Meetings are chaired by the Chairman of the Supervisory Board. If so arranged by the Chairman, resolutions may also be adopted outside of meetings by other means, for example by phone or e-mail, if no member objects to this procedure.

The Supervisory Board has a quorum if all members have been officially invited and at least three members participate in the resolution. A member shall also be deemed to participate in a resolution if he abstains from voting.

Unless the law prescribes otherwise, resolutions of the Supervisory Board are adopted with a simple majority.

Minutes are kept of the Supervisory Board's discussions and resolutions.

The Chairman of the Supervisory Board is authorized to submit on behalf of the Supervisory Board the declarations of intent required for the implementation of the Supervisory Board's resolutions.

Targets for the composition of the Supervisory Board / status of implementation

The Company's Supervisory Board aims to achieve a composition of the Supervisory Board that enables qualified supervision and advice for the Company's Management Board.

In view of

- the size of the Supervisory Board,
- the business in which the Company operates,
- the size and structure of the Company,
- the scope of the Company's international activities, and
- its current shareholder structure,

the Company's Supervisory Board has adopted the following targets for its future composition. These take into account the statutory requirements both with regard to the requirements placed on individual Supervisory Board members and with regard to the composition of the entire Supervisory Board and –

unless expressly stated otherwise – the requirements of the Code. In particular, a skills profile is planned with regard to the overall body.

The Supervisory Board will take these targets into account in the case of nomination proposals and make sure that the candidates meet the respective requirements. The specific situation of the Company must be taken into consideration.

Requirements for individual members

The Company's Supervisory Board aims to ensure that each Supervisory Board member meets the following requirements:

General requirement profile
Each member of the Supervisory Board should have the requisite knowledge and experience to enable them to carefully monitor and advise the Company and to assess any risks for the Company's business. Moreover, the Supervisory Board will ensure that all its members have a personal profile that enables them to maintain the Company's public reputation.

Time availability
All members of the Supervisory Board must have sufficient time to exercise their duties with due care throughout the entire period of office. In particular, the members of the Supervisory Board should observe the legal requirements and those of the Code regarding the permissible number of Supervisory Board mandates.

Conflicts of interest
Supervisory Board members should not engage in any other activities likely to cause frequent conflicts of interest. These include management positions with key competitors.

Age limit for Supervisory Board members
As a rule, members of the Supervisory Board should not have reached the age of 70 at the time of their election or re-election.

Requirements regarding the composition of the Supervisory Board as a whole

In addition to the individual requirements for Supervisory Board members, the Company's Supervisory Board aims to ensure that the Supervisory Board as a whole meets the following requirements:

Skills profile for the Supervisory Board as a whole
The members of the Supervisory Board must collectively have the knowledge, skills, and professional experience necessary for them to carry out their tasks as required. The Supervisory Board strives to ensure that the Supervisory Board as a whole covers the widest possible range of knowledge and experience relevant to the Company, and in particular meets the following requirements:

- In-depth knowledge and experience of the telecommunications and internet sector;
- Expertise or experience from other sectors of the economy;
- Entrepreneurial or operational experience;

- At least one member with several years of experience working abroad or working for a company with international activities;

- At least one member with special knowledge and experience in the application of accounting principles and internal control processes;

- In-depth knowledge and experience of controlling and risk management;

- In-depth knowledge and experience in the field of governance and compliance.

Diversity
The Supervisory Board aims to ensure that the Supervisory Board is composed of a wide variety of members so that the Supervisory Board as a whole has sufficient diversity of opinion and knowledge. In its nominations, the Supervisory Board will take into account the diversity concept established by the Company.

Independence
The Supervisory Board aims to ensure that at least four of its six members are also independent within the meaning of the criteria set out in the recommendations of the Code.

Current composition of the Supervisory Board/implementation status

The Supervisory Board of United Internet AG comprised the following members in the fiscal year 2020:

Supervisory Board members on December 31, 2020

- Kurt Dobitsch, chair
  (since 1998)

- Michael Scheeren, deputy chair
  (from May 2002 to May 2020 and since July 2020)

- Dr. Claudia Borgas-Herold
  (since May 2020)

- Dr. Manuel Cubero del Castillo-Olivares
  (since May 2020)

- Philipp von Bismarck
  (since July 2020)

- Prof. Dr. Yasmin Mei-Yee Weiß
  (since July 2020)

Departed in the fiscal year 2020

- Kai Uwe Ricke
  (from February 2008 to May 2020)

The Supervisory Board believes that all six members of the current Supervisory Board, Dr. Borgas-Herold and Prof. Dr. Weiß as well as Mr. Dobitsch, Mr. Scheeren, Mr. von Bismarck and Dr. Cubero del

Castillo-Olivares, are also independent within the meaning of Recommendation C.7 of the German Corporate Governance Code. This assessment is not contradicted by the fact that Messrs. Scheeren and Dobitsch have been members of the Supervisory Board for more than twelve years. According to Recommendation C.7 of the German Corporate Governance Code, long-term membership of the Supervisory Board is merely an indicator of a possible lack of independence. When assessing the independence of Supervisory Board members, it is necessary to take an overall view of the circumstances in each individual case, detached from the formal typifying indicators of the German Corporate Governance Code. There are no indications that Messrs. Scheeren and Dobitsch are subject to a conflict of loyalties or roles. No significant or temporary conflicts of interest have come to light in the Supervisory Board's work in recent years. Messrs. Scheeren and Dobitsch continue to show a strong interest in effective corporate governance and sustainable corporate success.

Subject to the formation of short fiscal years, the current term of office of the Supervisory Board members ends on expiry of the Annual Shareholders' Meeting of the year 2025.

Targets for the share of women on the Supervisory Board, Management Board, and in management positions / implementation status

The "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions" (FührposGleichberG) of April 24, 2015 resulted in amendments to the German Stock Corporation Law and a number of other laws.

The new legislation has led to the following obligations in particular for United Internet AG:

- setting of targets by the Supervisory Board for the share of women on the Supervisory Board of United Internet AG
- setting of targets by the Supervisory Board for the share of women on the Management Board of United Internet AG
- setting of targets by the Management Board for the share of women on the first and second management levels below the Management Board of United Internet AG

The first targets had to be set by September 30, 2015 for a period ending no later than June 30, 2017, during which time the targets should be met. The following targets are to be set for a period of no more than five years.

After careful examination, the Supervisory Board and Management Board of United Internet AG adopted the following based on a resolution of March 16, 2021:

- The Supervisory Board set the deadline for the attainment of the current targets for the share of women on the Supervisory Board and Management Board as the expiry of the Annual Shareholders' Meeting that decides on the discharge of the Supervisory Board for the fiscal year 2024 (May 2025).
- After a target of "0" had previously been set for the Supervisory Board, a target of 30% has now been set for the share of women. The Supervisory Board now comprises two women and four men in accordance with a resolution of the Annual Shareholders' Meeting 2020.

- The two-member Management Board currently comprises only men. After previously setting a target of "0" for the Management Board, the target for the share of women has now been set at 30% in the event of an increase in the size of the Management Board.

- With regard to the share of women on the Supervisory Board and Management Board, the Supervisory Board reserves the right to resolve again on the target should there be any indication of a new appointment.

No target was set for the first and second management levels as United Internet AG does not have any management levels below the Management Board due to its holding structure.

The Supervisory Board and Management Board of United Internet AG believe that the above mentioned target for the Supervisory Board has been met at present. The above mentioned target for the Management Board has not been met at present (in view of the current size of the Management Board), but will be taken into account accordingly in the event of an expansion of the Management Board.

Diversity concept (sections 289f (2) number 6, 315d HGB)

The Company aims to ensure that the Management Board and Supervisory Board are composed of many different types of people and that the bodies as a whole have a sufficiently wide variety of opinions and knowledge.

In particular, the following criteria should be taken into account:

- The members of the Management Board and Supervisory Board should complement each other within their respective committees with regard to their experience, education, and professional background in order to develop a good understanding of the current status and the longer term opportunities and risks associated with the Company's business activities.

- At the Annual Shareholders' Meeting that decided on the discharge of the Supervisory Board for the fiscal year 2019, the Supervisory Board was re-elected and expanded to six members. The Company's aim is thus to achieve a more diverse composition of the Supervisory Board. Since this time, the Supervisory Board has comprised six members, of which two are women. United Internet has thus achieved its targeted share of women on the Supervisory Board of 30%. The Company's two-member Management Board currently comprises only men, whereby an increase in the share of women to 30% is targeted in the event of a future expansion of the Management Board. In principle, both sexes should be treated equally on the basis of their qualifications.

- With the exception of an age limit of 70, no differentiation is made according to age for the members of the Management Board and Supervisory Board, and the sole differentiation should be according to the required knowledge and experience.

- In view of the current size of the Management Board and Supervisory Board, consisting of just two and six members respectively, no targets have been set with regard to geographical origin. In order to ensure international experience, the Supervisory Board already stipulates that at least one member of the Supervisory Board should have several years of experience abroad or have gained operational experience with an internationally active company.

The Management Board and Supervisory Board believe that the above diversity requirements for the Management Board and Supervisory Board are currently fulfilled. The Company considers additional or more specific criteria to be inappropriate. In view of the size of the Management Board and Supervisory

Board, consisting of two and six members respectively, more or more specific diversity aspects would create considerable difficulties to fill the positions taking into account all diversity criteria.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting is the body which formulates and expresses the interests of the shareholders of United Internet AG. At the ordinary Annual Shareholders' Meeting, the Annual Financial Statements of the parent company and Consolidated Financial Statements are presented to the shareholders. The shareholders decide on the appropriation of the balance sheet profit and vote on resolutions concerning other statutory topics, such as releasing the Management Board members from their responsibility for the past fiscal year and appointing external auditors. Each share entitles the owner to one vote. All shareholders who register in time and are listed in the Share Register on the day of the Annual Shareholders' Meeting are entitled to attend. Shareholders may also exercise their rights at the Annual Shareholders' Meeting by means of a proxy vote. The Company provides a proxy who votes according to the shareholder’s instructions, providing he receives the required order.

Compliance

Compliance is an integral component of corporate and management culture throughout the United Internet Group. For United Internet AG, compliance means ensuring its activities comply with all relevant laws for its business, as well as with its own principles and regulations.

This includes open and fair communication with our employees, customers, business partners, shareholders, and the public. As an internet service provider with several million customers and a large number of business partners, United Internet’s legally and ethically compliant behavior is vital for retaining the trust of its customers and business associates.

To ensure conduct in line with our corporate culture, the Management Board has created a binding framework for the Company’s ethical principles and values. Moreover, it has defined values and management guidelines, and compiled the most important rules of behavior in a Code of Conduct. This “culture of cooperation” provides guidance for employees in their everyday work and creates a secure framework for making the correct decisions. The framework applies equally to the Management Board, directors, managers, and all employees.

The Management Board has established a Compliance Organization to ensure adherence to the legal and internal regulations.

The Compliance Organization is part of an holistic risk management system which not only includes the **“GRC”** functions Corporate **G**overnance, **R**isk Management & **C**ompliance, but also the Corporate Audit and Legal Department. These risk-mitigating functions are headed by the Group General Counsel, who reports directly to the CFO of United Internet AG.

The Compliance Organization is responsible for the creation of suitable structures and processes to support the implementation of compliance throughout the Company and to align measures with the respective risks. The compliance processes include release procedures in the field of corruption prevention and trustworthy reporting paths that give employees the possibility to highlight possible misconduct or legal violations within the Company.

The compliance organization is present and anchored in the business units via functional and local Compliance Managers (FCMs and LCMs). In addition to their normal functions, the FCMs and LCMs support the area of compliance.

The overarching element of the compliance system remains the responsibility of all managers for compliance. This includes acting as a role model, as enshrined in the Company's management guidelines, and goes beyond this: all managers of the Company must set an example with regard to compliance and ensure that decisions and actions in their area of responsibility are always in line with the relevant legal provisions and the Company's own values and rules.

Financial disclosures / transparency

It is the declared aim of United Internet to inform institutional investors, private shareholders, financial analysts, employees, and the public simultaneously and with equal treatment about the Company's situation by means of regular, open, and up-to-date communication.

To this end, all important information, such as press releases, ad-hoc announcements, and other mandatory disclosures (e.g., directors' dealings and notifications of voting rights), as well as all financial reports, are published in accordance with statutory regulations. In addition, United Internet provides extensive information on its corporate website (www.united-internet.de), where documents and information on Annual Shareholders' Meetings and other economically relevant facts can be found.

www.united-internet.de

United Internet provides shareholders, analysts, and the press with four reports each fiscal year on the Company's business development and its financial and earnings position. The publication dates of these reports are stated in a binding financial calendar, which the Company posts on its website and regularly updates in accordance with legal obligations.

The Management Board also provides immediate information in the form of ad-hoc announcements about any events not known to the public which might significantly affect the share price.

As part of its investor relations activities, the Company's management team regularly meets with analysts and institutional investors. We also hold analyst conferences to announce our semi-annual and annual figures, which investors and analysts can also participate in via telephone.

Accounting and auditing

The Group's accounts are drawn up according to the principles of the International Financial Reporting Standards (IFRS, as applicable in the EU) with consideration of section 315e HGB. However, the Annual Financial Statements of the parent company – relevant for all dividend and tax matters – are drawn up according to the rules of the German Commercial Code (HGB). The Annual Financial Statements and the Consolidated Financial Statements are audited by independent auditors. The respective auditing company is selected by the Annual Shareholders' Meeting. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, was elected to audit the Annual Financial Statements for the fiscal year 2020. The Supervisory Board issues the auditing mandate, determines auditing focal points, approves the auditing fee, and examines the independence of the auditors.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has audited the Annual Financial Statements of United Internet AG and the Group since the fiscal year 2002. Mr. Jens Kemmerich has been the chief auditor since fiscal year 2019.

Remuneration of Management Board and Supervisory Board

see page 107 and page 222

The principles of remuneration for the Management Board and Supervisory Board are presented in the "Remuneration Report" in chapter 8 of this Management Report. The disclosure of remuneration for members of the Management Board and Supervisory Board, according to person and its fixed and variable components, is to be found in the Remuneration Report and note 42 of the Notes to the Consolidated Financial Statements.

Stock option plans

see page 107 and page 200

The principles of the stock-based compensation plan of United Internet AG are described in the "Remuneration Report" in chapter 8 of this Management Report. Further details are provided in note 36 of the Notes to the Consolidated Financial Statements.

Declaration of conformity with regard to the recommendations of the German Corporate Governance Code in accordance with section 161 German Stock Corporation Act (AktG)

The corporate governance of United Internet is based on the German Corporate Governance Code (the "Code"), which the Government Commission set up by the Federal Justice Minister in September 2001 published for the first time on February 26, 2002.

The Code aims to make the dual German corporate governance system transparent and understandable. It contains **principles, recommendations** and **suggestions** governing the management and monitoring of German listed companies that are accepted nationally and internationally as standards of good and responsible governance. It aims to promote confidence in the management and supervision of German listed companies by investors, customers, employees and the general public. The Government Commission reviews the Code annually to check whether it still complies with current corporate governance best practice and, where necessary, adjusts it accordingly.

The **principles** reflect material legal requirements for responsible governance, and are used here to inform investors and other stakeholders.

Recommendations of the Code are indicated in the text by using the word **"shall"**. Companies may depart from recommendations, but in this case they are obliged to disclose and explain any departures each year ("comply or explain"). This enables companies to take into account sector- or company-specific special characteristics. Well-justified departures from recommendations of the Code may be in the best interests of good corporate governance.

Finally, the Code contains **suggestions** from which companies may depart without disclosure; suggestions are indicated in the text by using the word **"should"**.

On March 16, 2021, the Management Board and Supervisory Board of United Internet AG submitted their current annual declaration of conformity (presented below) in accordance with section 161 AktG and immediately published it on the Company's website (www.united-internet.de), as well as in the Federal Gazette ("Bundesanzeiger").

In accordance with section 161 German Stock Corporation Act (AktG), the Management Board and Supervisory Board of United Internet AG declare that:

Since its last Declaration of Conformity issued on December 16, 2020, United Internet AG has complied with the recommendations of the German Corporate Governance Code (the "Code") in the version dated December 16, 2019 with the stated exceptions and will continue to comply with the recommendations of the Code in the version dated December 16, 2019, which came into force on publication in the Federal Gazette on March 20, 2020, with the following exceptions:

www.bundesanzeiger.de

Formation of committees
(Recommendation D.2 of the Code)
In view of its current size with six members, the Supervisory Board has not formed any committees and fulfills all its duties as a whole. At its meeting in December 2020, the Supervisory Board had resolved to set up an Audit and Risk Committee and instructed the Chairman of the Supervisory Board together with the Management Board to prepare the necessary steps for establishing the Committee by the next meeting of the Supervisory Board. At its meeting in March 2021, the Supervisory Board then resolved on the specific structure and working methods of the Audit and Risk Committee and determined that the Audit and Risk Committee should commence its activities after the Annual Shareholders' Meeting in May 2021. As of this date, therefore, the Company will also comply with recommendation D.2/D.3 of the Code.

Management Board remuneration - Remuneration system
(Recommendations G.1 to G.5 inclusive of the Code)
The recommendations G.1 to G.5 inclusive of the Code refer to a system of remuneration for members of the Management Board as defined by section 87a AktG ("Remuneration system"), which, following the amendment of the German Stock Corporation Act (AktG) by the second Shareholders' Rights Directive (ARUG II), must now be submitted to the Annual Shareholders' Meeting for approval following a resolution of the Supervisory Board. The remuneration system will be presented for approval to the Annual Shareholders' Meeting of United Internet AG for the first time at the Annual Shareholders' Meeting 2021.

The Supervisory Board is currently working on a remuneration system which will be presented to the Annual Shareholders' Meeting 2021 for approval. The remuneration system will only be used as the basis for future Management Board remuneration after it has been presented to the Annual Shareholders' Meeting. As the recommendations in G.1 to G.5 of the Code presuppose the existence of a remuneration system, the Company declares a deviation in this respect. The remuneration system currently being prepared is to take into account the recommendations in G.1 to G.5 of the Code without restrictions.

Management Board remuneration – Long-term variable remuneration
(Recommendation G.10 of the Code)
According to G.10 of the Code, variable remuneration granted to members of the Management Board is to be predominantly invested in company shares or granted correspondingly as share-based remuneration. Moreover, the respective Management Board member should only be able to receive such amounts after a period of four years. As a long-term variable remuneration program for the Management Board, the Company provides share-based remuneration in the form of its Stock Appreciation Rights (SARs) program. This program has a total term in each case of six years. Within these six years, the respective Management Board member can already exercise a part (25%) of the allocated SARs at specified times – no earlier, however, than after two years. Thus, Management Board members can already receive part of their long-term variable remuneration after two years.

The Supervisory Board believes that this long-term variable remuneration system has proved effective and sees no reason to further postpone the granting of remuneration earned under this program. By linking remuneration to the share price of United Internet AG and the possibility to add shares in order to meet claims arising from the program, the Supervisory Board believes that Management Board members already participate adequately in the risks and opportunities of United Internet AG as a company. Since the program has a term of six years and the SARs are allocated pro rata over this period, and no earlier than after two years, the Supervisory Board believes that the program is ideally suited to maintaining loyalty and steering incentives in the interests of United Internet AG, and thus does not require any alteration.

Management Board remuneration – Retaining/reclaiming variable remuneration (Recommendation G.11 of the Code)
According to G.11 of the Code, the Supervisory Board shall have the possibility to withhold or reclaim variable remuneration in justified cases. The current service agreements of Management Board members do not include such provisions. However, the Company intends to include a so-called "claw-back clause" in its remuneration system, and in future also in the service agreements of Management Board members, which will enable it to reclaim variable compensation.

Management Board remuneration – Benefits on contract termination (Recommendation G.13 of the Code)
According to G.13 of the Code, any payments made to Management Board members due to early termination of their Management Board activity shall not exceed twice the annual remuneration and shall not constitute remuneration for more than the remaining term of the employment contract. If post-contractual non-compete clauses apply, such severance payments shall be taken into account in the calculation of any compensation payments. The current service agreements of Management Board members do not include an option to take this into account. However, the Company intends to provide for this in the remuneration system and in future also in the service agreements of Management Board members (and any related termination agreements).

Consideration of the Deputy Chair when setting compensation for Supervisory Board members (Recommendation G.17 of the Code)
When setting compensation for Supervisory Board members, the position of the Deputy Chair of the Supervisory Board has so far not been awarded higher compensation compared to the other regular members. In the future, the compensation system of the Supervisory Board shall be amended to the effect that the Deputy Chair of the Supervisory Board receives higher compensation than a regular member of the Supervisory Board in order to take into account that the Deputy Chair of the Supervisory Board – should the Chair of the Supervisory Board be prevented from attending – has to take on additional duties.

In addition, the remuneration system for the Supervisory Board shall also be expanded with the addition of a function-related element to remunerate the members of the recently implemented Audit and Risk Committee, and their associated additional duties, beyond the existing compensation for their regular activities as members of the Supervisory Board.

The new remuneration system for the Supervisory Board is to be submitted to the Annual Shareholders' Meeting of United Internet AG for approval at the Annual Shareholders' Meeting 2021.

8. REMUNERATION REPORT

Principles of the Management Board remuneration system

The Supervisory Board is responsible for determining the remuneration of Management Board members. The total compensation of individual members of the Management Board is determined by the Supervisory Board based on a performance assessment, taking into account any payments made by Group companies. Criteria for determining the appropriateness of remuneration are based on the responsibilities of the individual Management Board member, their personal performance, the economic situation, the performance and outlook of the Company, as well as a review of the comparability of compensation with peer companies, and the remuneration structure in place in other areas of the Company.

The size of the remuneration components is regularly reviewed, whereby the Supervisory Board also takes account of Management Board remuneration in relation to compensation for senior management and the workforce of United Internet AG as a whole over time.

The remuneration received by the members of the Management Board of United Internet AG is performance-oriented and consists of fixed and variable elements.

The fixed remuneration component is paid monthly as a salary.

The size of the variable remuneration component depends on reaching certain, fixed financial targets agreed at the beginning of the fiscal year. These targets are based mainly on key sales and earnings figures. The target attainment corridor is generally between 90% to 120%. No bonus is paid below 90% of the agreed target and the bonus calculation is capped at 120% of the agreed target. There is no provision for subsequent amendment of the performance targets. A minimum payment of the variable remuneration component is not normally guaranteed. During the first 12 months, the performance-related bonus is guaranteed on the basis of 100% target achievement in one case. Of this, a partial amount of € 15 thousand is paid out each month during the first 12 months.

There is a component providing long-term incentives in the form of a compensation program based on virtual shares (SARs). The exercise hurdle of this program is 120% of the share price. Payment of value growth is capped at 100% of the calculated share price when the virtual options were granted.

Fringe benefits generally include a company car commensurate with the respective position, which is taxable as a benefit in kind.

There are no retirement benefits from the Company to members of the Management Board.

Management Board members do not receive compensation for seats on supervisory boards of subsidiaries.

With regard to severance pay for members of the Management Board, United Internet AG bases its regulations on the recommendations of the Code:

- Payments made to a Management Board member on premature termination of their contract, including fringe benefits, are limited to the value of two years' compensation (severance pay cap) and to the remaining term of the service agreement.
- The severance pay cap is calculated on the basis of total compensation for the past fiscal year and the expected total compensation for the current fiscal year.
- If the employment contract is terminated for a serious cause for which the Management Board member is responsible, no payments are made to the Management Board member.

For the duration of the 12-month prohibition to compete on termination of the service contract, the respective Management Board member receives compensation up to the amount of their fixed remuneration.

The following tables provide details on Management Board remuneration in the reporting years 2019 and 2020.

Value of benefits granted for the reporting period

The following table shows the value of benefits granted for the reporting period. It also shows the minimum and maximum values that can be achieved. For the one-year variable compensation, the target value (i.e., the value in the event of 100% target achievement) granted for the reporting period is stated. In addition, the multi-year variable compensation granted in the reporting period – insofar as compensation was paid – is broken down into different plans and the relevant periods of time are stated. For subscription rights and other share-based payments, the fair value at the time of granting is calculated.

	Ralph Dommermuth CEO since 2000				Frank Krause CFO June 1, 2015 - Sept. 30, 2020				Martin Mildner CFO since Oct. 1, 2020			
Benefits granted (in €k)	2019	2020	2020 (Min.)	2020 (Max.)	2019	2020	2020 (Min.)	2020 (Max.)	2019	2020	2020 (Min.)	2020 (Max.)
Fixed compensation	0	0	0	0	360	270	270	270		163	163	163
Fringe benefits	0	0	0	0	11	8	8	8		2	2	2
Total	**0**	**0**	**0**	**0**	**371**	**278**	**278**	**278**		**165**	**165**	**165**
One-year variable compensation	0	0	0	0	132	105	0	126		88.0(2)	88.0(2)	88
Multi-year variable compensation*	0	0	0	0	0	0	0	0		7,891	0	10,500
Total	**0**	**0**	**0**	**0**	**503**	**383**	**278**	**404**		**8,144**	**253**	**10,753**
Service costs	0	0	0	0	0	0	0	0		0	0	0
Total compensation	**0**	**0**	**0**	**0**	**503**	**383**	**278**	**404**		**8,144**	**253**	**10,753**

(1) SAR tranche 2020
(2) Guaranteed in the first 12 months

Allocation for the reporting period

The following table contains the allocation for the reporting period (disbursement) for fixed compensation and the one-year variable compensation. The table also shows the allocation (disbursement) of multi-year variable compensation exercised in the reporting period. The amounts are broken down into different plans.

	Ralph Dommermuth CEO since 2000		**Frank Krause CFO June 1, 2015 – Sept. 30, 2020**		**Martin Mildner CFO since Oct. 1, 2020**	
Allocation (in €k)	2020	2019	2020	2019	2020	2019
Fixed compensation	0	0	270	360	163	
Fringe benefits	0	0	8	11	2	
Total	**0**	**0**	**278**	**371**	**165**	
One-year variable compensation	0	0	131	132	45.0(2)	
Multi-year variable compensation*	0	0	0	0	0	
Other	0	0	0	0	0	
Total	**0**	**0**	**409**	**503**	**210**	
Service costs	0	0	0	0	0	
Total compensation	**0**	**0**	**409**	**503**	**210**	

(1) SAR tranche 2020
(2) Guaranteed in the first 12 months

In the IFRS Consolidated Financial Statements of the United Internet Group, the following expenses were recognized for share-based payments to Management Board members: Mr. Ralph Dommermuth (€ 0k, prior year: € 0k), Mr. Frank Krause: € 0k (prior year: € 194k), Mr. Martin Mildner: € 659k (prior year: € 0k).

Further details on Management Board remuneration are provided in note 42 of the Notes to the Consolidated Financial Statements.

see page 222

Principles of the Supervisory Board remuneration system

In the fiscal year 2020, some members of the Supervisory Board of United Internet AG also served on the supervisory boards of United Internet AG's most important subsidiaries, i.e., the supervisory boards of 1&1 Drillisch AG, 1&1 Telecommunication SE, 1&1 IONOS Holding SE, as well as 1&1 Mail & Media Applications SE. The Supervisory Board members each receive separate compensation for their work on behalf of the companies mentioned.

In each case, this compensation consists of a fixed element and an attendance fee. The fixed remuneration refers in each case to a full fiscal year. For parts of a fiscal year, compensation is paid on a prorated basis.

The new remuneration system for the Supervisory Board of United Internet AG valid as of the fiscal year 2020 and adopted by the Annual Shareholders' Meeting 2020 consists of a fixed remuneration component for an ordinary member and the Deputy Chairman of the Supervisory Board of € 20,000 each per full fiscal year and for the Chairman of the Supervisory Board of € 30,000 per full fiscal year. In addition, each member of the Supervisory Board receives a payment of € 1,000 for each meeting they attend in person, or via telephone, video conference, or corresponding connection. There are no stock option plans for members of the Supervisory Board.

The new remuneration system for the Supervisory Board of 1&1 Drillisch AG adopted by the Annual Shareholders' Meeting 2018 consists of a fixed remuneration component for an ordinary member of the Supervisory Board of € 45,000 each per full fiscal year and for the Chairman of the Supervisory Board of € 55,000 per full fiscal year. In addition, each member of the Supervisory Board receives a payment of € 1,000 for each meeting they attend in person, or via telephone, video conference, or corresponding connection. There are no stock option plans for members of the Supervisory Board.

In the course of their duties for 1&1 Telecommunication SE, the fixed remuneration component for an ordinary member of the Supervisory Board, for the Deputy Chairman of the Supervisory Board, and for the Chairman of the Supervisory Board is € 10,000 per full fiscal year in each case. In addition, each member of the Supervisory Board receives a payment of € 1,000 for each meeting they attend in person, or via telephone, video conference, or corresponding connection.

In the course of their duties for 1&1 IONOS Holding SE, the fixed remuneration component for an ordinary member and the Deputy Chairman of the Supervisory Board is € 30,000 each per full fiscal year, and for the Chairman of the Supervisory Board € 35,000 per full fiscal year. In addition, each member of the Supervisory Board receives a payment of € 1,000 for each meeting they attend in person, or via telephone, video conference, or corresponding connection.

In the course of their duties for 1&1 Mail & Media Applications SE, the fixed remuneration component for an ordinary member of the Supervisory Board and for the Deputy Chairman is € 15,000 per full fiscal year, and for the Chairman of the Supervisory Board € 25,000 per full fiscal year. In addition, each member of the Supervisory Board receives a payment of € 1,000 for each meeting they attend in person, or via telephone, video conference, or corresponding connection.

see page 222

Specific details on Supervisory Board compensation is provided in section 42 of the Notes to the Consolidated Financial Statements.

Employee stock ownership plans

Virtual stock option program for management (SAR)

For many years now, United Internet AG has operated a stock-based compensation plan which enables its managers to participate in the Company's success and is aimed at enhancing staff loyalty. The plan takes the form of a virtual stock option program.

Virtual stock options, or Stock Appreciation Rights (SARs), refer to the commitment of United Internet AG to pay the beneficiary a cash amount equivalent to the difference between the share price on the date of granting the option and the share price on exercising the option. The exercise hurdle is 120% of the share price, which is calculated as the average closing price in electronic trading (Xetra) of the Frankfurt Stock Exchange over the ten days preceding issuance of the option. Payment of value growth to the entitled person is limited to 100% of the calculated share price when the virtual options were granted.

An SAR corresponds to a virtual subscription right for one share of United Internet AG. However, it is not a share right and thus not a (genuine) option to acquire shares of United Internet AG. United Internet AG retains the right to fulfill its commitment to pay the SAR in cash by also transferring United Internet AG shares from its stock of treasury shares to the beneficiary, at its own discretion. Employees may exercise their option rights after expiry of certain minimum retention periods. The increase in value represents a taxable gain for employees. The SARs have a maturity of no more than six years.

Option rights can be exercised as follows: up to 25% of the option right may be converted at the earliest 24 months after the date of issue of the option; up to 50% at the earliest 36 months after the date of issue of the option; a total of up to 75% may be exercised at the earliest 48 months after the date of issue of the option; the full amount may be exercised at the earliest 60 months after the date of issue of the option.

9. DEPENDENT COMPANY REPORT

In compliance with section 312 (1) AktG, the Management Board declares that the Company received adequate compensation (quid pro quo) for all legal transactions and measures listed in the report on relations with affiliated companies, in accordance with the circumstances known at the time when such transactions or measures were carried out, or the measure involved was executed or omitted, and that the Company was not disadvantaged by such measures being executed or omitted.

Montabaur, March 19, 2021

The Management Board

Ralph Dommermuth

Martin Mildner

ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

As of December 31, 2020

Assets		December 31, 2020	December 31, 2019
		EUR	EUR
A. Non-current assets			
I. Property, plant and equipment			
Concessions, industrial and similar rights and assets, as well as licenses in such rights, and assets acquired for consideration		1,361.00	1,088.00
II. Financial assets			
1. Shares in affiliated companies	3,763,419,888.73		3,763,369,888.73
2. Loans to affiliated companies	1,567,550,000.00		1,907,550,000.00
		5,330,969,888.73	**5,670,919,888.73**
		5,330,971,249.73	**5,670,920,976.73**
B. Current Assets			
I. Accounts receivable and other assets			
1. Receivables due from affiliated companies	234,885,635.68		216,228,531.14
2. Other assets	36,291,526.48		14,777,069.13
		271,177,162.16	**231,005,600.27**
II. Securities			
Other securities		3,742,322.96	2,383,789.80
III. Cash in hand and bank balances		**12,253,725.87**	**40,226,075.09**
		287,173,210.99	**273,615,465.16**
C. Prepaid expenses		**82,455.32**	**63,874.00**
		5,618,226,916.04	**5,944,600,315.89**

Equity and liabilities		December 31, 2020	December 31, 2019
		EUR	EUR
A. Equity			
I. Capital stock (conditional capital: EUR 25,000,000.00)		**194,000,000.00**	**205,000,000.00**
less treasury shares	-6,769,137.00		-17,338,513.00
		187,230,863.00	**187,661,487.00**
II. Capital reserve		**468,976,677.74**	**457,976,677.74**
III. Revenue reserves			
Other revenue reserves		416,048,980.67	77,853,191.62
IV. Balance sheet profit		**2,284,993,832.81**	**2,628,975,271.16**
		3,357,250,354.22	**3,352,466,627.52**
B. Accruals			
1. Accrued taxes	87,408,319.96		51,787,225.13
2. Other accrued liabilities	10,232,855.15		2,899,380.27
		97,641,175.11	**54,686,605.40**
C. Liabilities			
1. Liabilities due to bank	1,467,931,217.00		1,740,715,728.00
2. Trade accounts payable	500,063.59		209,463.33
3. Liabilities due to affiliated companies	672,603,407.57		783,887,436.60
4. Other liabilities	12,003,921.47		3,561,340.96
thereof from taxes EUR 12,003,041.72 (prior year: EUR 3,561,340.96)			
		2,153,038,609.63	**2,528,373,968.89**
D. Deferred tax liabilities		**10,296,777.08**	**9,073,114.08**
		5,618,226,916.04	**5,944,600,315.89**

INCOME STATEMENT FOR 2020

		2020	2019
	EUR	EUR	EUR
1. Sales	584,588.27		272,838.68
2. Other operating income	12,273,540.12		962,839.61
		12,858,128.39	**1,235,678.29**
3. Personnel expenses			
a) Wages and salaries	2,014,862.62		502,777.12
b) Social security contributions	26,093.73		22,432.23
4. Depreciations and amortization of intangible assets and property, plant and equipment	227.00		15,364.00
5. Other operating expenses	19,846,104.98		12,652,936.66
		21,887,288.33	**13,193,510.01**
6. Income from profit transfer agreements	87,177,867.53		122,314,595.03
7. Income from investments thereof from affiliated companies EUR 6,637,318.90 (prior year: EUR 6,477,918.90)	6,705,427.18		6,546,027.18
8. Income from loans in financial assets thereof from affiliated companies EUR 103,345,239.58 (prior Year: EUR 116,009,779.74)	103,345,239.58		116,009,779.74
9. Other interest and similar income thereof from affiliated companies EUR 3,170,205.58 (prior year: EUR 2,165,637.80)	7,552,072.59		4,062,957.80
10. Expenses from loss transfer	74,601.47		37,394,478.66
11. Interest and similar expenses thereof to affiliated companies EUR 1,383,901.37 (prior year: EUR 4,383,529.73)	27,807,553.30		21,966,276.57
		176,898,452.11	**189,572,604.52**
12. Taxes on income thereof income from the change in disclosed deferred taxes 1.223,663.00 (prior year: EUR 1,374,489.56)		57,232,609.92	58,885,400.61
13. Result after taxes		**110,636,682.25**	**118,729,372.19**
14. Other taxes		2,689.10	1,531.50
15. Net profit for the year		**110,633,993.15**	**118,727,840.69**
16. Profit carried forward		2,235,359,839.66	2,569,247,430.47
17. Transfer to other revenue reserves		-50,000,000.00	-59,000,000.00
18. Transfer to capital reserves		-11,000,000.00	0.00
19. Balance sheet profit		**2,284,993,832.81**	**2,628,975,271.16**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2020

GENERAL PROVISIONS

The annual financial statements for the fiscal year 2020 were prepared in accordance with sections 242ff. and sections 264ff. German Commercial Code (HGB), as well as with the respective provisions of the German Stock Corporation Law (AktG).

United Internet AG, Montabaur, is registered under number 5762 in Commercial Register B of the Local Court of Montabaur and is classified as a large corporation pursuant to section 267 (3) HGB due to its capital market orientation.

The annual financial statements are based on the provisions of the German Commercial Code and Stock Corporation Act, as amended.

The income statement is prepared according to the cost summary method.

In order to enhance the clarity of presentation, disclosures on the composition of line items, and in some cases "thereof" references, are included in these notes.

Reference is made to the fact that consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS), as applied in the EU, to comply with the listing requirements for the Prime Standard segment of the Frankfurt Stock Exchange and have been disclosed in accordance with section 325 HGB with reference to section 315e HGB.

Information about the Company

The business activities of United Internet AG (United Internet) go back to "Eins & Eins EDV Marketing GmbH", which was founded by Mr. Ralph Dommermuth and two other shareholders in 1988. The name of this marketing company was changed to "1&1 EDV Marketing GmbH", before being finally renamed as "1&1 Holding GmbH" in 1993.

United Internet AG was founded on January 29, 1998 as a new holding company for the 1&1 Group, with the name 1&1 Aktiengesellschaft & Co. Kommanditgesellschaft auf Aktien, a partnership limited by shares. The Company was entered into the commercial register at the Local Court of Montabaur against HRB 5762 on February 16, 1998. 1&1 Holding GmbH was subsequently merged into the Company with effect from January 1, 1998.

On March 20, 1998 the Company's shares were admitted to the Regulated Market of the Frankfurt Stock Exchange with a listing in the Neuer Markt segment. The shares were traded for the first time on March 23, 1998.

The extraordinary shareholders' meeting on February 22, 2000 adopted a resolution to change the name of the Company to United Internet Aktiengesellschaft & Co. KGaA. The new name was entered in the commercial register on February 23, 2000.

The change of legal form to a stock corporation by the name of United Internet AG, also decided on February 22, 2000, was entered in the commercial register on March 23, 2000.

Purpose of the Company

The purpose of the Company is to provide marketing, selling, and other services, especially in the fields of telecommunications, information technology, including the internet, and data processing, or related areas. The Company's purpose also includes the acquisition, holding, and management of investments in other companies, especially those operative in the aforementioned business segments. The Company is entitled to bring companies in which it holds an investment under its common control and may restrict itself to the management or administration of its investments.

The Company is authorized to acquire or hold investments in all types of companies in Germany and other countries and to transact all business that is conducive to its purpose. The Company is also authorized to conduct its business through subsidiaries, associated companies, and joint ventures. It may outsource or transfer all or part of its operations to affiliated companies.

Management and representation of the Company

The Company's Management Board manages and represents the Company. According to its by-laws, the Management Board has one or more members, the number of which is determined by the Supervisory Board. If the Management Board has only one member, the Company is represented by this person. If it has more than one member, the Company is represented by two members of the Management Board or by one member of the Management Board collectively with a person holding power of attorney; however, the Supervisory Board may authorize particular members of the Management Board to represent the Company on their own.

Accounting and valuation methods

All figures are in euro (€), thousand euro (€k), million euro (€m), or billion euro (€bn).

The following accounting and valuation methods continued to be used in the preparation of the annual financial statements.

Property, plant, and equipment are carried at cost and depreciated over their expected useful lives using the straight-line method. Depreciation of additions to property, plant, and equipment is always made pro rata temporis. Individual items with a low net value of up to € 250.00 are fully expensed in the year of acquisition; it is assumed that they are disposed of immediately.

Operational equipment is usually depreciated over 4 to 5 years. Leasehold improvements are generally written off over a period of 10 years or the shorter lease period. The expected useful life of office furniture and equipment is 8 to 13 years, that of the vehicles is 6 years.

Shares in affiliated companies disclosed under **financial assets** are reported at the lower of cost or – in the case of permanent impairment – market value, while loans are always stated at the lower of nominal or – in the case of permanent impairment – market value.

Receivables and other assets are stated at nominal value. All risk-bearing items, which are significant in terms of amount, are covered by reasonable allowances.

The **other securities** held as current assets were measured at cost or, if applicable, in accordance with section 253 (4) of the German Commercial Code (HGB), at the lower of stock exchange and market price on the reporting date. Reversals of impairment losses are mandatory up to the upper limit of amortized cost in accordance with section 253 (5) of the German Commercial Code (HGB).

Tax accruals and **other accruals** consider all contingent liabilities, recognizable risks, and impending losses. They are carried at the expected settlement amount computed in accordance with prudent commercial practice (i.e., including future cost and price increases). Accruals with a remaining term of more than one year are discounted. As of the balance sheet date, the employee stock ownership program of the United Internet Group is carried at the prorated fair value of the obligation. The obligations are measured on each balance sheet date from the grant date until their settlement. Fair value is calculated with the aid of recognized financial models and is recognized pro rata temporis as a personnel expense over the vesting period.

Liabilities are stated at their settlement amount.

Deferred taxes are calculated due to temporary or quasi-permanent differences between the commercial law valuation of assets, liabilities, and prepaid expenses and their tax valuation, or due to tax loss carryforwards. They are measured using the Company's individual tax rates at the point in time when the differences reverse. The amounts of the resulting tax burden or relief are not discounted. Deferred tax assets and liabilities are netted.

Assets and liabilities denominated in foreign currencies are translated at the average spot rate on the balance sheet date. In the case of remaining terms of over one year, the realization principle (section 252 (1) number 4 half-sentence 2 HGB) and the acquisition cost principle (section 253 (1) sentence 1 HGB) are applied. The "thereof-currency-translation" comments stated in the notes include both recognized and unrecognized exchange rate differences.

NOTES TO BALANCE SHEET ITEMS

NON-CURRENT ASSETS

Reference is made to the non-current asset movement schedule (exhibit 1 of the notes) for the classification and development of non-current assets and disclosure of depreciation and amortization in the fiscal year.

Financial assets

Information on the equity situation and results of operations of the affiliated companies, stating the respective shareholding, is included in the list of shareholdings (exhibit 2 of the notes).

With retroactive effect as of January 1, 2020, the assets of United Internet Service Holding GmbH were transferred in their entirety to 1&1 Versatel GmbH by way of merger and absorption. In accordance with section 68 (1) sentence 1 no. 1 German Transformation Act (Umwandlungsgesetz – UmwG), the merger took place without a capital increase by the acquiring legal entity and thus without granting any consideration for the asset transfer, as 1&1 Versatel GmbH holds all shares in United Internet Service Holding GmbH. The shares in 1&1 Versatel GmbH, which were previously held by the transferring United Internet Service Holding GmbH, are transferred to United Internet AG by way of universal succession upon the merger taking effect. The transferred shares entitle United Internet AG to a claim on the balance sheet profit of 1&1 Versatel GmbH as of January 1, 2020.

CURRENT ASSETS

Receivables and other assets

The classification and maturities of receivables and other assets are shown in the following table:

€k	December 31, 2020	December 31, 2020			December 31, 2019
			Remaining term		
		up to 1 year	of 1 to 5 years	over 5 years	
	Total				Total
Accounts receivable from affiliated companies	234,886	234,886	0	0	216,229
Other assets	36,292	36,292	0	0	14,777
	271,177	**271,177**	**0**	**0**	**231,006**

* All remaining terms up to 1 year

Receivables from affiliated companies mainly comprise receivables from the United Internet Group's internal cash management system due from 1&1 Versatel GmbH amounting to € 85,781k, due from United Internet Corporate Services GmbH amounting to € 33,308k, due from United Internet Investment Holding AG & Co. KG amounting to € 17,869k, and due from A1 Marketing GmbH amounting to € 5,098k. Receivables due from 1&1 Versatel GmbH were due from United Internet Service Holding GmbH in the previous year. Following the merger of the two companies, the assets and liabilities of United Internet Service Holding GmbH were transferred to 1&1 Versatel GmbH with retroactive effect as of January 1, 2020.

Moreover, receivables from affiliated companies result from profit transfer agreements due from 1&1 Mail & Media Applications SE amounting to € 68,064k, due from United Internet Investments Holding AG & Co. KG amounting to € 15,903k, due from United Internet Corporate Services GmbH amounting to € 2,986k, and due from United Internet Service SE amounting to € 224k.

Receivables from affiliated companies from the purchase of services are mainly due from United Internet Media GmbH amounting to € 2,338k, from 1&1 Mail & Media GmbH amounting to € 1,747k, from 1&1 Telecommunications SE amounting to € 402k, and from United Internet Sourcing & Apprenticeship GmbH amounting to € 348k.

Other assets consist mostly of income tax and sales tax receivables of previous years due from the tax office (€ 35,430k). These include expected tax refund claims from audit findings of the completed 2012-2015 tax audit, including consequential effects (€ 18,168k, of which € 9,740k for sales tax), as well as the related refund interest (€ 3,584k). The total includes a further € 13,679k in expected tax refunds plus interest for the year 2009 in connection with pending tax court proceedings.

EQUITY

The Company has the legal form of a stock corporation ("Aktiengesellschaft").

Capital stock and shares

Following a capital reduction by means of cancelation of treasury shares, the fully paid-in capital stock as of December 31, 2020 amounted to €194,000,000.00 (prior year: € 205,000,000.00) divided into 194,000,000 registered no-par shares having a theoretical share in the capital stock of € 1.00 each

As of December 31, 2020, the Company held 6,769,137 treasury shares, which in accordance with section 272 (1)a HGB are deducted from capital stock on the face of the balance sheet.

Authorized capital

The Annual Shareholders' Meeting of May 20, 2020 resolved to cancel Authorized Capital 2015 and to create new Authorized Capital 2020 with the option to exclude subscription rights and to amend the Articles of Association accordingly.

The Management Board is authorized, subject to the approval of the Supervisory Board, to increase the capital stock in the period ending August 31, 2023, by a maximum of € 77,500,000.00 by issuing on one or more occasions new no-par shares for cash and/or non-cash contributions (Authorized Capital 2020).

Shareholders are to be granted subscription rights with the following restrictions. The Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the right to subscribe in the case of fractional amounts and also to exclude subscription rights to the extent that this should be necessary in order to grant subscription rights for new shares to bearers of warrants and convertible bonds issued by the Company or its subsidiaries in the amount to which they would be entitled on exercise of their warrant or conversion rights or fulfillment of their conversion obligation.

In the case of a capital increase in return for cash contribution, the Management Board is further authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights for an amount of up to 10% of the capital stock existing at the time Authorized Capital 2020 becomes effective, or – if this amount is lower – at the time the resolution to use Authorized Capital 2020 is adopted, if the new shares are issued at an issuance price which is not substantially below the market price of those Company shares already listed at the time of the final determination of the issuance price, which shall be as near in time as possible to the share issuance date. This maximum amount of 10% of the capital stock includes the proportionate share of capital stock attributable to treasury shares sold on or after the effective date of this authorization in direct or analogous application of section 186 (3) sentence 4 German Stock Corporation Act (AktG), as well as the proportionate share of the capital stock attributable to shares subject to conversion and/or warrant rights or conversion obligations from bonds issued pursuant to the authorization of the Annual Shareholders' Meeting of May 20, 2020, with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of capital increases in return for non-cash contribution in order to grant shares for the purpose of acquiring companies, parts of companies, interests in companies or other assets, including rights and receivables, or as part of business combinations.

The above mentioned authorizations to exclude subscription rights are limited in total to an amount of up 20% of the capital stock existing at the time Authorized Capital 2020 becomes effective, or – if this amount is lower – at the time the resolution to use Authorized Capital 2020 is adopted. This maximum amount of 20% of the capital stock includes the proportionate share of capital stock attributable to shares subject to conversion and/or warrant rights or conversion obligations from bonds issued pursuant to the authorization of the Annual Shareholders' Meeting of May 20, 2020, with the exclusion of subscription rights, as well as the proportionate share of capital stock attributable to treasury shares sold on or after the effective date of this authorization in a manner other than via the stock exchange or by means of an offer to all shareholders.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to determine the further details of the capital increase and its execution.

Conditional capital

The Annual Shareholders' Meeting of May 20, 2020 also resolved to cancel the existing authorization to issue warrants and convertible bonds and the associated Conditional Capital 2015, and to grant a new authorization to issue warrants and convertible bonds, and to exclude subscription rights for these warrants and convertible bonds, and to simultaneously create conditional capital (Conditional Capital 2020), and to make the corresponding amendments to the Company's by-laws.

Capital stock is conditionally increased by up to € 25,000,000.00, divided into up to 25,000,000 no-par value registered shares (Conditional Capital 2020). The conditional capital increase shall only be implemented to the extent that the bearers or holders of warrant rights or conversion rights or obligations from bonds with warrants or convertible bonds that have been issued or guaranteed by the Company or a subordinated Group company in the period ending August 31, 2023, on the basis of the Management Board's authorization resolved by the Annual Shareholders' Meeting of May 20, 2020, exercise their warrant or conversion rights or, to the extent that they are obligated to convert their bonds, fulfill their obligation, or to the extent that the Company exercises a right to grant shares in the Company, instead of paying the cash amount due (or parts thereof), and to the extent that cash compensation is not granted or treasury shares or shares in another listed company are not used to service bonds. The new shares shall be issued at the warrant or conversion price to be determined in accordance with the above authorizing resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created; to the extent that it is legally permissible, the

Management Board may, with the approval of the Supervisory Board, determine the profit participation of new shares and, notwithstanding section 60 (2) AktG, also for a fiscal year already expired. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine the further details concerning the execution of the conditional capital increase.

Authorization of Annual Shareholders' Meeting to acquire treasury shares

The authorization to acquire and use treasury shares that was granted by the Annual Shareholders' Meeting on May 18, 2017, under agenda item 6 in accordance with section 71 (1) number 8 AktG expired on September 18, 2020. Against this background, the Annual Shareholders' Meeting of May 20, 2020 authorized the Management Board pursuant to section 71 (1) number 8 AktG, to acquire treasury shares for every permissible purpose within the scope of legal restrictions and subject to the provisions set out in agenda item 15. This authorization is limited in total to an amount of 10% of the capital stock existing at the time the Annual Shareholders' Meeting adopts the resolution or – if this amount is lower – at the time the authorization is exercised. As of the balance sheet date 6,769,137 treasury shares were held.

Total shareholders' equity developed as follows (€)

Capital stock		
Capital stock - December 31, 2019		205,000,000.00
Capital reduction		-11,000,000.00
Open deduction of treasury shares acc. to section 272 (1)a HGB December 31, 2019	-17,338,513.00	
Retirement of treasury shares	11,000,000.00	
Purchase of treasury shares	-430,624.00	
Open deduction of treasury shares acc. to section 272 (1)a HGB December 31, 2020		-6,769,137.00
Balance as of December 31, 2020		**187,230,863.00**
Capital reserves		
Balance as of December 31, 2019		457,976,677.74
Capital reserves acc. to section 237 (5) HGB		11,000,000.00
Balance as of December 31, 2020		**468,976,677.74**
Other revenue reserves		
Balance as of December 31, 2019		77,853,191.62
Transfer to other revenue reserves	350,000,000.00	
Purchase of treasury shares	-11,804,210.95	
Balance as of December 31, 2020		**416,048,980.67**
Net profit for the year		
Balance as of December 31, 2019		2,628,975,271.16
Dividend payments	-93,615,431.50	
Transfer to other revenue reserves	-300,000,000.00	
Reduction in assets as a result of the cancelation of shares	-11,000,000.00	
Income from capital reduction	11,000,000.00	
Transfer to capital reserves	-11,000,000.00	
Net profit for the year	110,633,993.15	
thereof transfer to other revenue reserves	-50,000,000.00	
Balance as of December 31, 2020		**2,284,993,832.81**
Total shareholders' equity		**3,357,250,354.22**

Treasury shares are treated in the same way as a capital reduction. The nominal amount is deducted from subscribed capital on the face of the balance sheet and the difference is offset with other revenue reserves. The nominal value of shares held on the balance sheet date December 31, 2020, amounting to € 6,769,137.00, was therefore deducted from capital stock and disclosed in a sub-column on the face of the balance sheet.

At the (virtual) Annual Shareholders' Meeting of United Internet AG held on May 20, 2020, the proposal of the Management Board and Supervisory Board to pay a dividend of € 0.50 per share (prior year: € 0.05) for the fiscal year 2019, was approved. As a consequence, a total of € 93.6 million (prior year: € 10.0 million) was distributed on May 26, 2020. Moreover, it was resolved to transfer € 300m to other revenue reserves.

Moreover, the Management Board of United Internet AG resolved to transfer part of the annual net profit amounting to € 50,000,000.00 to other revenue reserves in accordance with section 58 (2) sentence 1 AktG

As of the reporting date, the balance sheet profit amounts to € 2,284,993,832.81. The balance sheet profit contains a carryforward from the previous year amounting to € 2,628,975,271.16. Following the dividend paid in fiscal year 2020, the transfer to other revenue reserves of € 300m, and the capital reduction, this amount was reduced to € 2,224,359,839.66.

For the fiscal year 2020, the Management Board has proposed to the Supervisory Board the payment of a dividend of € 0.50 (see Dividend Proposal) per share. The Management Board and Supervisory Board will discuss this dividend proposal at the Supervisory Board meeting on March 24, 2021. According to section 21 of the by-laws of United Internet AG, the Annual Shareholders' Meeting decides on the appropriation of the balance sheet profit.

Pursuant to section 71b AktG, the Company does not accrue any rights from treasury shares and thus has no pro-rated dividend rights.

Treasury shares

As of December 31, 2020 the Company held 6,769,137 treasury shares, representing 3.49% of the capital stock of 194,000,000 shares. The average purchase cost per share amounted to € 31.47.

ACCRUALS

As of December 31, 2020, there were tax accruals of € 87,408k. Of this total, corporation tax and trade tax for the fiscal year 2020 amounted to € 23,063k, and accruals for previous years amounted to € 64,345k. The accruals for previous years include current taxes of the fiscal year 2019 of € 25,391k and trade tax for 2018 of € 12,794k, for which the tax assessments are still pending. The completed tax audit for 2012-2015 resulted in accruals of € 26,159k.

Other accrued liabilities contain appropriate accruals formed for all foreseeable liabilities whose amount and nature are uncertain as well as for pending losses, including for interest from audits (€ 7,581k), the employee stock ownership plan (€ 1,320k), legal, auditing and consulting fees (€ 419k), and for bonuses (€ 183k).

LIABILITIES

The classification and maturities of the liabilities are shown in the following table (in €k):

€k	31.12.2020	December 31, 2020			December 31, 2019		
		Remaining term				Remaining term	
		up to 1 year	of 1 to 5 years	over 5 years	Total	up to 1 year	over 1 year
	Total						
Liabilities due to banks	1,467,931	370,431	1,097,500	0	1,740,716	238,000	1,502,716
Trade accounts payable	500	500	0	0	209	209	0
Liabilities due to affiliated companies	672,603	672,603	0	0	783,887	783,887	0
Other liabilities thereof for taxes € 12,003k (prior year: € 3,561k)	12,004	12,004	0	0	3,561	3,561	0
	2,153,038	**1,055,538**	**1,097,500**	**0**	**2,528,373**	**1,025,657**	**1,502,716**

As of December 31, 2020, bank liabilities amounted to € 1,468m. They comprise various syndicated loans totaling € 750m and two promissory note loans totaling € 548m. In addition, a bilateral credit facility of € 280m is available to United Internet AG. The facility has been granted until further notice and bears interest at market rates. United Internet AG is the sole borrower of this facility. Drawings of € 165m had been made from the credit facility as at the end of the reporting period.

No collateral was provided for any of the loans.

Liabilities to affiliated companies mainly consist of liabilities from balances of the United Internet Group's internal cash management system (€ 670,806k), from services received from these companies (€ 1,239k), and from profit transfer agreements (€ 75k).

Other liabilities mainly consist of sales tax liabilities of € 3,389k as well as other tax liabilities of € 8,614k. Other tax liabilities comprise corporation tax for the fiscal years 2017 to 2019 of € 6,742k, trade tax for the fiscal years 2017 and 2018 of € 1,828k, as well as wage and church tax to be remitted of € 44k.

DEFERRED TAXES

Due to existing direct and indirect tax pooling, the measurement of deferred taxes is made across the entire tax pooling group of United Internet AG.

In the reporting period, there was a negative balance of deferred taxes of € 10,297k as of December 31, 2020 (prior year: € 9,073k). Deferred tax assets amount to € 4,308k (prior year: € 4,751k) and result as of the reporting date from deductible temporary differences relating to intangible assets, as well as accruals. Deferred tax liabilities in the reporting period result from temporary differences relating to valuation differences between the trade and tax balance sheets, especially from investments and intangible assets, and amount to € 14,604k (prior year: € 13,824k). The calculation is based on a tax rate of 31.05% (prior year: 31.07%).

NOTES TO THE INCOME STATEMENT

OTHER OPERATING INCOME

Other operating income mainly results from income not relating to the period of € 9,855k (prior year: € 19k) due to sales tax effects from audits of previous years, write-ups of other securities of € 1,359k (prior year: € 0k), internal Group charges of € 953k (prior year: € 177k), and the reversal of accruals of € 82k (prior year: € 598k).

PERSONNEL EXPENSES

Adjusted for the effects from employee stock ownership plans, personnel expenses amounted to € 1,021k in the reporting period (prior year: € 525k).

OTHER OPERATING EXPENSES

Other operating expenses mainly comprise expenses not relating to the period of € 10,125k due to sales tax effects from audits of previous years. In addition, they include the invoicing of services rendered by the Group company United Internet Corporate Services GmbH to United Internet AG for internal services rendered and for official Group matters. In addition, other operating expenses include expenses for legal, consulting and audit fees (€ 1,356k; prior year: € 2,160k).

INCOME FROM PROFIT TRANSFER AGREEMENTS

Income from profit transfer agreements refers to the profit transfers of 1&1 Mail & Media Applications SE amounting to € 68,064k, of United Internet Investments Holding AG & Co. KG amounting to € 15,903k, of United Internet Corporate Services GmbH amounting to € 2,986k, and of United Internet Service SE amounting to € 224k.

INCOME FROM INVESTMENTS

Income from investments amounted to € 6,705k (prior year: € 6,546k) and mainly includes dividends of 1&1 Drillisch AG.

OTHER INTEREST AND SIMILAR INCOME

In addition to interest income from affiliated companies, other interest and similar income includes interest income from taxes of € 4,382k (prior year: € 1,897k) which mainly relates to expected interest on tax refunds due to tax audits.

INTEREST AND SIMILAR EXPENSES

In addition to interest expenses due to banks and affiliated companies, the item interest and similar expenses includes interest on taxes of € 10,800k (prior year: € 372k) which mainly relates to expected interest on tax arrears due to tax audits.

EXPENSES FOR LOSS ASSUMPTIONS

Expenses for loss assumptions mainly comprise the compensation expense for United Internet Corporate Holding SE and United Internet Management Holding SE (€ 75k, prior year: € 37,240k). In the previous year, expenses mainly related to the compensation expense for United Internet Service Holding GmbH. In the course of merging United Internet Service Holding GmbH with 1&1 Versatel GmbH, the existing profit transfer agreement was terminated.

INCOME TAXES

Income taxes of € 57,233k comprise current taxes for 2020 of € 48,767k (of which € 23,108k for corporation tax, € 1,271k for the solidarity surcharge, and € 24,388k for trade tax) and € 9,421k from previous years. Deferred tax liabilities of € 1,224k continued to be formed in the reporting period. Income from the reversal of deferred tax liabilities amounting to € 2,179k had an opposing effect.

OTHER DISCLOSURES

Average number of employees

An average of 2 (prior year: 2) permanent salaried staff were employed in the past fiscal year (without Management Board members, apprentices, part-time staff, and employees on maternity leave).

Executive bodies of United Internet AG

As of December 31, 2020, the Management Board consisted of the following members:

- Ralph Dommermuth (CEO), Montabaur
- Frank Krause (CFO), Kronberg/Taunus (until September 30, 2020)
- Martin Mildner (CFO), Hamburg (since October 1, 2020)

The members of the Management Board also belong to the supervisory boards of the following companies:

Ralph Dommermuth

- 1&1 Versatel GmbH, Düsseldorf, chair of the advisory committee
- 1&1 IONOS Holding SE, Montabaur, deputy chair of the supervisory board (until December 3, 2020)
- Drillisch Netz AG, Düsseldorf, chair of the supervisory board (since January 1, 2020)
- 1&1 Mail und Media Applications SE, Montabaur, member of the supervisory board (until December 7, 2020)

Martin Mildner (since October 1, 2020)

- 1&1 Mail & Media Applications SE, Montabaur, member of the supervisory board (since December 8, 2020)
- 1&1 Versatel GmbH, Düsseldorf, member of the advisory committee (since October 1, 2020)
- 1&1 IONOS Holding SE, Montabaur, member of the supervisory board (since October 16, 2020)
- Uberall GmbH, Berlin, member of the advisory committee (since November 6, 2020)

The Supervisory Board is responsible for determining the remuneration of the Management Board. The members of the Management Board are compensated according to performance. This compensation consists of a fixed and a variable element (bonus). A target remuneration figure is agreed for the fixed component and the bonus, which is regularly reviewed.

As agreed with the Company's Supervisory Board, Mr. Ralph Dommermuth has waived his claim to Management Board remuneration since the fiscal year 2016.

The fixed remuneration component is paid monthly as a salary. The size of the bonus depends on reaching certain, fixed financial targets agreed at the beginning of the fiscal year. These targets are based mainly on the sales and earnings figures. The target attainment corridor is generally between 90% to 120%. No bonus is paid below 90% of the agreed target and the bonus calculation ends at 120% of the agreed target. No subsequent amendment of the performance targets is allowed. As a rule, there is no minimum guaranteed bonus. Payment is made after the annual financial statements have been adopted by the Supervisory Board. During the first 12 months, the performance-related bonus is guaranteed on the basis of 100% target achievement in one case. Of this, a partial amount of € 15k is paid out each month during the first 12 months.

In fiscal year 2020, total remuneration for the Management Board without share-based payments amounted in total to € 635k (prior year: € 503k). Of this total, € 433k or 68% was fixed, € 193k or 30% was variable, and € 10k or 2% were other special and fringe benefits.

There are no retirement benefits from the Company to members of the Management Board.

Share-based payments – Stock Appreciation Rights (SAR United Internet)

Stock Appreciation Right (SARs) refer to the Company's commitment to pay the beneficiary a cash amount equivalent to the difference between the share price on the date of granting the option (strike price) and as a rule the share price on exercising the option. The exercise hurdle is 120% of the share price of the average closing price in electronic trading (Xetra) of the Frankfurt Stock Exchange over the ten days preceding issuance of the option. Payment of value growth to the entitled person is limited to 100% of the strike price. In the case of the 2020 issue, the minimum payment amount is € 25k per SAR.

An SAR corresponds to a virtual subscription right for one share of United Internet AG. However, it is not a share right and thus not a (genuine) option to acquire shares of United Internet AG. The Company retains the right, however, to fulfill its commitment to pay the SAR in cash by also transferring United Internet shares from its inventory of treasury shares to the beneficiary, at its own discretion.

Up to 25% of the option right may be converted at the earliest 24 months after the date of issue of the option; up to 50% at the earliest 36 months after the date of issue of the option. A total of up to 75% may be exercised at the earliest 48 months after the date of issue of the option; the full amount may be exercised at the earliest 60 months after the date of issue of the option.

The following table provides details on the compensation received by members of the Management Board (€k):

2020	Fixed €k	Variable €k	Special and fringe benefits	Total fixed, variable, special and fringe benefits	Market value of share-based payments granted in 2020 €k *
Ralph Dommermuth	0	0	0	0	0
Frank Krause	270	105	8	383	0
Martin Mildner	163	88	2	253	7,891
	433	**193**	**10**	**636**	**7,891**

2019	Fixed €k	Variable €k	Special and fringe benefits	Total fixed, variable, special and fringe benefits	Market value of share-based payments granted in 2020 €k *
Ralph Dommermuth	0	0	0	0	0
Frank Krause	360	132	11	503	0
	360	**132**	**11**	**503**	**0**

* Share-based payments (so-called Stock Appreciation Rights) are compensation components with a long-term incentive and transferred over a total period of five years.

As in the previous year, no advances or loans were granted to members of the Management Board. No remuneration was paid to former members of the Management Board.

In fiscal year 2020, the Supervisory Board of United Internet AG consisted of the following members:

- Kurt Dobitsch, chair,
  resident in Markt Schwaben,
  Business owner, Chairman of the Supervisory Board of United Internet AG

- Kai-Uwe Ricke (until May 20, 2020),
  resident in Stallikon, Switzerland,
  Member of the Board of Directors of Delta Partners, Dubai, United Arab Emirates

- Michael Scheeren, deputy chair (until May 2020 and since July 2020)
  resident in Frankfurt am Main,
  Banker, Member of the Supervisory Board of United Internet AG

- Dr. Manuel Cubero del Castillo Olivares (since May 20, 2020) ,
  resident in Munich,
  Self-employed advisory committee/supervisory board member

- Philipp von Bismarck (since July 24, 2020),
  resident in Königstein im Taunus,
  Lawyer

- Prof. Dr. Yasmin Mei-Yee Weiß (since July 24, 2020),
  resident in Gauting,
  Professor of business administration

- Dr. Claudia Borgas-Herold (since May 20, 2020),
  resident in Kilchberg, Switzerland,
  Managing Director

In fiscal year 2020, the members of the Supervisory Board also held seats on supervisory boards or similar committees of the following companies:

Kurt Dobitsch

- 1&1 IONOS Holding SE, Montabaur
- 1&1 Telecommunication SE, Montabaur (deputy chair until September 30, 2020)
- 1&1 Mail & Media Applications SE, Montabaur (chair since October 1, 2020)
- 1&1 Drillisch Aktiengesellschaft, Maintal
- Nemetschek SE, Munich (chair)
- Graphisoft S.E., Budapest / Hungary
- Vectorworks Inc., Columbia / USA
- Bechtle AG, Gaildorf
- Singhammer IT Consulting AG, Munich

Kai-Uwe Ricke

- 1&1 Telecommunication SE, Montabaur
- 1&1 Mail & Media Applications SE, Montabaur (chair until September 30, 2020)
- 1&1 Drillisch Aktiengesellschaft, Maintal (deputy chair)
- EuNetworks Group Limited, London, United Kingdom
- Delta Partners Group Limited, Dubai, United Arab Emirates
- Delta Partners Capital Limited, Dubai, United Arab Emirates
- Delta Partners Growth Fund II GP Limited, Cayman Islands
- Delta Partners Growth Fund II (Carry) General Partner Limited, Cayman Islands
- Virgin Mobile CEE B.V., Amsterdam / Netherlands
- Virgin Mobile Polska sp.z.o.o, Warsaw / Poland (chair of the board of directors until July 23, 2020)
- Cash Credit Limited, Cayman Islands

Michael Scheeren

- 1&1 IONOS Holding SE, Montabaur
- 1&1 Telecommunication SE, Montabaur (chair)
- 1&1 Mail & Media Applications SE, Montabaur
- 1&1 Drillisch Aktiengesellschaft, Maintal (chair)
- Tele Columbus AG, Berlin

Philipp von Bismarck

- No other offices

Dr. Manuel Cubero

- Nürnberg Institut für Marktentscheidung e.V., Nuremberg (chair of the shareholders' committee)
- Unicepta Holding GmbH, Cologne (chair of the advisory committee)

Prof. Dr. Yasmin Mei-Yee Weiß

- Zeppelin GmbH, Friedrichshafen
- Bayerische Beamten Lebensversicherung AG, Munich
- BLG Logistics Group AG & Co. KG, Bremen

Dr. Claudia Borgas-Herold

- 1&1 Drillisch Aktiengesellschaft, Maintal
- 1&1 Telecommunication SE, Montabaur

A new remuneration system in full compliance with the German Corporate Governance Code was adopted by the Annual Shareholders' Meeting of May 20, 2020, consisting of a fixed annual remuneration component and a payment for each meeting attended. Each ordinary member of the Supervisory Board and the Deputy Chairman receive a fixed payment of € 20,000 each per full fiscal year, while the Chairman of the Supervisory Board receives € 30,000 per full fiscal year. In addition, each member of the Supervisory Board receives a payment of € 1,000 for each meeting they attend in person, or via telephone, video conference, or corresponding connection. There are no subscription rights or other share-based remuneration for members of the Supervisory Board.

The following table provides details on the compensation received by members of the Supervisory Board of United Internet AG (€k):

2020	Fixed €k	Attendance fee €k	Total €k
Kurt Dobitsch	30	4	34
Michael Scheeren	17	3	20
Kai-Uwe Ricke	8	1	9
Dr. Claudia Borgas-Herold	13	3	16
Dr. Manuel Cubero del Castillo-Olivares	13	3	16
Phiipp von Bismarck	10	2	12
Prof. Dr. Yasmin Mei-Yee Weiß	10	2	12
	101	**18**	**119**

2019	Fixed €k	Attendance fee €k	Total €k
Kurt Dobitsch	30	4	34
Kai-Uwe Ricke	15	4	19
Michael Scheeren	15	4	19
	60	**12**	**72**

Contingent liabilities

The Company has guaranty facility in its name. As of the reporting date, guaranties totaling € 11,937k were outstanding from this facility.

In addition, the Company is jointly and severally liable for a guaranty facility granted by banks, which both the Company and various subsidiaries may use. As of the reporting date, guaranties totaling € 9,183k were outstanding from this facility.

As of the reporting date, no outstanding guaranty from one of the two guaranty facilities had been used. Due to the stable business position of the borrowing subsidiaries and United Internet AG, the risk involved in the contingent liabilities is currently regarded as very low.

United Internet AG has issued a letter of comfort for 1&1 Versatel GmbH. In this connection, United Internet AG has committed to accept responsibility for obligations received until December 31, 2020 in the following fiscal year and to ensure that 1&1 Versatel GmbH is managed and funded in such a way that it can meet the aforementioned obligations punctually and in full.

United Internet AG has issued a letter of comfort for 1&1 TopCo SE. In this connection, United Internet AG has committed to accept responsibility for obligations received until December 31, 2020 in the following fiscal year and to ensure that 1&1 TopCo SE is managed and funded in such a way that it can meet the aforementioned obligations punctually and in full.

Dividend proposal

The Management Board and Supervisory Board propose to use the balance sheet profit for the fiscal year 2020, as disclosed in the Company's approved annual financial statements as of December 31, 2020, amounting to € 2,284,993,832.81 as follows:

- Payment of a dividend of € 0.50 per share for the past fiscal year 2020 for each no-par share with dividend entitlement (total of 187,230,863 dividend-entitled no-par shares)

  € 93,615,431.50

- Transfer to other revenue reserves € 50,000,000.00

- Amount carried forward € 2,141,378,401.31

The dividend proposal takes into account the 6,769,137 treasury shares held by the Company when the Management Board prepared these annual financial statements, which are not entitled to dividends pursuant to section 71b AktG. The number of dividend-entitled shares may change before the Annual Shareholders' Meeting. In this case, a correspondingly adjusted dividend proposal will be submitted to the Annual Shareholders' Meeting with an unchanged dividend of € 0.50 per entitled share.

Pursuant to section 58 (4) sentence 2 AktG, the dividend payment is due on the third business day following the resolution of the Annual Shareholders' Meeting.

Transactions with related parties

In the period under review, no transactions were made with related parties at non-standard market conditions.

Disclosures on shareholdings

United Internet AG is the partner with unlimited liability (general partner) of United Internet Investments Holding AG & Co. KG.

Publication of voting right announcements acc. to section 26 WpHG

Please refer to Appendix 3 of the Notes for details on voting rights disclosures.

Financial instruments

In connection with an investment agreement, there are two derivatives not recognized at fair value (conditional purchase price receivables of United Internet AG). The fair values of the derivatives depend, among other things, on the performance of an investment and the development of the GBP/EUR exchange rate. The term is indefinite and ends upon termination of the investment agreement. The claims of United Internet AG are limited to € 41 million and € 33 million, respectively. No payment obligations of United Internet AG can result from the agreement. The carrying amount of both derivatives is € 0 in both cases; the fair values amount to € 24.5 million and € 6.1 million, respectively. These valuations are based on a Black-Scholes model and a Monte Carlo simulation using observable and unobservable input factors. The input factors include in particular the expected maturity, the volatility, and the development of the GBP/EUR exchange rate.

Auditing and consulting fees

In the fiscal year 2020, auditing fees totaling € 950k were calculated in the separate financial statements of United Internet AG. These include auditing fees of € 682k, other assurance services of € 17k, and tax consultancy services of € 251k. Auditing fees comprise both statutory audits as well as voluntary audits and audit reviews.

Corporate Governance Code

The declaration of conformity with the German Corporate Governance Code acc. to section 161 AktG was filed by the Management Board and Supervisory Board and is available to shareholders via the internet portal of United Internet AG (www.united-internet.de).

SUBSEQUENT EVENTS

Acquisition of we22 AG

The United Internet subsidiary 1&1 IONOS acquired the Cologne-based company we22 AG on February 1, 2021. we22 develops software for the creation, maintenance and hosting of websites. The German Federal Cartel Office has already approved the takeover of we22 AG.

we22 AG was founded in 1999 by Robert Schovenberg and Cornel Schnietz as Content Management AG. Today, we22 AG employs more than 140 people at its sites in Cologne, Berlin and Erfurt. The company became known for its white-label website builder CM4all, which has been used to create and operate more than 5 million websites to date. With over 25 language versions, CM4all has been an essential part of the product offering of over 50 hosting providers worldwide since 2000. Under its Web4Business brand, we22 also offers website creation and online marketing services to small businesses in Germany.

we22's products and services are also to be made available to IONOS customers in the future. Moreover, CM4all will continue to be offered as a white-label solution for other internet providers and business customers.

The management of we22 AG, alongside the founders and Steffen Heym, will continue to steer the development of the company as a wholly-owned subsidiary of 1&1 IONOS.

Telefónica offer for national roaming and MBA MVNO services for 1&1 Drillisch; review by EU Commission completed

Drillisch Online GmbH, a wholly-owned subsidiary of 1&1 Drillisch AG and indirect subsidiary of United Internet AG, and Telefónica Germany GmbH & Co. OHG ("Telefónica") have been holding negotiations for some time regarding the conclusion of a national roaming agreement based on the voluntary commitments of Telefónica as part of the European Commission's clearance of its merger with E-Plus. The European Commission is responsible for monitoring Telefónica's compliance with these voluntary commitments.

In October 2020, Telefónica then submitted its final offer (in its opinion) to 1&1 Drillisch regarding the terms and prices for national roaming. The prices were to be applied retroactively as of July 2020, also for the existing MBA MVNO agreement. Whereas Telefónica had invoiced consistently high advance service prices for the MBA MVNO agreement since July 2020, the Telefónica offer was based on the pricing mechanisms of the first five years of the MBA MVNO agreement. In particular, the offer again included annually decreasing data prices, which were lower than the fixed prices charged at the time by Telefónica.

On conclusion of its review, the EU Commission announced its assessment on February 5, 2021 that the Telefónica offer submitted in October 2020 did not comply with the voluntary commitments as part of the EU's clearance and that Telefónica would have to submit an improved offer.

As a result, Telefónica submitted an improved offer to 1&1 Drillisch on the same day. 1&1 Drillisch had until February 19, 2021 to accept the improved offer.

Improved offer from Telefónica for national roaming accepted

On February 15, 2021, the Management Board and Supervisory Board of 1&1 Drillisch decided to accept Telefónica's offer – improved following review by the EU Commission – for national roaming and the related MBA MVNO advance services. The terms and conditions offered by Telefónica that will apply retroactively from July 2020 are based once again on the pricing mechanisms of the first five years of the MBA MVNO agreement. In particular, annually decreasing data prices are to be included again, which are lower than the fixed prices currently charged by Telefónica.

The conclusion of an agreement, which Telefónica's offer expects by approx. mid-May 2021, would have a positive earnings effect for 1&1 Drillisch, and thus also for United Internet, of € 34.4 million in the fiscal year 2020, which would be booked as income relating to other periods in the fiscal year 2021. In addition, this would constitute an essential prerequisite for 1&1 Drillisch's planned rollout of a high-performance 5G network.

New combined VDSL/FTTH agreement with Deutsche Telekom

On February 15, 2021, United Internet announced that its subsidiary 1&1 Drillisch AG planned to expand its fiber-optic offering and would in future receive VDSL and FTTH advance services (fiber to the home/FTTH) from its affiliate 1&1 Versatel. For this purpose, 1&1 Drillisch has entered into an agreement with 1&1 Versatel on the long-term purchase of FTTH and VDSL complete packages including Voice and IPTV effective from April 1, 2021.

At the same time, 1&1 Versatel has entered into an agreement with Deutsche Telekom on the use of Deutsche Telekom's FTTH and VDSL connections for households. These enable 1&1 Versatel to provide FTTH/VDSL complete packages for 1&1 Drillisch, as 1&1 Versatel's nationwide transport network is largely connected to the local broadband networks of Deutsche Telekom.

In addition to the existing access to FTTH connections of well-known city carriers, 1&1 Versatel thus gets initial access to approx. 750,000 additional FTTH connections. The number of marketable FTTH connections of Deutsche Telekom is expected to increase by an average of 2 million households per year in the coming years.

FTTH connections for private households enable bandwidths of up to 1 Gbit/s. Households not yet equipped with FTTH will be supplied with VDSL connections (up to 250 Mbit/s).

Given the advantages of the new combined VDSL/FTTH agreement, the existing purely VDSL advance service agreement between 1&1 Drillisch and Deutsche Telekom will be prematurely terminated by mutual agreement of the parties. As the premature termination of the agreement and the swift conclusion of the new agreement had already been sufficiently specified as at the reporting date, the 1&1 Drillisch subgroup wrote off deferred expenses (amounting to € 129.9 million) in the fiscal year 2020 due to a revised estimate of the remaining term of the agreement. The one-off write-off has no cash effect and will be clearly exceeded by the positive effects from the expanded cooperation with Deutsche Telekom in the long-run.

The new FTTH/VDSL agreement with Deutsche Telekom is subject to approval by the Federal Network Agency ("Bundesnetzagentur") as the competent regulatory authority.

There were no other significant events subsequent to the end of the reporting period on December 31, 2020 which had a material effect on the financial position and performance or the accounting and reporting of the parent company or the Group.

Montabaur, March 19, 2021

The Management Board

Ralph Dommermuth

Martin Mildner

DEVELOPMENT OF NON-CURRENT ASSETS OF UNITED INTERNET AG IN FISCAL YEAR 2020

	Acquisition and production costs			
	Jan. 1, 2020	Additions	Disposals	December 31, 2020
	EUR	EUR	EUR	EUR
I. Property, plant and equipment				
Concessions, industrial and similar rights and assets, as well as licenses in such rights, and assets acquired for consideration	45,362.54	500.00	0.00	45,862.54
II. Financial assets				
1. Shares in affiliated companies	3,763,369,888.73	1,176,163,502.00	1,176,163,502.00	3,763,369,888.73
2. Loans to affiliated companies	1,907,550,000.00	0.00	340,000,000.00	1,567,550,000.00
	5,670,919,888.73	**1,176,163,502.00**	**1,516,163,502.00**	**5,330,919,888.73**
	5,671,010,491.27	**1,176,164,002.00**	**1,516,163,502.00**	**5,330,965,751.27**

	Accumulated depreciation				Net book value	
	Jan. 1, 2020	Additions	Disposals	December 31, 2020	December 31, 2020	December 31, 2019
	EUR	EUR	EUR	EUR	EUR	EUR
	44,274.54	227.00	0.00	44,501.54	1,361.00	1,088.00
	0.00	0.00	0.00	0.00	3,763,419,888.73	3,763,369,888.73
	0.00	0.00	0.00	0.00	1,567,550,000.00	1,907,550,000.00
	0.00	**0.00**	**0.00**	**0.00**	**5,330,969,888.73**	**5,670,919,888.73**
	44,274.54	**227.00**	**0.00**	**44,501.54**	**5,330,971,249.73**	**5,670,920,976.73**

STATEMENT OF INVESTMENTS AS OF DECEMBER 31, 2020

United Internet AG, Montabaur

	Capital share	Company equity as of Dec. 31, 2020	Net income / loss FY 2020
	in %	€k	€k
Shares held directly			
1&1 Mail & Media Applications SE, Montabaur (1)	100,00	968.686	0
1&1 Versatel GmbH, Düsseldorf	100,00	317.921	-39.395
CA BG AlphaRho AG, Wien / Österreich	100,00	37	-34
MIP Multimedia Internet Park GmbH, Zweibrücken	100,00	226	204
United Internet Corporate Holding SE, Montabaur (1)	100,00	120	0
United Internet Corporate Services GmbH, Montabaur (1)	100,00	25	0
United Internet Investments Holding AG & Co. KG, Montabaur (1) (14)	100,00	128.439	0
United Internet Management Holding SE, Montabaur (1)	100,00	120	0
United Internet Service SE, Montabaur (1)	100,00	120	0
1&1 Drillisch Aktiengesellschaft, Maintal	75,10	7.091.212	159.704
1&1 IONOS TopCo SE, Montabaur	66,67	522.367	-541
Shares held indirectly			
1&1 Cardgate LLC, Chesterbrook / USA (4)	100,00	212	227
1&1 De-Mail GmbH, Montabaur (1)	100,00	25	0
1&1 Energy GmbH, Montabaur	100,00	1.964	-1.435
1&1 Internet Development SRL, Bukarest / Rumänien (4) (11)	100,00	2.002	1.788
1&1 IONOS Cloud Inc., Newark / USA (4)	100,00	1.280	96
1&1 IONOS Datacenter SAS, Niederlauterbach / Frankreich (4)	100,00	1.977	117
1&1 IONOS España S.L.U., Madrid / Spanien (4)	100,00	1.204	1.201
1&1 IONOS Holding SE, Montabaur (4)	100,00	393.310	127.634
1&1 IONOS Inc., Chesterbrook / USA (4)	100,00	19.463	3.982
1&1 IONOS Ltd., Gloucester / Großbritannien (4)	100,00	2.348	2.320
1&1 IONOS (Philippines), Inc., Cebu City / Philippinen (4) (12)	100,00	1.124	130
1&1 IONOS S.à.r.l., Saargemünd / Frankreich (4)	100,00	1.433	1.323
1&1 IONOS SE, Montabaur (4) (6)	100,00	390.319	0
1&1 IONOS Service GmbH, Montabaur (4) (6)	100,00	240	0
1&1 IONOS UK Holdings Ltd., Gloucester / Großbritannien (4)	100,00	71.017	-35
1&1 Logistik GmbH, Montabaur (2) (3)	100,00	25	0
1&1 Mail & Media Development & Technology GmbH, Montabaur (1)	100,00	1.748	0
1&1 Mail & Media GmbH, Montabaur (1)	100,00	212.665	0
1&1 Mail & Media Inc., Chesterbrook / USA	100,00	12.827	-2.096
1&1 Mail & Media Service GmbH, Montabaur (1)	100,00	25	0
1&1 Telecom GmbH, Montabaur (2) (3)	100,00	1.143	0
1&1 Telecom Holding GmbH, Montabaur (2) (3)	100,00	1.752.964	0
1&1 Telecom Sales GmbH, Montabaur (2) (3)	100,00	25	0
1&1 Telecom Service Montabaur GmbH, Montabaur (2) (3)	100,00	52	0
1&1 Telecom Service Zweibrücken GmbH, Zweibrücken (2) (3)	100,00	25	0
1&1 Telecommunication SE, Montabaur (2) (3)	100,00	638.357	0
1&1 Versatel Deutschland GmbH, Düsseldorf (5)	100,00	306.431	0
A 1 Marketing, Kommunikation und neue Medien GmbH, Montabaur (1)	100,00	1.152	0
A1 Media USA LLC, Chesterbrook / USA (4)	100,00	185	15
Arsys Internet E.U.R.L., Perpignan / Frankreich (4)	100,00	151	42
Arsys Internet S.L.U., Logroño / Spanien (4)	100,00	96.961	2.867
AZ.pl Sp. z o.o., Stettin / Polen (4)	100,00	820	774
Blitz 17-665 SE, Maintal (2) (3)	100,00	120	0
Blitz 17-666 SE, Maintal (2) (3)	100,00	120	0
CA BG AlphaPi AG, Wien / Österreich	100,00	37	26
Cronon GmbH, Berlin (4) (6)	100,00	-3.445	23
Domain Robot Enterprises Inc., Vancouver / Kanada (9) (19)	100,00	0	0
DomCollect International GmbH, Montabaur (7) (19)	100,00	25	0
Drillisch Logistik GmbH, Münster (3)	100,00	17.409	995
Drillisch Netz AG, Düsseldorf (2) (3)	100,00	944	0
Drillisch Online GmbH, Maintal (2) (3)	100,00	145.699	0
Fasthosts Internet Ltd., Gloucester / Großbritannien (4)	100,00	23.578	8.077
HBS Cloud Sp. z o.o., Stettin / Polen (4)	100,00	9	0
home.pl S.A., Stettin / Polen (4)	100,00	53.617	11.193
Immobilienverwaltung AB GmbH, Montabaur (4)	100,00	436	36
Immobilienverwaltung NMH GmbH i.L., Montabaur (4) (10)	100,00	877	-56
InterNetX Corp., Miami / USA (19)	100,00	-30	37
InterNetX GmbH, Regensburg (7) (19)	100,00	4.469	0

IQ-optimize Software AG, Maintal (2) (3)	100,00	87	0
Nicline Internet S.L., Logroño / Spanien (4)	100,00	516	-30
PSI-USA, Inc., Las Vegas / USA (19)	100,00	12.523	12.866
Schlund Technologies GmbH, Regensburg (7) (19)	100,00	25	0
Sedo GmbH, Köln (7) (19)	100,00	13.428	0
Sedo.com LLC, Cambridge / USA (19)	100,00	4.750	1.729
STRATO AG, Berlin (4) (6)	100,00	12.228	476
STRATO Customer Service GmbH, Berlin (4) (6) (18)	100,00	-626	0
Tesys Internet S.L., Logroño / Spanien (4)	100,00	1.433	167
TROPOLYS Netz GmbH, Düsseldorf	100,00	-32.681	-14
TROPOLYS Service GmbH, Düsseldorf	100,00	-20.287	-10
UIM United Internet Media Austria GmbH, Wien / Österreich	100,00	882	289
United Domains Inc., Cambridge / USA (4)	100,00	386	-3
United Internet Media GmbH, Montabaur (1)	100,00	50	0
United Internet Sourcing & Apprenticeship GmbH, Montabaur (1)	100,00	25	0
united-domains AG, Starnberg (4) (6)	100,00	432	0
united-domains Reselling GmbH, Starnberg (4) (8)	100,00	25	0
Versatel Immobilien Verwaltungs GmbH, Düsseldorf	100,00	-4.022	-2
World4You Internet Services GmbH, Linz / Österreich (4)	100,00	8.297	2.565
InterNetX Holding GmbH, Regensburg (4) (13)	95,56	15.295	7.430
premium.pl Sp. z o.o., Stettin / Polen (4) (15)	75,00	360	71
DomainsBot S.r.l., Rom / Italien (19) (20)	49,00	1.248	592
Intellectual Property Management Company Inc., Dover / USA (17) (19)	49,00	1.040	151
rankingCoach International GmbH, Köln (16)	30,70	1.079	-1.412
Tele Columbus AG, Berlin (17)	29,90	436.480	-77.196
uberall GmbH, Berlin (17)	27,56	15.122	-11.732
Open-Xchange AG, Köln (17)	25,39	37.961	-11.014
AWIN AG, Berlin (17)	20,00	83.527	-13.889
High-Tech Gründerfonds III GmbH & Co. KG, Bonn (3)	< 20,00	-	-
POSpulse GmbH, Berlin (3)	< 20,00	-	-
MMC Investments Holding Company Ltd., Port Louis / Mauritius (10)	< 20,00	-	-

(1) profit transfer to United Internet AG (direct/indirect)
(2) profit transfer to 1&1 Drillisch Aktiengesellschaft (direct/indirect)
(3) held directly/indirectly via 1&1 Drillisch AG, Maintal
(4) held directly/indirectly via 1&1 IONOS TopCo SE, Montabaur
(5) profit transfer to 1&1 Versatel GmbH (direct/indirect)
(6) profit transfer to 1&1 IONOS Holding SE (direct/indirect)
(7) profit transfer to InterNetX Holding GmbH (direct/indirect)
(8) profit transfer to united-domains AG
(9) no operating business
(10) In liquidation
(11) United Internet Corporate Services GmbH (1,00%)
(12) Hüseyin Dogan (0,008%), Matthias Steinberg (0,008%), Debra Sitoy (0,008%), Gelfa M. Lobitana (0,008%), Pierre Pauline M. Yrastorza (0,008%)
(13) Hakan Ali (2,96%), Thomas Mörz (1,48%)
(14) thereof 99.998% personally liable partner (general partner) UI AG and thereof 0.002% limited partner UICS GmbH
(15) Przemyslaw Pawel Bojczuk (25,00%)
(16) Auf Basis der veröffentlichten Zahlen des Konzernabschlusses zum Stichtag 31. Dezember 2019
(17) Auf Basis der veröffentlichten Zahlen zum Stichtag 31. Dezember 2019
(18) profit transfer to STRATO AG, Berlin
(19) held directly/indirectly via InterNetX Holding GmbH, Regensburg
(20) includes consolidated DomainsBot Inc., Dover/USA

PUBLICATION OF VOTING RIGHT ANNOUNCEMENTS ACC. TO SEC. 26 WPHG

Publication on December 22, 2009

In accordance with Sec. 21 (1) WpHG, Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft, Montabaur, Germany, has informed us that its proportion of voting rights in United Internet AG, Montabaur, exceeded the threshold of 30% due to a reduction in the total number of voting rights as of December 21, 2009, and amounted to 31.00% on this day (74,400,000 voting rights). Of this amount, 1.67% of voting rights (4,000,000 voting rights) are attributable to Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft according to Sec. 22 (1) Sentence 1 No. 1 WpHG.

In accordance with Sec. 21 (1) WpHG, Ralph Dommermuth Verwaltungs GmbH, Montabaur, Germany, has informed us that its proportion of voting rights in United Internet AG, Montabaur, exceeded the threshold of 30% due to a reduction in the total number of voting rights as of December 21, 2009, and amounted to 31.00% on this day (74,400,000 voting rights). Of this amount, 31.00% of voting rights (74,000,000 voting rights) are attributable to Ralph Dommermuth Verwaltungs GmbH according to Sec. 22 (1) Sentence 1 No. 1 WpHG. Voting rights attributed to Ralph Dommermuth Verwaltungs GmbH are held by the following companies it controls, whose voting rights in United Internet AG amounted to 3% or more: Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft.

Publication on March 26, 2013

On March 22, 2013, RD Holding-Verwaltungs GmbH, Montabaur, Germany, informed us according to Sec. 21 (1) WpHG of the following:

In accordance with Sec. 21 (1) WpHG, we hereby inform you that the voting rights of RD Holding-Verwaltungs GmbH, Montabaur, Germany, in United Internet AG, Elgendorfer Str. 57, 56410 Montabaur, Germany, exceeded the 5%, 10%, 15%, 20%, 25% and 30% thresholds on March 21, 2013 and on this day amount to 45.36% (88,000,000 voting rights). According to Sec. 22 (1) Sentence 1 No. 1 WpHG, 4.12% (8,000,000 voting rights) are attributable to RD Holding-Verwaltungs GmbH and according to Sec. 22 (2) WpHG 41.24% (80,000,000 voting rights) are attributable. The name of the company it controls, of which 3% or more are attributed, is as follows:

- RD Holding GmbH & Co. KG.

The name of the shareholder whose shares are attributed 3% or more is as follows:

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft.

On March 22, 2013, RD Holding GmbH & Co. KG, Montabaur, Germany, informed us according to Sec. 21 (1) WpHG of the following:

In accordance with Sec. 21 (1) WpHG, we hereby inform you that the voting rights of RD Holding GmbH & Co. KG, Montabaur, Germany, in United Internet AG, Elgendorfer Str. 57, 56410 Montabaur, Germany, exceeded the 5%, 10%, 15%, 20%, 25% and 30% thresholds on March 21, 2013 and on this day amount to 45.36% (88,000,000 voting rights). According to Sec. 22 (2), 41.24% (80,000,000 voting rights) are attributable to RD Holding GmbH & Co. KG. Voting rights are attributable to the following shareholder whose voting rights in United Internet AG exceed 3%:

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft.

On March 22, 2013, RD Holding-Verwaltungs GmbH, Montabaur, Germany, informed us according to Sec. 27a (1) WpHG of the following in connection with the exceeding or reaching of the 10% threshold or a higher threshold on March 21, 2013:

Objectives of purchasing the voting rights (Sec. 27a (1) Sentence 1 and Sentence 3 WpHG)

The acquisition was made by attribution in the course of an internal restructuring and serves neither the implementation of strategic objectives nor the generation of trading profits.

RD Holding-Verwaltungs GmbH does not intend to acquire further voting rights in United Internet AG via purchase or other means within the next twelve months.

RD Holding-Verwaltungs GmbH is not seeking to influence the composition of administrative, management or supervisory bodies of United Internet AG.

RD Holding-Verwaltungs GmbH is not seeking to significantly alter the company's capital structure, especially with regard to the ratio between equity and debt or its dividend policy.

Source of funds used for voting rights (Sec. 27a (1) Sentence 1 and Sentence 4 WpHG)

The acquisition of voting rights was made by attribution acc. to Sec. 22 (1) Sentence 1 No. 1 WpHG as well as Sec. 22 (2) WpHG. With regard to the purchase of voting rights in United Internet AG, no equity or debt was therefore used.

On March 22, 2013, RD Holding GmbH & Co. KG, Montabaur, Germany informed us according to Sec. 27a (1) WpHG of the following in connection with the exceeding or reaching of the 10% threshold or a higher threshold on March 21, 2013:

1. Objectives of purchasing the voting rights (Sec. 27a Abs. 1 Sentence 1 and Sentence 3 WpHG)

a- The acquisition was made by attribution in the course of an internal restructuring and serves neither the implementation of strategic objectives nor the generation of trading profits.

b- RD Holding GmbH & Co. KG does not intend to acquire further voting rights in United Internet AG via purchase or other means within the next twelve months.

c- RD Holding GmbH & Co. KG is not seeking to influence the composition of administrative, management or supervisory bodies of United Internet AG.

d- RD Holding GmbH & Co. KG is not seeking to significantly alter the company's capital structure, especially with regard to the ratio between equity and debt or its dividend policy.

2. Source of funds used for voting rights (Sec. 27a (1) Sentence 1 and Sentence 4 WpHG)

The acquisition of voting rights was made by attribution acc. to Sec. 22 (1) Sentence 1 No. 1 WpHG as well as Sec. 22 (2) WpHG. With regard to the purchase of voting rights in United Internet AG, no equity or debt was therefore used.

Publication on November 11, 2013

On November 4, 2013, Mr. Ralph Dommermuth, Germany, informed us according to Sec. 21 (1) of the WpHG that via shares his voting rights in United Internet AG, Montabaur, Germany, exceeded the 50% threshold of voting rights on October 18, 2011 and on that day amounted to 50.25% (corresponding to 108,029,511 voting rights of a total of 215,000,000 voting rights). Of this total, 42.06% of voting rights (corresponding to 90,429,511 voting rights) were attributable to him acc. to Sec. 22 (1), Sentence 1, No. 1 WpHG.

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft
- Ralph Dommermuth Verwaltungs GmbH
- United Internet AG

On November 4, 2013, Mr. Ralph Dommermuth, Germany, informed us according to Sec. 21 (1) of the WpHG that via shares his voting rights in United Internet AG, Montabaur, Germany, fell below the 50% threshold of voting rights on January 8, 2013 and on that day amounted to 46.83% (corresponding to 93,662,202 voting rights of a total of 200,000,000). Of this total, 46.83% of voting rights (corresponding to 93,662,202 voting rights) were attributable to him acc. to Sec. 22 (1), Sentence 1, No. 1 WpHG. The attributed voting rights are held by the following companies which he controls, whose share of voting rights in United Internet AG is equal to or more than 3%:

- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft
- Ralph Dommermuth Verwaltungs GmbH

- RD Holding GmbH & Co. KG - RD Holding-Verwaltungs GmbH

Publication of voting right announcements acc. to Sec. 26a WpHG

Publication of total voting rights as of September 30, 2014:
United Internet AG hereby notifies that the total number of voting rights at the end of September 2014 amounted to 205,000,000.

Publication on June 06, 2019

United Internet AG: Veröffentlichung gemäß § 40 Abs. 1 WpHG mit dem Ziel der europaweiten Verbreitung
United Internet AG

06.06.2019 / 10:33
Veröffentlichung einer Stimmrechtsmitteilung übermittelt durch DGAP - ein Service der EQS Group AG.
Für den Inhalt der Mitteilung ist der Emittent / Herausgeber verantwortlich.

Stimmrechtsmitteilung

1. Angaben zum Emittenten

Name:	United Internet AG
Straße, Hausnr.:	Elgendorfer Straße 57
PLZ:	56410
Ort:	Montabaur Deutschland
Legal Entity Identifier (LEI):	3VEKWPJHTD4NKMBVG947

2. Grund der Mitteilung

X	Erwerb bzw. Veräußerung von Aktien mit Stimmrechten
	Erwerb bzw. Veräußerung von Instrumenten
	Änderung der Gesamtzahl der Stimmrechte
	Sonstiger Grund:

3. Angaben zum Mitteilungspflichtigen

Juristische Person: Flossbach von Storch AG Registrierter Sitz, Staat: Köln, Deutschland

4. Namen der Aktionäre
mit 3% oder mehr Stimmrechten, wenn abweichend von 3.

5. Datum der Schwellenberührung:

31.05.2019

6. Gesamtstimmrechtsanteile

	Anteil Stimmrechte (Summe 7.a.)	Anteil Instrumente (Summe 7.b.1.+ 7.b.2.)	Summe Anteile (Summe 7.a. + 7.b.)	Gesamtzahl der Stimmrechte nach § 41 WpHG
neu	5,01 %	0,18 %	5,19 %	205000000

letzte Mitteilung	4,83 %	0,18 %	5,01 %	/

7. Einzelheiten zu den Stimmrechtsbeständen
a. Stimmrechte (§§ 33, 34 WpHG)

ISIN	absolut		in %	
	direkt (§ 33 WpHG)	zugerechnet (§ 34 WpHG)	direkt (§ 33 WpHG)	zugerechnet (§ 34 WpHG)
DE0005089031	0	10270385	0,00 %	5,01 %
Summe	10270385		5,01 %	

b.1. Instrumente i.S.d. § 38 Abs. 1 Nr. 1 WpHG

Art des Instruments	Fälligkeit / Verfall	Ausübungszeitraum / Laufzeit	Stimmrechte absolut	Stimmrechte in %
			0	0,00 %
		Summe	0	0,00 %

b.2. Instrumente i.S.d. § 38 Abs. 1 Nr. 2 WpHG

Art des Instruments	Fälligkeit / Verfall	Ausübungs-zeitraum / Laufzeit	Barausgleich oder physische Abwicklung	Stimmrechte absolut	Stimmrechte in %
Put Optionen auf Aktie	21.06.2019	-	Physisch	375000	0,18 %
			Summe	375000	0,18 %

8. Informationen in Bezug auf den Mitteilungspflichtigen

	Mitteilungspflichtiger (3.) wird weder beherrscht noch beherrscht Mitteilungspflichtiger andere Unternehmen, die Stimmrechte des Emittenten (1.) halten oder denen Stimmrechte des Emittenten zugerechnet werden.
X	Vollständige Kette der Tochterunternehmen, beginnend mit der obersten beherrschenden Person oder dem obersten beherrschenden Unternehmen:

Unternehmen	Stimmrechte in %, wenn 3% oder höher	Instrumente in %, wenn 5% oder höher	Summe in %, wenn 5% oder höher
Flossbach von Storch AG	%	%	%
Flossbach von Storch Invest S.A.	5,01 %	%	5,19 %

9. Bei Vollmacht gemäß § 34 Abs. 3 WpHG
(nur möglich bei einer Zurechnung nach § 34 Abs. 1 Satz 1 Nr. 6 WpHG)

Datum der Hauptversammlung:
Gesamtstimmrechtsanteile (6.) nach der Hauptversammlung:

Anteil Stimmrechte	Anteil Instrumente	Summe Anteile
%	%	%

10. Sonstige Informationen:

Datum

05.06.2019

Publication on August 21, 2019

United Internet AG: Release according to Article 40, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution

Notification of Major Holdings

1. Details of issuer

Name:	United Internet AG
Street:	Elgendorfer Straße 57
Postal code:	56410
City:	Montabaur Germany
Legal Entity Identifier (LEI):	3VEKWPJHTD4NKMBVG947

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
	Other reason:

3. Details of person subject to the notification obligation

Legal entity: Flossbach von Storch SICAV
City of registered office, country: Luxembourg, Luxembourg

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached:

15 Aug 2019

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	Total of both in % (7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	3.19 %	0.00 %	3.19 %	205000000
Previous notification	n/a %	n/a %	n/a %	/

7. Details on total positions

a. Voting rights attached to shares (Sec. 33, 34 WpHG)

ISIN	Absolute		In %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE0005089031	6549681	0	3.19 %	0.00 %
Total	6549681		3.19 %	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
			0	0.00 %
		Total	0	0.00 %

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
				0	0.00 %
			Total	0	0.00 %

8. Information in relation to the person subject to the notification obligation

X	Person subject to the notification obligation is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)

9. In case of proxy voting according to Sec. 34 para. 3 WpHG

(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)

Date of general meeting:
Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Date

20 Aug 2019

Publication on March 13, 2020

United Internet AG: Publication of acquisition or disposal in respect of own shares according Sec. 40 para. 1 sent. 2 WpHG

United Internet AG
13.03.2020 / 09:20
Dissemination of a Voting Rights Announcement transmitted by DGAP - a service of EQS Group AG.
The issuer is solely responsible for the content of this announcement.

Publication of acquisition or disposal in respect of own shares

1. Details of issuer

United Internet AG Elgendorfer Straße 57 56410 Montabaur Germany

2. Names of subsidiary undertakings or third persons holding directly 3% or more shares, if different from 1.

3. Date on which threshold was crossed or reached

12 March 2020

4. Share-position

	Share-position in %	total amount of shares issued
Resulting situation	3.27 %	
Previous publication	8.46 %	/

5. Details

absolute		in %	
direct	indirect (via subsidiary or third person, Sec. 71d para. 1 AktG)	direct	indirect (via subsidiary or third person, Sec. 71d para. 1 AktG)
6,338,513		3.27 %	%

Publication on April 30, 2020

United Internet AG: Release according to Article 40, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution
United Internet AG
30.04.2020 / 12:11
Dissemination of a Voting Rights Announcement transmitted by DGAP - a service of EQS Group AG.
The issuer is solely responsible for the content of this announcement.

Notification of Major Holdings

1. Details of issuer

Name:	United Internet AG
Street:	Elgendorfer Straße 57
Postal code:	56410
City:	Montabaur Germany
Legal Entity Identifier (LEI):	3VEKWPJHTD4NKMBVG947

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
	Other reason:

3. Details of person subject to the notification obligation

Legal entity: Allianz Global Investors GmbH City of registered office, country: Frankfurt/Main, Germany

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached:

28 Apr 2020

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	Total of both in % (7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	4.99 %	0.01 %	4.997 %	194000000
Previous notification	5.12 %	0.40 %	5.52 %	/

7. Details on total positions
a. Voting rights attached to shares (Sec. 33, 34 WpHG)

ISIN	Absolute		In %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE0005089031		9680681	%	4.99 %
Total	9680681		4.99 %	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference	n/a	n/a	Cash	13000	0.01 %
			Total	13000	0.01 %

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
Allianz SE	%	%	%
Allianz Asset Management GmbH	%	%	%
Allianz Global Investors GmbH	4.99 %	%	%

9. In case of proxy voting according to Sec. 34 para. 3 WpHG
(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)

Date of general meeting:
Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Date

29 Apr 2020

Publication on November 04, 2020

United Internet AG: Release according to Article 40, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution
United Internet AG
04.11.2020 / 11:06
Dissemination of a Voting Rights Announcement transmitted by DGAP - a service of EQS Group AG.
The issuer is solely responsible for the content of this announcement.

Notification of Major Holdings

1. Details of issuer

Name:	United Internet AG
Street:	Elgendorfer Straße 57
Postal code:	56410
City:	Montabaur Germany
Legal Entity Identifier (LEI):	3VEKWPJHTD4NKMBVG947

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
	Other reason:

3. Details of person subject to the notification obligation

Legal entity: BlackRock, Inc.
City of registered office, country: Wilmington, Delaware, United States of America (USA)

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached:

29 Oct 2020

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	Total of both in % (7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	2.98 %	0.15 %	3.13 %	194000000

Previous notification	3.02 %	0.12 %	3.13 %	/

7. Details on total positions

a. Voting rights attached to shares (Sec. 33, 34 WpHG)

ISIN	Absolute		In %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE0005089031	0	5787134	0 %	2.98 %
Total	5787134		2.98 %	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Lent Securities (right to recall)	N/A	N/A	286802	0.15 %
		Total	286802	0.15 %

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contract for Difference	N/A	N/A	Cash	4045	0.002 %
			Total	4045	0.002 %

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
BlackRock, Inc.	%	%	%
Trident Merger LLC	%	%	%
BlackRock Investment Management, LLC	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%

-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Capital Holdings, Inc.	%	%	%
BlackRock Advisors, LLC	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock (Singapore) Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Fund Advisors	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%

-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Australia Holdco Pty. Ltd.	%	%	%
BlackRock Investment Management (Australia) Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Asset Management North Asia Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock Holdco 4, LLC	%	%	%
BlackRock Holdco 6, LLC	%	%	%
BlackRock Delaware Holdings Inc.	%	%	%
BlackRock Institutional Trust Company, National Association	%	%	%
SAE Liquidity Fund (GenPar), LLC	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Canada Holdings LP	%	%	%

BlackRock Canada Holdings ULC	%	%	%
BlackRock Asset Management Canada Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock (Singapore) Holdco Pte. Ltd.	%	%	%
BlackRock HK Holdco Limited	%	%	%
BlackRock Lux Finco S. a r.l.	%	%	%
BlackRock Japan Holdings GK	%	%	%
BlackRock Japan Co., Ltd.	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%

BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock (Netherlands) B.V.	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Advisors (UK) Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.a.r.l.	%	%	%
BlackRock (Luxembourg) S.A.	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%

BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock International Limited	%	%	%
BlackRock Life Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%

BlackRock Luxembourg Holdco S.a.r.l.	%	%	%
BlackRock Investment Management Ireland Holdings Limited	%	%	%
BlackRock Asset Management Ireland Limited	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Luxembourg Holdco S.a.r.l.	%	%	%
BlackRock UK Holdco Limited	%	%	%
BlackRock Asset Management Schweiz AG	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Fund Managers Limited	%	%	%

-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
-	%	%	%
BlackRock, Inc.	%	%	%
BlackRock Holdco 2, Inc.	%	%	%
BlackRock Financial Management, Inc.	%	%	%
BlackRock International Holdings, Inc.	%	%	%
BR Jersey International Holdings L.P.	%	%	%
BlackRock Holdco 3, LLC	%	%	%
BlackRock Cayman 1 LP	%	%	%
BlackRock Cayman West Bay Finco Limited	%	%	%
BlackRock Cayman West Bay IV Limited	%	%	%
BlackRock Group Limited	%	%	%
BlackRock Finance Europe Limited	%	%	%
BlackRock Investment Management (UK) Limited	%	%	%
BlackRock Asset Management Deutschland AG	%	%	%
iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	%	%	%
-	%	%	%

9. In case of proxy voting according to Sec. 34 para. 3 WpHG
(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)

Date of general meeting:
Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Date

03 Nov 2020

Publication on December 08, 2020

United Internet AG: Release according to Article 40, Section 1 of the WpHG [the German Securities Trading Act] with the objective of Europe-wide distribution
United Internet AG
08.12.2020 / 10:58
Dissemination of a Voting Rights Announcement transmitted by DGAP - a service of EQS Group AG.
The issuer is solely responsible for the content of this announcement.

Notification of Major Holdings

1. Details of issuer

Name:	United Internet AG
Street:	Elgendorfer Straße 57
Postal code:	56410
City:	Montabaur Germany
Legal Entity Identifier (LEI):	3VEKWPJHTD4NKMBVG947

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
X	Other reason: Re-acquisition of shares from real repurchase agreement

3. Details of person subject to the notification obligation

Legal entity: Zerena GmbH City of registered office, country: Grünwald, Germany

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.

Rocket Internet SE

5. Date on which threshold was crossed or reached:

20 Nov 2020

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	Total of both in % (7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	5.45 %	0.00 %	5.45 %	194000000

Previous notification	4.47 %	0.88 %	5.35 %	/

7. Details on total positions

a. Voting rights attached to shares (Sec. 33, 34 WpHG)

ISIN	Absolute		In %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE0005089031	0	10580468	0.00 %	5.45 %
Total	10580468		5.45 %	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
			0	0.00 %
		Total	0	0.00 %

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
				0	0.00 %
			Total	0	0.00 %

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
- Zerena GmbH	%	%	%
Rocata GmbH	%	%	%
Global Founders GmbH	%	%	%
Rocket Internet SE	5.21 %	%	5.21 %
International Rocket GmbH & Co. KG	%	%	%
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1	%	%	%
Global Growth Capital Lux S.A.	%	%	%
Kurfürst 1659 GmbH	%	%	%

- Zerena GmbH	%	%	%
Rocata GmbH	%	%	%
Global Founders GmbH	%	%	%
Rocket Internet SE	5.21 %	%	5.21 %
Jade 1085. GmbH	%	%	%
International Rocket GmbH & Co. KG	%	%	%
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1	%	%	%
Global Growth Capital Lux S.A.	%	%	%
Kurfürst 1659 GmbH	%	%	%
- Zerena GmbH	%	%	%
Rocata GmbH	%	%	%
Global Founders GmbH	%	%	%
Rocket Internet SE	5.21 %	%	5.21 %
Jade 1085. GmbH	%	%	%
International Rocket GmbH & Co. KG	%	%	%
Global Founders Capital Verwaltungs GmbH	%	%	%
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1	%	%	%
Global Growth Capital Lux S.A.	%	%	%
Kurfürst 1659 GmbH	%	%	%
- Zerena GmbH	%	%	%
Rocata GmbH	%	%	%
Global Founders GmbH	%	%	%
Rocket Internet SE	5.21 %	%	5.21 %
International Rocket GmbH & Co. KG	%	%	%
Global Founders Capital Verwaltungs GmbH	%	%	%
Global Founders Capital GmbH & Co. Beteiligungs KG Nr. 1	%	%	%
Global Growth Capital Lux S.A.	%	%	%
Kurfürst 1659 GmbH	%	%	%

9. In case of proxy voting according to Sec. 34 para. 3 WpHG
(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)

Date of general meeting:

Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Date

07 Dec 2020

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To United Internet AG

Report on the audit of the annual financial statements and of the management report of the Company and the Group

Opinions

We have audited the annual financial statements of United Internet AG, Montabaur, which comprise the balance sheet as at 31 December 2020, and the income statement for the fiscal year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of the Company and the Group of United Internet AG, for the fiscal year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance contained in section 7 of the management report of the Company and the Group that is a part of the management report of the Company and the Group. Further, we have not audited the following extraneous information contained in the management report of the Company and the Group:

- All information and comments relating to the "Main focus areas for products and innovations" contained in section 1.4 of the management report of the Company and the Group
- The quarterly ratios at group and segment level as at 31 March, 30 June and 30 September in the reporting period and the prior year contained in sections 2.2 and 2.3 of the management report of the Company and the Group
- The corporate governance report pursuant to No. 22 of the German Corporate Governance Code contained in section 7 of the management report of the Company and the Group

Extraneous information relates to any information whose disclosure in the management report of the Company and the Group is not required pursuant to Secs. 289, 289a or Secs. 289b to 285f HGB ["Handelsgesetzbuch": German Commercial Code].

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the fiscal year from 1 January 2020 to 31 December 2020 in compliance with German legally required accounting principles, and
- the accompanying management report of the Company and the Group as a whole provides an appropriate view of the Company's position. In all material respects, this management report of the Company and the Group is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report of the Company and the Group does not cover the content

of the aforementioned statement on corporate governance or the aforementioned extraneous information in sections 1.4, 2.2, 2.3 and 7 of the management report of the Company and the Group.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report of the Company and the Group.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report of the Company and the Group in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report of the Company and the Group" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report of the Company and the Group.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the fiscal year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Impairment of financial assets

Reasons why the matter was determined to be a key audit matter

The financial assets presented in the financial statements of United Internet AG amount to 95% of total assets and comprise shares in and loans to affiliated companies. The executive directors tested the shares in and loans to affiliated companies for impairment as of the reporting date, consulting an external expert in the process. The impairment test of shares in and loans to affiliated companies is based on the historical experience of each entity and the expectations as to their future development. These expectations are based on many assumptions, which means that judgment is used to determine the net realizable values. In light of this and in view of the significance for the asset, liabilities and financial performance of United Internet AG, the impairment of financial assets was key audit matter.

Auditor's response

As part of our audit procedures, we assessed the competence, capabilities and objectivity of the expert consulted by the executive directors, obtained an understanding of his work and assessed the suitability of the expert opinion commissioned for testing the impairment of the financial assets as audit evidence. We also assessed the valuations by United Internet AG and the expert with the aid of our internal valuation specialists with regard to the methodology used and checked whether the underlying business plans used for the valuations are consistent with the budget figures approved by the executive directors. In addition, we analyzed further assumptions and estimates subject to judgment (such as growth rates or cost of capital) used to determine the fair values of the financial assets to determine whether they are consistent with general and industry-specific market expectations. Furthermore, we checked the clerical accuracy of the models.

Our audit procedures did not lead to any reservations relating to the assessment of impairment of the financial assets by the executive directors.

Reference to related disclosures

The Company's information on the impairment of financial assets is contained in the section "Accounting and measurement principles" and in the section "Financial assets" in the notes to the financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board pursuant to Sec. 171 (2) AktG ["Aktiengesetz": German Stock Corporation Act]. In all other respects, the executive directors are responsible for the other information. The other information comprises the aforementioned statement on corporate governance and the aforementioned extraneous information contained in sections 1.4, 2.2, 2.3 and 7 of the management report of the Company and the Group and in addition the following other parts to be included in the annual report, of which we received a version prior to issuing this auditor's report, in particular:

- the "Letter to our shareholders" section,
- the Report of the Supervisory Board pursuant to Sec. 171 (2) AktG,
- the responsibility statement pursuant to Sec. 264 (2) Sentence 3, Sec. 289 (1) Sentence 5, Sec. 315 (1) Sentence 5 HGB
- the non-financial report pursuant to Sec. 289c HGB,

but not the annual financial statements, not the disclosures in the management report of the Company and the Group whose content is audited and not our auditor's report thereon.

Our opinions on the annual financial statements and on the management report of the Company and the Group do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report of the Company and the Group or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report with regard to the other information already provided to us.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report of the Company and the Group

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report of the Company and the Group that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report of the Company and the Group that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report of the Company and the Group.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report of the Company and the Group.

Auditor's responsibilities for the audit of the annual financial statements and of the management report of the Company and the Group

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report of the Company and the Group as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report of the Company and the Group.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report of the Company and the Group.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report of the Company and the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report of the Company and the Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report of the Company and the Group or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report of the Company and the Group with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report of the Company and the Group. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the annual financial statements and the management report of the Company and the Group prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the financial statements and the management report of the Company and the Group (hereinafter the "ESEF documents") contained in the attached electronic file United Internet_AG_JA+LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the management report of the Company and the Group into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report of the Company and the Group contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the fiscal year from 1 January 2020 to 31 December 2020 contained in the "Report on the audit of the annual financial statements and of the management report of the Company and the Group" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the annual financial statements and the management report of the Company and the Group contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in the IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the executive directors and the supervisory board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report of the Company and the Group in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and the audited management report of the Company and the Group as well as other documents to be published to the operator of the *Bundesanzeiger* [German Federal Gazette].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report of the Company and the Group.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 20 May 2020. We were engaged by the supervisory board on 21 July 2020. We have been the auditor of United Internet AG without interruption since fiscal year 2002.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Jens Kemmerich.”

Eschborn/Frankfurt am Main, 23 March 2021

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Kemmerich	Reihl
[German Public Auditor]	[German Public Auditor]

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Management Report and Group Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Montabaur, March 19, 2021

The Management Board

Ralph Dommermuth

Martin Mildner

United Internet AG

Elgendorfer Straße 57
56410 Montabaur
Germany

www.united-internet.com