Half-year financial report 2021

SELECTED KEY FIGURES

	June 30, 2021	June 30, 2020	Change
NET INCOME (in € million)			
Sales	2,775.6	2,657.9	+ 4.4%
EBITDA[1]	633.8	620.5	+ 2.1%
EBIT[1]	402.5	385.4	+ 4.4%
EBT[2]	392.1	360.8	+ 8.7%
EPS (in €)[2]	1.15	0.98	+ 17.3%
BALANCE SHEET (in € million)			
Current assets	1,559.9	1,438.9	+ 8.4%
Non-current assets	8,073.9	7,683.0	+ 5.1%
Equity	4,759.5	4,769.5	- 0.2%
Equity ratio	49.4%	52.3%	
Total assets	9,633.8	9,121.9	+ 5.6%
CASH FLOW (in € million)			
Operative cash flow	538.7	486.7	+ 10.7%
Cash flow from operating activities	340.5	383.2	- 11.1%
Cash flow from investing activities	- 376.6	- 115.6	
Free cash flow[3]	157.5	211.0	- 25.4%
EMPLOYEES			
Total headcount as of June 30	9,910	9,451	+ 4.9%
thereof in Germany	8,127	7,811	+ 4.0%
thereof abroad	1,783	1,640	+ 8.7%
SHARE (in €)			
Share price as of June 30 (Xetra)	34.48	37.71	- 8.6%
CUSTOMER CONTRACTS (in million)			
Consumer Access, total contracts	15.11	14.57	+ 0.54
thereof Mobile Internet	10.83	10.24	+ 0.59
thereof broadband connections	4.28	4.33	- 0.05
Consumer Applications, total accounts	42.12	40.82	+ 1.30
thereof with Premium Mail subscription (contracts)	1.68	1.57	+ 0.11
thereof with Value-Added subscription (contracts)	0.75	0.74	+ 0.01
thereof free accounts	39.69	38.51	+ 1.18
Business Applications, total contracts	8.63	8.32	+ 0.31
thereof in Germany	4.17	3.98	+ 0.19
thereof abroad	4.46	4.34	+ 0.12
Fee-based customer contracts, total	26.17	25.20	+ 0.97

(1) 2021 without a non-period positive effect on earnings from 2020 (EBITDA and EBIT effect: € +39.4 million)
(2) 2021 without a non-period positive effect on earnings from 2020 (EBT effect: € +39.4 million; EPS effect: € +0.11); 2020 without impairment reversals Tele Columbus (EBT effect: € +14.7 million; EPS effect: € +0.08)
(3) 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; Reporting 2020 and 2021 incl. the repayment portion of lease liabilities, which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

CONTENT

Dear shareholders, employees, and business associates,

United Internet AG can look back on a successful first six months of 2021. In the reporting period, we made further investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. In total, we increased the number of fee-based customer contracts by a further 520,000 contracts to a current 26.17 million. Of this total, 280,000 contracts were added in the Consumer Access segment and 180,000 contracts in the Business Applications segment. A further 60,000 contracts and 290,000 ad-financed free accounts were added in the Consumer Applications segment.

Consolidated sales grew by 4.4% in the first half of 2021, from € 2,657.9 million in the previous year to € 2,775.6 million.

In the first six months of 2021, EBITDA amounted to € 673.2 million and EBIT to € 441.9 million. These figures include an (out-of-period) positive effect of € 39.4 million (after final negotiation) from the fiscal year 2020. On February 15, 2021, 1&1 Drillisch AG (since renamed as 1&1 AG) accepted Telefónica Germany's improved offer – following review by the EU Commission – for national roaming and thus also retroactively as of July 1, 2020 for the related MBA MVNO advance services. The prices offered include annually decreasing data prices again, similar to the pricing mechanisms of the first five years of the MBA MVNO agreement. The offer accepted by 1&1 was transposed into a long-term national roaming agreement on May 21, 2021.

Adjusted for this (out-of-period) positive effect on earnings from the retroactively more favorable advance service prices for mobile communications, our key earnings figures developed as follows: operating EBITDA for the Group improved by 2.1%, from € 620.5 million in the same period last year to € 633.8 million in the first half of 2021, and operating EBIT by 4.4% from € 385.4 million to € 402.5 million. These earnings figures include initial costs for the construction of our 5G network of € -14.9 million (prior year: € -5.6 million), as well as the announced investments of IONOS amounting to € -16.4 million for a product and sales drive focusing on its cloud business and further international expansion.

EPS amounted to € 1.26. Without consideration of the (out-of-period) positive effect on earnings from the new advance service prices (EPS effect: € +0.11) and the Tele Columbus impairment reversals in the previous year (EPS effect: € +0.08), operating EPS improved by 17.3% from € 0.98 to € 1.15 and operating EPS before PPA by 9.8% from € 1.23 to € 1.35.

Apart from our operating business and the aforementioned national roaming negotiations, the first half of 2021 was dominated by measures for the expansion of our fixed network coverage. These include DSL and VDSL connections, but in future also an increasing number of fiber-optic household connections (fiber-to-the-home/FTTH). In this connection, we reported in our ad-hoc announcement of February 15, 2021 that 1&1 AG planned to expand its fiber-optic offerings and would in future receive VDSL and FTTH advance services from its affiliate 1&1 Versatel. For this purpose, 1&1 has entered into an agreement with 1&1 Versatel regarding 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 its FTTH and VDSL connections for households. These enable 1&1 Versatel to provide FTTH/VDSL complete packages for 1&1, as 1&1 Versatel's nationwide fiber-optic transport network is largely connected to the local broadband networks of Deutsche Telekom. In addition to its existing access to FTTH connections of well-known city carriers, 1&1 Versatel will thus have 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 future. FTTH connections for private households enable bandwidths of up to 1 Gbit/s. Households not yet equipped with FTTH will be supplied with our VDSL connections (up to 250 Mbit/s). By signing this agreement, we have taken a further step toward our goal of providing an ever-growing number of households with guaranteed gigabit speeds as fiber-optic becomes more and more the standard for fast communications.

Together with Morgan Stanley Infrastructure Partners, we are also supporting the implementation of Tele Columbus's Fiber Champion strategy. In a first step, Kublai GmbH (a bidding company backed by Morgan Stanley) submitted a voluntary public takeover offer for Tele Columbus shares. After the successful completion of the takeover bid, we contributed our Tele Columbus shares to Kublai in April 2021 and at the same time resolved to raise our stake in Kublai to 40%. After closing the transaction, Kublai currently holds around 94.4% of the Tele Columbus shares. Part of the new Fiber Champion strategy of Tele Columbus is to open up its broadband network for cooperation partners. In view of this, 1&1 has signed a binding preliminary agreement with Tele Columbus to use the latter's cable/fiber-optic network as a pre-service for its broadband products, enabling it to tap further target groups via fiber-optic and, for the first time, also via cable connections.

In early 2021, we also strengthened our Business Applications segment with the acquisition of we22 AG, which develops software for the creation, maintenance, and hosting of websites. we22 is best-known for its white-label website builder CM4all. 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 for small businesses and freelancers in Germany. we22's products and services will also be made available to IONOS customers in the future. CM4all will continue to be offered as a white-label solution for other internet providers and business customers.

Last but not least, in the second quarter of 2021 we increased our stakes in the subsidiaries IONOS TopCo SE to 75.10% (previously: 66.67%) and in 1&1 AG 76.97% (previously: 75.10%).

Following a successful first half-year 2021, we are increasing our full-year guidance for 2021 and anticipate sales growth to approx. € 5.6 billion (previous guidance: approx. € 5.5 billion). Operating EBITDA (without consideration of the out-of-period income of € 39.4 million in connection with the signing of the national roaming agreement) is expected to increase to approx. € 1.25 billion (previous guidance: approx. € 1.22 billion). This figure includes unchanged initial costs of approx. € 30 million for the 5G network rollout of 1&1 and an amount of approx € 40 million for the product and sales drive of IONOS.

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

Montabaur, August 5, 2021

Ralph Dommermuth

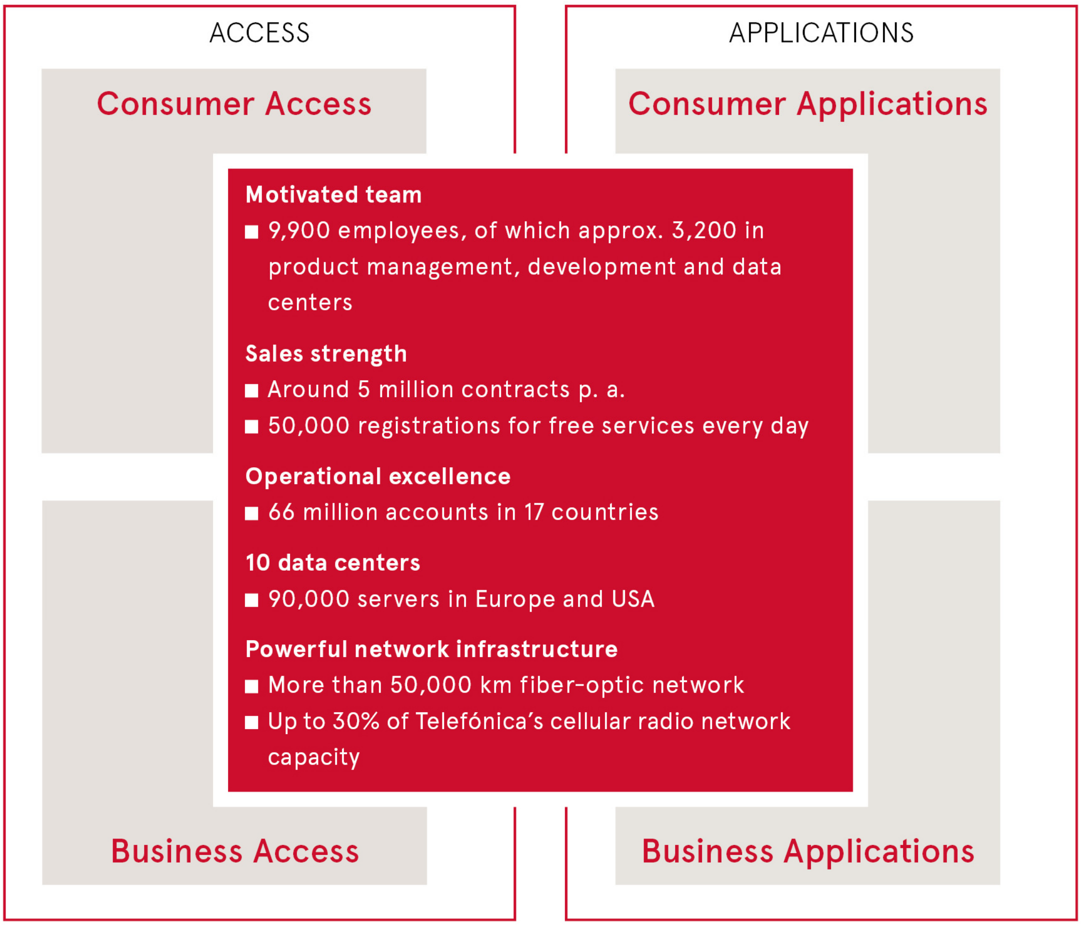
INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF 2021

Principles of the Group

Business model

Founded in 1988 and headquartered in Montabaur, Germany, United Internet AG is a leading European internet specialist with 26.17 million fee-based customer contracts and 39.69 million ad-financed free accounts around the world.

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



Consumer Access segment

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

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

United Internet – indirectly via 1&1 AG – is the only 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. Moreover, 1&1 and Telefónica concluded a long-term national roaming agreement on May 21, 2021. It is based on a comprehensive agreement concluded on February 15, 2021 in which the parties committed to signing a national roaming agreement. Concluded on May 21, 2021, the agreement represents 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 over 50,000 km, which is one of the largest networks in Germany and is constantly being expanded.

1&1 Versatel uses this network to offer 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 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, 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.

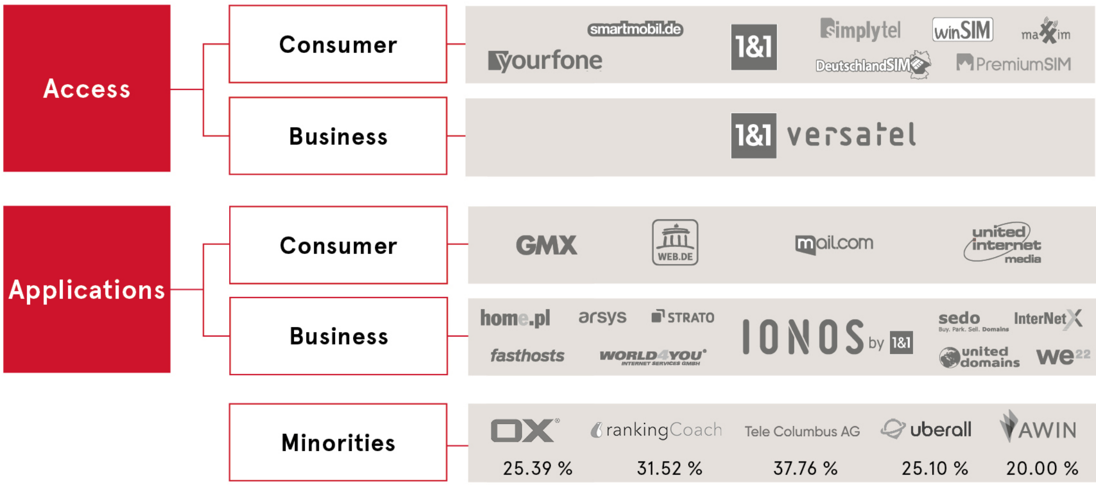
Based on its tried and tested, million-selling hosting packages, the Company has expanded its product range over the past few years with the addition of numerous cloud-based e-business solutions.

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 (Germany, France, the UK, Italy, Spain, the Netherlands, Austria, Switzerland, Poland, Hungary, Romania, Bulgaria, Czech Republic, and Slovakia) and North America (Canada, Mexico, and the USA). Further countries are to be gradually added.

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 offers other hosting suppliers a white-label website builder for the creation of high-quality websites.

Segments, brands and investments (as of: June 30, 2021)



* Tele Columbus shares held indirectly via 40% investment in Kublai GmbH

Group structure, strategy, and control

With regard to the Group's structure, strategy, and control, we refer to the explanations provided in the combined Management Report 2020 (Annual Report 2020, pages 34 et seq.). There were no significant changes with regard to the Group and its segments in the first half of 2021.

Mergers & acquisitions

The first six months of 2021 were dominated by acquisitions, share purchases, and increased stakes:

- 100% acquisition of we22 AG in the Business Applications segment in the first quarter of 2021.
- Acquisition of a 40% stake in Kublai GmbH in the second quarter of 2021 after the previously held shares in Tele Columbus were contributed to Kublai. Kublai currently holds 94.40% of the Tele Columbus shares.
- Stakes in IONOS TopCo SE increased to 75.10% (previously: 66.67%) and in 1&1 AG to 76.97% (previously: 75.10%) in the second quarter of 2021.

Further information is provided in the chapter "Position of the Group" and the "Notes to the Interim Consolidated Financial Statements".

Main focus areas for products and innovations

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

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

In addition to constant improvements and measures to secure the reliable operation of all services offered, the approximately 3,000 programmers, product managers, and technical administrators at United Internet's domestic and foreign facilities worked in particular on the following projects during the first half of 2021:

- **Consumer Access**
  - FTTH/VDSL cooperation with 1&1 Versatel / Deutsche Telekom
  - Participation in broadband and landline test of Europe's largest specialist magazine "connect", once again rated "very good"

- **Business Access**
  - Conclusion of wholesale cooperation with Deutsche Glasfaser for B2B fiber-optic products

- **Consumer Applications**
  - Expansion of "letter notification" service with addition of "digital copy", i.e., customers receive an email with additional PDF of letter content
  - Expansion of Smart Data Analytics platform based on cloud technology, providing GDPR-compliant data-driven decision making (DDDM) based on company-wide data sets
  - Automated generation of TGP advertising target groups using state-of-the-art AI processes and connection to central Mail & Media data platform

- **Business Applications**
  - New central data backup "myBackup" for easy and automatic creation of backups for private users and small businesses
  - Launch of "Managed Nextcloud" based on IONOS Cloud as "turnkey" groupware platform for storage, management and collaboration aimed at small and mid-sized enterprises
  - New Mac client for the use of HiDrive on Apple PCs
  - Integration of an e-commerce offering into MyWebsite now for the creation of small and mid-sized webshops
  - Launch of Deploy Now, a "static site deployment" offering for developers to manage their website projects directly via GitHub
  - IONOS wins six Gaia-X lighthouse projects in funding competition of the German Federal Ministry for Economic Affairs and Energy (BMWi)
  - Launch of Managed Network Load Balancer for automatic load balancing and managed NAT gateway for IONOS Cloud products
  - Implementation of DDos Protection Service in IONOS Cloud to ensure high availability and resilience

General economic, sector and legal conditions

Macroeconomic development

In view of the shortage of Covid vaccines in many countries, the International Monetary Fund (IMF) issued a warning in its updated economic outlook (World Economic Outlook, Update July 2021) of a split in the global economy, stating that the economic outlook of individual countries is currently drifting further apart.

"Access to vaccines is emerging as the most important fault line," the report stated. According to the IMF, the global recovery is splitting into two blocks. On the one hand, there are many industrialized countries that can look forward to a return to normal thanks to the progress made with their vaccination programs. On the other hand, there are many developing and emerging nations that are still struggling with high infection and death rates. As a result, the Fund downgraded its growth forecast for several developing and emerging economies at the end of the first half of 2021, while upgrading its outlook for many industrialized countries due to their vaccination progress and additional government spending.

Specifically, the IMF now forecasts growth of 6.0% for the **global economy** in 2021 (prior year: -3.3%) and thus 0.5 percentage points more than in its January outlook.

The Fund has upgraded its 2021 forecasts for all of the United Internet Group's target markets in North America. For example, it forecasts growth of 7.0% for the **USA** (prior year: -3.5%), and thus 1.9 percentage points higher than in its January outlook. The forecast of 6.3% for **Canada** (prior year: -5.4%) is 2.7 percentage points more than originally expected. And for **Mexico**, the IMF also forecasts an increase in economic output of 6.3% (prior year: -8.2%), and thus 2.0 percentage points more than at the beginning of the year.

The picture is similar in United Internet's important **eurozone** region. The IMF has also upgraded its forecast for the region (although less strongly) and now expects economic output to rise by 4.6% (prior year: -6.6%), 0.4 percentage points more than in January. The forecast for **France** has been upgraded to growth of 5.8% (prior year: -8.2%), for **Italy** to 4.9% (prior year: -8.9%), and for **Spain** to 6.2% (prior year: -11.0%). This corresponds to an increase of 0.3 percentage points for France, 1.9 percentage points for Italy, and 0.3 percentage points for Spain compared to the January outlook.

For the **UK**, the IMF now expects growth of 7.0% (prior year: -9.9%), or 2.5 percentage points more than at the beginning of the year.

The IMF has also slightly upgraded its economic forecast for **Germany** – United Internet's most important market by far (sales share 2020: around 91%) – by 0.1 percentage points so far this year and currently expects economic output to grow by 3.6% (prior year: -4.9%).

Changes in 2021 growth forecasts for United Internet's key target countries and regions

	2020	January forecast 2021	April forecast 2021	June forecast 2021	Change on January forecast
World	- 3.3%	5.5%	6.0%		- 6.8%-points
USA	- 3.5%	5.1%	5.1%		- 5.4%-points
Canada	- 5.4%	3.6%	5.0%		- 7.3%-points
Mexico	- 8.2%	4.3%	5.0%		- 9.5%-points
Eurozone	- 6.6%	4.2%	4.4%		- 8.5%-points
France	- 8.2%	5.5%	5.8%		- 10.3%-points
Spain	- 11.0%	5.9%	6.4%		- 12.7%-points
Italy	- 8.9%	3.0%	4.2%		- 9.7%-points
UK	- 9.9%	4.5%	5.3%		- 11.4%-points
Germany	- 4.9%	3.5%	3.6%		- 6.5%-points

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

Sector development

At its half-year press conference 2021, the German ICT sector association Bitkom (ICT = information and communications technology) reported strong growth for the year so far – following the pandemic-related revenue shortfalls in 2020 (-0.6%). As a result, the association has upgraded its full-year growth forecast for 2021 from 2.6% to 4.0% and now expects total revenue of € 178.2 billion. Following a successful first six months of 2021, the forecasts for United Internet's main sub-segments (IT and telecommunications) have been upgraded from 4.2% to 6.6% and from 1.0% to 1.3%, respectively.

Legal conditions / significant events

In the first half of 2021, the legal parameters for United Internet's business activities remained largely unchanged from fiscal year 2020 and thus had no significant influence on the development of the United Internet Group.

There were also no other significant events in the first six months of 2021 which had a material influence on the development of business.

Business development

Use of business-relevant key financial performance indicators

In order to ensure the clear and transparent presentation of United Internet's business trend, the Company's annual and interim financial statements include key performance indicators (KPIs) – in addition to the disclosures required by International Financial Reporting Standards (IFRS) – such as EBITDA, the EBITDA margin, EBIT, the EBIT margin, and free cash flow. Information on the use, definition, and calculation of these KPIs is provided in the Annual Report 2020 of United Internet AG on page 57.

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

Development of divisions and segments

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

Details on the business models of the individual segments are presented on page 6 under "Business model".

Development of the Consumer Access segment

The number of **fee-based contracts in the Consumer Access segment** rose by a further 280,000 contracts to 15.11 million in the first half of 2021. Broadband connections decreased slightly by 30,000 contracts to 4.28 million, while mobile internet contracts increased by 310,000 to 10.82 million.

Development of Consumer Access contracts in the first half of 2021

in million	June 30, 2021	Dec. 31, 2020	Change
Consumer Access, total contracts	15.11	14.83	+ 0.28
thereof Mobile Internet	10.83	10.52	+ 0.31
thereof broadband connections	4.28	4.31	- 0.03

Development of Consumer Access contracts in the second quarter of 2021

in million	June 30, 2021	Mar. 31, 2021	Change
Consumer Access, total contracts	15.11	14.97	+ 0.14
thereof Mobile Internet	10.83	10.66	+ 0.17
thereof broadband connections	4.28	4.31	- 0.03

Sales of the Consumer Access segment rose by 2.6% in the first half of 2021, from € 1,867.2 million in the previous year to € 1,916.2 million.

High-margin **service revenues** – which represent the core business of the segment – improved by 3.0% from € 1,496.9 million to € 1,541.7 million. Low-margin **other revenues** (mostly smartphone sales) rose by 1.1%, from € 370.3 million to € 374.5 million.

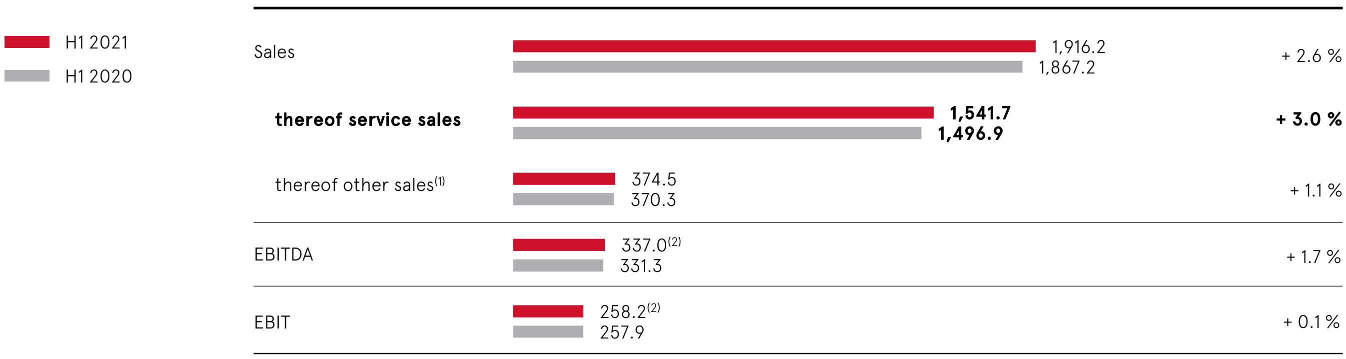
In the first half of 2021, segment earnings were dominated by an **(out-of-period) positive earnings effect** of € 39.4 million (after final negotiation) from the fiscal year 2020. On February 15, 2021, 1&1 accepted Telefónica Germany's improved offer – following review by the EU Commission – for national roaming and thus also retroactively as of July 1, 2020 for the related MBA MVNO advance services. The prices offered include annually decreasing data prices again, similar to the pricing mechanisms of the first five years of the MBA MVNO agreement. The offer accepted by 1&1 was transposed into a long-term national roaming agreement with Telefónica on May 21, 2021. Due in part to the aforementioned out-of-period earnings effect from 2020, EBITDA improved from € 331.3 million in the previous year to € 376.4 million and EBIT from € 257.9 million to € 297.6 million.

Adjusted for this (out-of-period) positive effect on earnings from the retroactively more favorable advance service prices for mobile communications, segment earnings developed as follows: **operating segment EBITDA** improved by 1.7%, from € 331.3 million in the same period last year to € 337.0 million. Operating EBITDA includes initial costs for the construction of the Company's own 5G network of € -14.9 million (prior year: € -5.6 million).

Due to increased 5G costs and higher depreciation, **operating segment EBIT** rose only slightly by 0.1% from € 257.9 million to € 258.2 million.

The **operating EBITDA margin** fell slightly from 17.7% to 17.6% and the **operating EBIT margin** from 13.8% to 13.5%.

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



(1) Mainly hardware sales
(2) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +39.4 million)

Quarterly development; change over prior-year quarter

in € million	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q2 2020	Change
Sales	925.6	966.2	965.9	950.3	933.5	+ 1.8%
thereof service sales	**760.8**	**762.3**	**762.2**	**779.5**	**749.1**	**+ 4.1%**
thereof other sales(1)	164.8	203.9	203.7	170.8	184.4	- 7.4%
EBITDA	127.3(2)	142.6(3)	168.4(4)	168.6(5)	166.5	+ 1.3%
EBIT	87.8(2)	103.0(3)	128.9(4)	130.3(5)	129.7	+ 0.5%

(1) Mainly hardware sales
(2) Including excessive MBA MVNO billing (EBITDA and EBIT effect: € -19.2 million)
(3) Including excessive MBA MVNO billing (EBITDA and EBIT effect: € -20.2 million); excluding non-cash write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(4) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +34.4 million)
(5) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +5.0 million)

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

in € million	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021
Sales	1,266.4	1,796.5	1,792.9	1,867.2	1,916.2
thereof service sales	**1,215.7**	**1,414.1**	**1,451.9**	**1,496.9**	**1,541.7**
thereof other sales(1)	50.7	382.4	341.0	370.3	374.5
EBITDA	215.5	340.2	340.4	331.3	337.0(2)
EBITDA margin	17.0%	18.9%	19.0%	17.7%	17.6%
EBIT	208.1	259.5	264.7	257.9	258.2(2)
EBIT margin	16.4%	14.4%	14.8%	13.8%	13.5%

(1) Mainly hardware sales
(2) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +39.4 million)

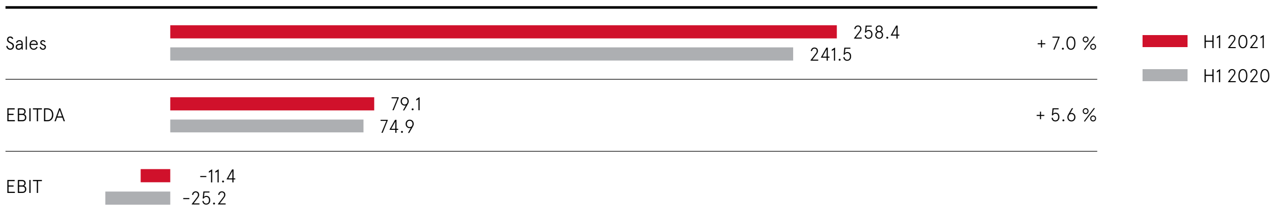
Development of the Business Access segment

In the first half of 2021, sales in the Business Access segment rose by 7.0% from € 241.5 million in the previous year to € 258.4 million.

Despite a one-off burden of € 1.1 million in connection with the new advance service agreement with Deutsche Telekom, **segment EBITDA** also improved by 5.6% from € 74.9 million in the previous year to € 79.1 million. At 30.6%, the **EBITDA margin** was slightly below the prior-year figure (31.0%).

Despite high writedowns for network infrastructure, **segment EBIT** improved from € -25.2 million in the previous year to € -11.4 million.

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



Quarterly development; change over prior-year quarter

in € million	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q2 2020	Change
Sales	125.1	126.7	128.3	130.1	122.8	+ 5.9%
EBITDA	39.4	35.5	38.2	40.9	39.7	+ 3.0%
EBIT	- 9.4	- 13.5	- 6.9	- 4.5	- 10.7	

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

in € million	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021
Sales	222.5	222.2	234.3	241.5	258.4
EBITDA	44.5	25.7	70.2	74.9	79.1
EBITDA margin	20.0%	11.6%	30.0%	31.0%	30.6%
EBIT	- 16.5	- 37.8	- 28.8	- 25.2	- 11.4
EBIT margin	-	-	-	-	-

Development of the Consumer Applications segment

The number of **pay accounts** (fee-based contracts) rose by 60,000 to 2.43 million in the first half of 2021. Ad-financed **free accounts** increased by 290,000 to 39.69 million. As a result, the total number of accounts rose by 350,000 to 42.12 million.

Development of Consumer Applications accounts in the first half of 2021

in million	June 30, 2021	Dec. 31, 2020	Change
Consumer Applications, total accounts	42.12	41.77	+ 0.35
thereof with Premium Mail subscription	1.68	1.63	+ 0.05
thereof with Value-Added subscription	0.75	0.74	+ 0.01
thereof free accounts	39.69	39.40	+ 0.29

Development of Consumer Applications accounts in the second quarter of 2021

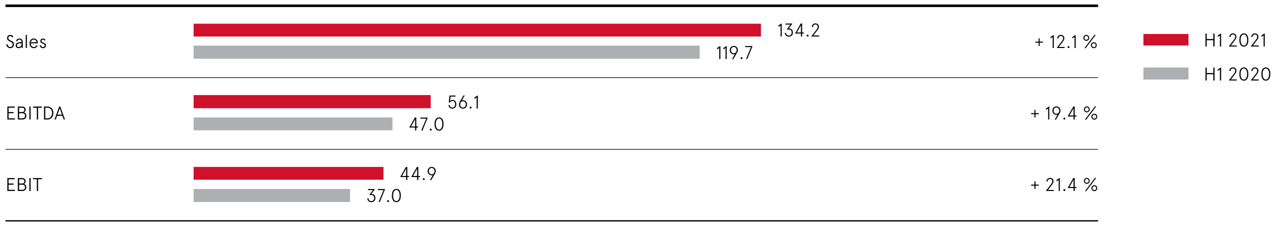
in million	June 30, 2021	Mar. 31, 2021	Change
Consumer Applications, total accounts	42.12	41.95	+ 0.17
thereof with Premium Mail subscription	1.68	1.66	+ 0.02
thereof with Value-Added subscription	0.75	0.74	+ 0.01
thereof free accounts	39.69	39.55	+ 0.14

In the first half of 2021, activities in the Consumer Applications segment continued to focus on the establishment of data-driven business models. In addition to the further increase in customer accounts, this transformation is also reflected in the growing success of the segment's key financial figures.

Sales of the Consumer Applications segment, for example, improved by 12.1% in the first half of 2021, from € 119.7 million in the same period last year to € 134.2 million.

There was also strong growth in the segment's key earnings figures in the first half of 2021: **segment EBITDA** rose by 19.4% from € 47.0 million to € 56.1 million and **segment EBIT** by 21.4% from € 37.0 million to € 44.9 million. As a result, there were also significant improvements in the **EBITDA margin** from 39.3% to 41.8% and in the **EBIT margin** from 30.9% to 33.5%.

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



Quarterly development; change over prior-year quarter

in € million	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q2 2020	Change
Sales	61.2	70.9	65.3	68.9	58.9	+ 17.0%
EBITDA	22.5	31.2	25.9	30.2	23.7	+ 27.4%
EBIT	17.4	24.6	20.5	24.4	18.6	+ 31.2%

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

in € million	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021
Sales[1]	134.4	140.2	119.4 (123.8)	119.7	134.2
EBITDA	57.9	54.5	47.3	47.0	56.1
EBITDA margin	43.1%	38.9%	39.6%	39.3%	41.8%
EBIT	52.0	48.3	39.1	37.0	44.9
EBIT margin	38.7%	34.5%	32.7%	30.9%	33.5%

(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; 2017 - 2018 reported unchanged on a gross statement

Development of the Business Applications segment

The number of **fee-based Business Applications contracts** was increased by a further 180,000 contracts in the first half of 2021. This growth resulted from 110,000 contracts in Germany and 70,000 contracts abroad. As a result, the total number of contracts rose to 8.63 million. This growth includes around 7,500 contracts from the takeover of we22 (consolidated since February 1, 2021).

Development of Business Applications contracts in the first half of 2021

in million	June 30, 2021	Dec. 31, 2020	Change
Business Applications, total contracts	8.63	8.45	+ 0.18
thereof in Germany	4.17	4.06	+ 0.11
thereof abroad	4.46	4.39	+ 0.07

Development of Business Applications contracts in the second quarter of 2021

in million	June 30, 2021	Mar. 31, 2021	Change
Business Applications, total contracts	8.63	8.56	+ 0.07
thereof in Germany	4.17	4.13	+ 0.04
thereof abroad	4.46	4.43	+ 0.03

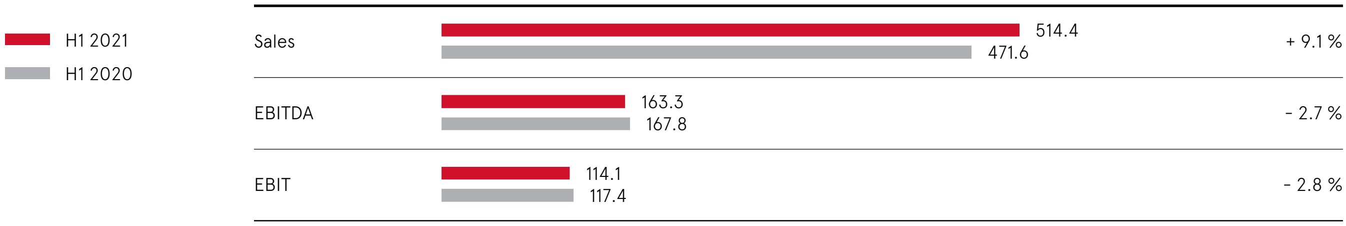
Sales of the Business Applications segment rose by 9.1% from € 471.6 million in the previous year to € 514.4 million in the first half of 2021. The Sedo business (domain trading platform and domain parking) contributed 3.4 percentage points to this sales growth.

As expected, **segment EBITDA** deteriorated slightly by 2.7% from € 167.8 million to € 163.3 million due to the announced investments of IONOS amounting to € -16.4 million for a product and sales drive focusing on cloud business and further international expansion.

Segment EBIT was also burdened by these costs and decreased by 2.8% from € 117.4 million to € 114.1 million.

There was a corresponding decline in the **EBITDA margin** and **EBIT margin** from 35.6% to 31.7% and from 24.9% to 22.2%, respectively.

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



Quarterly development; change over prior-year quarter

in € million	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q2 2020	Change
Sales	235.7	241.3	256.2	258.2	234.6	+ 10.1%
EBITDA	86.8	73.7	79.2	84.1	90.9	- 7.5%
EBIT	61.6	50.2	54.1	60.0	65.8	- 8.8%

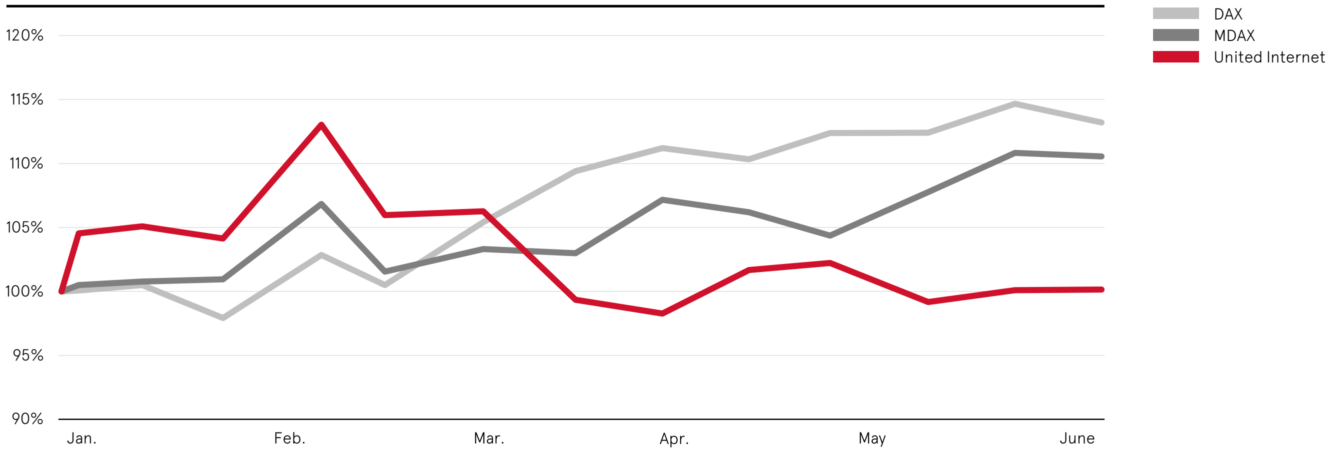
Multi-period overview: Development of key sales and earnings figures

in € million	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021
Sales	361.7	419.3	443.3	471.6	514.4
EBITDA	118.2	148.9	148.3	167.8	163.3
EBITDA margin	32.7%	35.5%	33.5%	35.6%	31.7%
EBIT	88.0	107.4	95.2	117.4	114.1
EBIT margin	24.3%	25.6%	21.5%	24.9%	22.2%

Share and dividend

At € 34.48 as of June 30, 2021, the United Internet **share price** was virtually unchanged at the end of the first half of 2021 (+0.1% compared to € 34.43 on December 31, 2020). The share therefore lagged well behind the strong gains of the DAX (+13.2%) and MDAX (+10.6%) indices. Compared to the previous year, the share was down 8.6% on the prior-year figure (€ 37.71 as of June 30, 2020).

Share performance in the first half of 2021 (Xetra trading), indexed in comparison to DAX and MDAX



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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Closing price	48.15	49.06	28.96	37.71	34.48
Performance	+ 29.4%	+ 1.9%	- 41.0%	+ 30.2%	- 8.6%
Number of shares (units)	205 million	205 million	205 million	194 million	194 million
Market value	9.87 billion	10.06 billion	5.94 billion	7.32 billion	6.69 billion

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	5.00%
BlackRock	3.18%
Wellington	3.10%
Free float	32.50%

As of July 8, 2021; figures based on the last respective notification of voting rights

Further information on the amount of **treasury shares** held as of June 30, 2021 can be found in the section "Position of the Group" under "Asset position" on page 27.

At the (virtual) Annual Shareholders' Meeting of United Internet AG held on May 27, 2021, the proposal of the Management Board and Supervisory Board to pay a **dividend** of € 0.50 per share (prior year: € 0.50) for the fiscal year 2020, was approved with a majority of 99.91% of votes cast. As a consequence, a total of € 93.6 million (prior year: € 93.6 million) was distributed on June 1, 2021. The **payout ratio** was therefore 28.3% of the adjusted consolidated net income after minority interests for 2020 (€ 330.2 million) and thus – 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 (20% – 40% of adjusted consolidated net income after minority interests, provided that funds are not needed for further Company development). Based on the closing price of the United Internet share on June 30, 2021, the **dividend yield** was therefore 1.5%.

Multi-period overview: Dividend development

	For 2016	For 2017	For 2018	For 2019	For 2020
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(1)	37.2%	42.1%	2.5%	23.6%	28.3%
Dividend yield(2)	1.7%	1.7%	0.2%	1.3%	1.5%

(1) 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)

(2) As of: June 30

Continuous and transparent corporate communication with all capital market participants is important for United Internet. The Company aims to provide all target groups with timely information without discrimination. To this end, the Management Board and the Investor Relations department continued their regular discussions with institutional and private investors in the first half of 2021.

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

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

Personnel report

As of June 30, 2021, the United Internet Group employed a total of 9,910 people. Compared to the previous year (9,451 employees), headcount therefore increased by 459 staff or 4.9%. The main reason for this strong increase was the takeover of we22 AG and its approx. 160 employees (as of February 1, 2021) in the Business Applications segment, as well as a strong increase in staff in the Company's international business.

Headcount in Germany rose by 316 employees or 4.0%, from 7,811 in the previous year to 8,127 on June 30, 2021. At the Group's companies outside Germany, headcount increased by 143 or 8.7%, from 1,640 in the previous year to 1,783.

From the segment perspective, there were 3,184 employees in the Consumer Access segment (prior year: 3,191), 1,227 in the Business Access segment (prior year: 1,177), 999 in the Consumer Applications segment (prior year: 1,003), 3,935 in the Business Applications segment (prior year: 3,484), and 565 in the Corporate/HQ division (prior year: 596).

Multi-period overview: Headcount development by domestic/foreign[1]

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	Change
Employees, total	8,387	8,999	9,156	9,451	9,910	+ 4.9%
thereof in Germany	6,859	7,520	7,573	7,811	8,127	+ 4.0%
thereof abroad	1,528	1,479	1,583	1,640	1,783	+ 8.7%

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

Multi-period overview: Headcount development by segment[1]

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	Change
Employees, total	8,387	8,999	9,156	9,451	9,910	+ 4.9%
thereof Consumer Access	2,489	3,145	3,108	3,191	3,184	- 0.2%
thereof Business Access	1,089	1,087	1,150	1,177	1,227	+ 4.2%
thereof Consumer Applications	952	956	976	1,003	999	- 0.4%
thereof Business Applications	3,533	3,359	3,345	3,484	3,935	+ 12.9%
thereof Corporate/HQ	324	452	577	596	565	- 5.2%

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

Personnel expenses rose by 10.4% in the first half of 2021, from € 286.3 million in the previous year to € 316.0 million. There was a corresponding increase in the personnel expense ratio from 10.8% to 11.4%.

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

in € million	H1 2017	H1 2018	H1 2019	H1 2020	H1 2021	Change
Personnel expenses	230.5	265.8	278.3	286.3	316.0	+ 10.4%
Personnel expense ratio	11.8%	10.4%	10.8%	10.8%	11.4%	

Position of the Group

There were **no significant acquisition or divestment effects** on consolidated and segment sales and EBITDA in the first half of 2021. There were also only **minor negative currency effects** at Group and segment level (Business Applications segment) amounting to € -8.2 million for sales and € -1.9 million for EBITDA. The same applies to the Group's asset position, for which there were no significant effects from currency fluctuations.

Earnings position

In the first half of 2021, the total number of **fee-based customer contracts** in the United Internet Group was raised by 520,000 to 26.17 million contracts. At the same time, ad-financed free accounts rose by 290,000 to 39.69 million.

Consolidated sales grew by 4.4% in the first half of 2021, from € 2,657.9 million in the previous year to € 2,775.6 million. **Sales outside Germany** improved by 6.9% from € 230.5 million to € 246.3 million (despite currency losses of € 8.2 million).

There was only a moderate increase in the **cost of sales** from € 1,775.5 million to € 1,784.3 million. As a result, the cost of sales ratio fell from 66.8% (of sales) in the previous year to 64.3% (of sales) in the first half of 2021. There was a corresponding improvement in the **gross margin** from 33.2% to 35.7%. **Gross profit** therefore rose faster than sales (+4.4%) by 12.1% from € 882.4 million to € 991.4 million. These improvements were due in particular to an (out-of-period) positive effect of € +39.4 million (for further details, please refer to the comments on earnings below).

Due in part to the IONOS sales drive, **sales and marketing expenses** increased slightly faster than sales, from € 376.8 million (14.2% of sales) in the previous year to € 407.2 million (14.7% of sales). By contrast, there was a disproportionately stronger increase in **administrative expenses** from € 97.7 million (3.7% of sales) to € 116.4 million (4.2% of sales), due to increased legal and consultancy costs (for preparations and negotiations in connection with the rollout of the Company's own 5G network).

Multi-period overview: Development of key cost items

in € million	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021
Cost of sales	1,272.9	1,688.3	1,685.8	1,775.5	1,784.3 (1)
Cost of sales ratio	65.1%	66.5%	65.9%	66.8%	64.3%
Gross margin	34.9%	33.5%	34.1%	33.2%	35.7%
Selling expenses	270.9	344.1	382.0	376.8	407.2
Selling expenses ratio	13.9%	13.5%	14.9%	14.2%	14.7%
Administrative expenses	85.2	109.2	102.4	97.7	116.4
Administrative expenses ratio	4.4%	4.3%	4.0%	3.7%	4.2%

(1) Including a non-period positive effect on earnings (excessive MBA MVNO billings) from Q4 2020 (effect: € +39.4 million)

The Group's earnings figures for the first half of 2021 were affected by an **(out-of-period) positive effect on earnings** of € 39.4 million (after final negotiation) from the fiscal year 2020. On February 15, 2021, 1&1 accepted Telefónica Germany's improved offer – following review by the EU Commission – for national roaming and thus also retroactively as of July 1, 2020 for the related MBA MVNO advance services. The prices offered include annually decreasing data prices again, similar to the pricing mechanisms of the first five years of the MBA MVNO agreement. The offer accepted by 1&1 was transposed into a long-term national roaming agreement on May 21, 2021. Due in part to the aforementioned out-of-period earnings effect from 2020, EBITDA and EBIT improved from

€ 620.5 million in the same period last year to € 673.2 million, and from € 385.4 million to € 441.9 million, respectively.

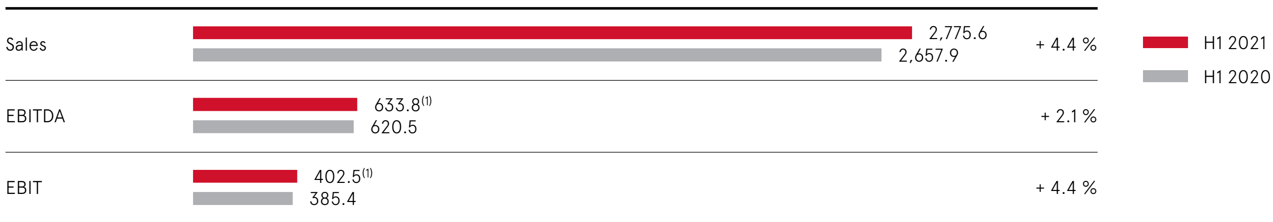
Adjusted for this (out-of-period) positive effect on earnings from the retroactively more favorable advance service prices for mobile communications, the Group's key earnings figures developed as follows: **operating EBITDA for the Group** improved by 2.1%, from € 620.5 million in the previous year to € 633.8 million in the first half of 2021, and **operating EBIT for the Group** by 4.4% from € 385.4 million to € 402.5 million. These earnings figures include initial costs for the construction of the 5G network of € -14.9 million (prior year: € -5.6 million), as well as the announced investments of IONOS amounting to € -16.4 million for a product and sales drive focusing on its cloud business and further international expansion.

As a result, the **operating EBITDA margin** fell from 23.3% in the same period last year to 22.8%, while the **operating EBIT margin** was unchanged at 14.5% due to lower amortization and depreciation.

Earnings before taxes (EBT) increased from € 375.5 million in the previous year to € 431.5 million in the first half of 2021. For the current reporting period, this figure includes the aforementioned (out-of-period) positive effect on earnings (EBT effect: € +39.4 million), while the prior-year figure includes non-cash impairment reversals on shares held in Tele Columbus due to closing-date effects (EBT effect: € +14.7 million). Adjusted for these positive effects, **operating EBT** of € 392.1 million was 8.7% up on the previous year (€ 360.8 million).

Earnings per share (EPS) rose from € 1.06 to € 1.26. EPS also reflects the (out-of-period) positive earnings effect (EPS effect: € +0.11) and the Tele Columbus impairment reversals in the previous year (EPS effect: € +0.08). Adjusted for these effects, **operating EPS** rose by 17.3% from € 0.98 to € 1.15 and **operating EPS before PPA** by 9.8% from € 1.23 to € 1.35.

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



(1) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +39.4 million)

Quarterly development; change over prior-year quarter

in € million	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q2 2020	Change
Sales	1,326.8	1,382.5	1,392.2	1,383.4	1,328.5	+ 4.1%
EBITDA	275.9[1]	282.4[2]	312.1[3]	321.7[4]	319.7	+ 0.6%
EBIT	156.3[1]	163.1[2]	196.2[3]	206.3[4]	201.2	+ 2.5%

(1) Including excessive MBA MVNO billing (EBITDA and EBIT effect: € -19.2 million)
(2) Including excessive MBA MVNO billing (EBITDA and EBIT effect: € -20.2 million); excluding non-cash write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(3) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +34.4 million)
(4) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +5.0 million)

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

in € million	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021
Sales	1,954.1	2,539.6	2,556.5	2,657.9	2,775.6
EBITDA	429.9	565.5	630.0	620.5	633.8 (1)
EBITDA margin	22.0%	22.3%	24.6%	23.3%	22.8%
EBIT	325.3	373.8	390.8	385.4	402.5 (1)
EBIT margin	16.6%	14.7%	15.3%	14.5%	14.5%

(1) Excluding a non-period positive effect on earnings (excessive MBA MVNO billings) from 2020 (EBITDA and EBIT effect: € +39.4 million)

Financial position

Thanks to the positive trend in operating earnings, **operative cash flow** rose from € 486.7 million in the previous year to € 538.7 million in the first half of 2021.

At € 340.5 million, **cash flow from operating activities** was below the prior-year figure (€ 383.2 million). This was mainly due to increased receivables from advance service providers, as well as a rise in contract assets due to increased hardware sales.

Cash flow from investing activities resulted in a net outflow of € 376.6 million in the reporting period (prior year: € 115.6 million). This resulted mainly from disbursements of € 127.6 million (prior year: € 123.2 million) for capital expenditures, from payments to acquire shares in associated companies totaling € 220.7 million (especially for the stake in Kublai GmbH), as well as from payments of € 22.6 million for the purchase of shares in affiliates (especially for the acquisition of we22 AG).

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 decrease in cash flow from operating activities and the slight increase in capital expenditures, **free cash flow** decreased from € 263.1 million to € 214.5 million. The redemption share of lease liabilities is disclosed in cash flow from financing activities. After deducting the cash flow item "Redemption of finance lease liabilities and rights of use", free cash flow fell from € 211.0 million to € 157.5 million.

Cash flow from financing activities in the first half of 2021 was dominated by the net assumption of loans totaling € 505.7 million (prior year: loan repayment of € 169.4 million), the redemption of lease liabilities of € 57.0 million (prior year: € 52.1 million), the dividend payment of € 93.6 million (prior year: € 93.6 million), as well as the payment of € 391.0 million to minority shareholders for increased shareholdings in IONOS TopCo SE and 1&1 AG.

As of June 30, 2021, **cash and cash equivalents** amounted to € 58.8 million – compared to € 54.6 million on the same date last year.

Development of key cash flow figures

in € million	H1 2021	H1 2020	Change
Operative cash flow	538.7	486.7	+ 52.0
Cash flow from operating activities	340.5	383.2	- 42.7
Cash flow from investing activities	- 376.6	- 115.6	- 261.0
Free cash flow[1]	157.5[2]	211.0[3]	- 53.5
Cash flow from financing activities	- 38.4	- 329.9	+ 291.5
Cash and cash equivalents on June 30	58.8	54.6	+ 4.2

(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) 2021 including the repayment portion of lease liabilities (€ 57.0 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)
(3) 2020 incl. the repayment portion of lease liabilities (€ 52.1 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	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021
Operative cash flow	315.6	418.9	465.4	486.7	538.7
Cash flow from operating activities	394.5[(2)]	164.7	246.0	383.2	340.5
Cash flow from investing activities	- 741.2	- 128.1	- 68.6	- 115.6	- 376.6
Free cash flow[(1)]	297.8[(2)]	84.3	138.0[(3)]	211.0[(3)]	157.5[(3)]
Cash flow from financing activities	509.9	- 163.6	- 187.6	- 329.9	- 38.4
Cash and cash equivalents on June 30	336.6	111.8	47.9	54.6	58.8

(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) 2017 without consideration of a capital gains tax refund originally planned for the fourth quarter of 2016 (€ 70.3 million)
(3) 2019, 2020 and 2021 incl. the repayment portion of lease liabilities, which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

Asset position

The **balance sheet total** increased from € 9.231 billion as of December 31, 2020 to € 9.634 billion on June 30, 2021.

Development of current assets

in € million	June 30, 2021	Dec. 31, 2020	Change
Cash and cash equivalents	58.8	131.3	- 72.4
Trade accounts receivable	366.8	344.8	+ 22.0
Contract assets	618.8	577.6	+ 41.2
Inventories	81.4	85.4	- 4.0
Prepaid expenses	264.3	214.4	+ 49.9
Other financial assets	117.7	82.3	+ 35.4
Income tax claims	41.4	64.8	- 23.4
Other non-financial assets	10.6	12.4	- 1.7
Total current assets	**1,559.9**	**1,512.9**	**+ 47.0**

Current assets rose from € 1,512.9 million as of December 31, 2020 to € 1,559.9 million on June 30, 2021. However, **cash and cash equivalents** disclosed under current assets decreased from € 131.3 million to € 58.8 million due to closing-date effects and M&A transactions. By contrast, **trade accounts receivable** rose slightly from € 344.8 million to € 366.8 million due to closing-date effects and the expansion of business. As a result of customer growth and increased hardware sales, the item **contract assets** rose from € 577.6 million to € 618.8 million and includes current claims against customers due to accelerated revenue recognition from the application of IFRS 15. **Current prepaid expenses** increased from € 214.4 million to € 264.3 million due to closing-date effects and the short-term portion of a contingent payment to an advance service provider. This item mainly comprises the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. Due to loans granted to associated companies and acquired derivatives, current **other financial assets** rose from € 82.3 million to € 117.7 million. By contrast, **income tax claims** fell from € 64.8 million to € 41.4 million. **Inventories** and **other non- financial assets** were virtually unchanged.

Development of non-current assets

in € million	June 30, 2021	Dec. 31, 2020	Change
Shares in associated companies	432.0	89.6	+ 342.5
Other financial assets	13.3	9.9	+ 3.4
Property, plant and equipment	1,302.4	1,271.6	+ 30.8
Intangible assets	2,119.5	2,197.8	- 78.3
Goodwill	3,638.9	3,609.4	+ 29.4
Trade accounts receivable	50.2	54.0	- 3.8
Contract assets	192.8	196.5	- 3.7
Prepaid expenses	299.8	144.8	+ 155.0
Deferred tax assets	24.9	20.4	+ 4.5
Total non-current assets	**8,073.9**	**7,594.0**	**+ 479.9**
Assets held for sale	0.0	124.0	- 124.0

Non-current assets rose strongly from € 7,594.0 million as of December 31, 2020 to € 8,073.9 million on June 30, 2021. This was mainly due to the increase in **shares in associated companies** from € 89.6 million to € 432.0 million – resulting in particular from the acquisition of a stake in Kublai GmbH. **Property, plant, and equipment** rose slightly from € 1,271.6 million to € 1,302.4 million, while **intangible assets** declined from € 2,197.8 million to € 2,119.5 million mainly due to amortization.

Goodwill increased from € 3,609.4 million to € 3,638.9 million, primarily as a result of the acquisition of we22 AG. The strong increase in **prepaid expenses** from € 144.8 million to € 299.8 million was due to closing-date effects and the long-term portion of payments under the contingent agreement with Deutsche Telekom. Non-current **other financial assets**, **trade accounts receivable, contract assets**, and **deferred tax assets** were all largely unchanged.

Development of current liabilities

in € million	June 30, 2021	Dec. 31, 2020	Change
Trade accounts payable	501.9	532.8	- 30.9
Liabilities due to banks	715.7	370.4	+ 345.3
Income tax liabilities	98.3	114.6	- 16.4
Contract liabilities	158.1	152.1	+ 6.0
Other accrued liabilities	8.7	9.3	- 0.6
Other financial liabilities	283.9	278.6	+ 5.3
Other non-financial liabilities	122.6	46.7	+ 75.9
Total current liabilities	**1,889.3**	**1,504.6**	**+ 384.7**

Current liabilities increased strongly from € 1,504.6 million as of December 31, 2020 to € 1,889.3 million on June 30, 2021. Due to closing-date effects, current **trade accounts payable** decreased from € 532.8 million to € 501.9 million. There was an increase in current **liabilities due to banks** from € 370.4 million to € 715.7 million following reclassifications of non-current liabilities (in accordance with their maturity) and due to closing-date effects from the assumption of short-term loans. In early July 2021 – and thus after the reporting date – a long-term promissory note loan of € 750 million was placed. **Income tax liabilities** declined from € 114.6 million to € 98.3 million. Current **other non-financial liabilities** increased from € 46.7 million to € 122.6 million and mainly include liabilities due to tax authorities. 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 financial liabilities** were largely unchanged.

Development of non-current liabilities

in € million	June 30, 2021	Dec. 31, 2020	Change
Liabilities due to banks	1,256.0	1,095.7	+ 160.4
Deferred tax liabilities	327.2	331.6	- 4.4
Trade accounts payable	5.9	6.0	- 0.2
Contract liabilities	32.4	33.6	- 1.2
Other accrued liabilities	71.3	69.3	+ 2.0
Other financial liabilities	1,292.1	1,278.7	+ 13.4
Total non-current liabilities	**2,985.0**	**2,815.0**	**+ 170.0**

Non-current liabilities increased from € 2,815.0 million as of December 31, 2020 to € 2,985.0 million on June 30, 2021. This was mainly due to long-term **liabilities due to banks**, which rose from € 1,095.7 million to € 1,256.0 million following the drawdown of existing long-term credit lines. **Other financial liabilities** increased slightly from € 1,278.7 million to € 1,292.1 million. By contrast, the items **deferred tax liabilities**, non-current **trade accounts payable**, non-current **contract liabilities** (which mainly include payments received from customer contracts for which the performance has not yet been completely rendered), as well as non-current **other accrued liabilities** were all largely unchanged.

Development of equity

in € million	June 30, 2021	Dec. 31, 2020	Change
Capital stock	194.0	194.0	0.0
Capital reserves	1,973.7	2,322.8	- 349.1
Accumulated profit	2,381.0	2,240.5	+ 140.5
Treasury shares	- 212.7	- 212.7	0.0
Revaluation reserves	- 2.9	- 4.4	+ 1.4
Currency translation adjustment	- 16.1	- 21.1	+ 5.0
Equity attributable to shareholders of the parent company	**4,316.9**	**4,519.1**	**- 202.1**
Non-controlling interests	442.6	392.1	+ 50.5
Total equity	**4,759.5**	**4,911.2**	**- 151.7**

The Group's **equity capital** declined from € 4,911.2 million as of December 31, 2020 to € 4,759.5 million on June 30, 2021. There was a decrease in capital reserves which was offset in part by an increase in accumulated profit. The decline in capital reserves from € 2,322.8 million to € 1,973.7 million was due to increased stakes in IONOS TopCo SE and 1&1 AG. By contrast, the Group's **accumulated profit** rose from € 2,240.5 million to € 2,381.0 million and contains the past profits of the consolidated companies, insofar as they were not distributed, less payments for share-based compensation. There was a corresponding decrease in the consolidated **equity ratio** from 53.2% to 49.4%.

Net bank liabilities (i.e., the balance of bank liabilities and cash and cash equivalents) increased from € 1,334.8 million as of December 31, 2020 to € 1,912.9 million on June 30, 2021. This was mainly due to the drawdown of existing credit lines, especially for the investment in Kublai GmbH (€ 220 million), the increased stakes in IONOS TopCo SE (€ 310 million) and 1&1 AG (€ 81 million), and the acquisition of we22 AG (€ 23 million).

Multi-period overview: Development of key balance sheet items

in € million	Dec. 31, 2017 (IAS 18)	Dec. 31, 2018 (IFRS 15)	Dec. 31, 2019 (IFRS 16)	Dec. 31, 2020	June 30, 2021
Total assets	7,605.2	8,173.8	9,128.8	9,230.8	9,633.8
Cash and cash equivalents	238.5	58.1	117.6	131.3	58.8
Shares in associated companies	418.0	206.9 (1)	196.0	89.6 (1)	432.0 (1)
Other financial assets	333.7	348.1 (2)	90.4 (2)	9.9 (2)	13.3
Property, plant and equipment	747.4	818.0	1,160.6 (3)	1,271.6	1,302.4
Intangible assets	1,408.4	1,244.6	2,167.4 (4)	2,197.8	2,119.5
Goodwill	3,564.1	3,612.6 (5)	3,616.5	3,609.4	3,638.9
Liabilities due to banks	1.955.8	1,939.1	1,738.4	1,466.1	1,971.8
Capital stock	205.0	205.0	205.0	194.0 (6)	194.0
Equity	4,048.7	4,521.5 (7)	4,614.7	4,911.2	4,759.5
Equity ratio	0.5	55.3%	50.6%	53.2%	49.4%

(1) Decrease due to Tele Columbus impairment charges (2018); decrease due to reclassification Tele Columbus (2019); increase due to stake in Kublai (2021)
(2) Increase due to subsequent valuation of shares in listed companies (2018); decrease due to sale of Rocket Internet shares (2019); decrease due to sale of Afilias shares (2020)
(3) Increase due to initial application of IFRS 16 (2019)
(4) Increase due to initial recognition of acquired 5G frequencies (2019)
(5) Increase due to World4You takeover (2018)
(6) Decrease due to withdrawal of treasury shares (2020)
(7) Transitional effects from initial application of IFRS 15 (2018)

Management Board's overall assessment of the business situation

United Internet can look back on a successful first six months of 2021. In the reporting period, the Company made further investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. In total, the number of fee-based customer contracts grew by a further 520,000 contracts to 26.17 million.

280,000 contracts were added in the Consumer Access segment. In the Consumer Applications segment, 290,000 ad-financed free accounts and 60,000 pay accounts were added. A further 180,000 contracts resulted from the Business Applications segment.

In view of this strong customer growth and a 4.4% increase in sales to around € 2.776 billion, United Internet made good progress in the first half of 2021. At the same time, there were also further improvements in the key operating figures – despite heavy investment in future topics. For example, EBITDA rose by 2.1% to around € 634 million and EBIT by 4.4% to around € 403 million.

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

With the sales and earnings figures achieved in the first half of 2021, as well as the investments made in sustainable corporate development, the Management Board believes that the Company is well placed for its further development.

Subsequent events

Promissory note loan of € 750 million successfully placed

As in 2014 and 2017, United Internet AG has successfully placed a promissory note loan ("Schuldscheindarlehen") in its fiscal year 2021. As the transaction was significantly oversubscribed, the Company decided to raise the originally planned placement volume to an ultimate amount of € 750 million. The promissory note loan comprises several tranches with terms of three to six years and largely fixed interest rates with an average interest rate of 0.79% p.a. The transaction was closed in July 2021.

1&1 and Rakuten agree wide-ranging partnership

On August 4, 2021, United Internet subsidiary 1&1 AG and the Rakuten Group, Inc. announced a long-term partnership for the construction of a fourth mobile communications network in Germany. Together with Rakuten, 1&1 plans to build Europe's first fully virtualized mobile network based on the innovative OpenRAN technology.

Rakuten is a pioneer of OpenRAN technology. After several years of preparation and development work, Rakuten launched full-scale commercial service with the world's first fully virtualized cloud-native OpenRAN mobile network as a new entrant in April 2020 in Japan. 1&1 will now benefit from this experience and expertise. Specifically, Rakuten will take over the build of the active network equipment and will also be responsible for the overall performance of the 1&1 mobile network. 1&1 will have access to the Rakuten Communications Platform (RCP) stack of access, core, cloud and operations solutions as well as to its partner network. In this context, Rakuten will also provide its specially developed orchestration software so that the 1&1 network can be operated in a highly automated manner.

In contrast to traditional network architectures, the OpenRAN approach disaggregates software and hardware. By using commercially available servers, so-called COTS (commercial off-the-shelf) hardware, a wide variety of software and radio manufacturers can be combined as desired. This means that 1&1 is highly independent from dominant providers and has the possibility to work flexibly with different manufacturers. All network functions are in the cloud and are run by software. Complex retrofitting or maintenance at the base stations of the antennas is thus obsolete and can be carried out efficiently and cost-effectively through software updates. Four central data centres are planned for the core network. To the core network hundreds of decentralized data centres throughout Germany will be connected, which in turn will be connected to thousands of antenna locations via fibre optics. Data centres and fibre optic lines are provided by 1&1's sister company 1&1 Versatel.

There were no other significant events subsequent to the reporting date of June 30, 2021 which had a material effect on the financial position and performance of the Company or the Group nor affected its accounting and reporting.

Risk and opportunity report

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

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

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

From the current perspective, the main challenges are still 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 June 30, 2021 were all unchanged from December 31, 2020.

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 end of the fiscal year 2020, the overall risk has fallen. The main reason for this are the valuation adjustments made to account for the impact of the coronavirus pandemic (Sars-CoV-2). It is still true that if the virus continues 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. However, the related risks have been reduced in part as a result of the current development and the experiences made so far.

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

Forecast report

Economic prospects

In view of the shortage of Covid vaccines in many countries, the International Monetary Fund (IMF) issued a warning in its updated economic outlook (World Economic Outlook, Update July 2021) of a split in the global economy, stating that the economic outlook of individual countries is currently drifting further apart.

According to the IMF, access to vaccines is splitting the global recovery into two blocks. On the one hand, there are many industrialized countries that can look forward to a return to normal thanks to the progress made with their vaccination programs. On the other hand, there are many developing and emerging nations that are still struggling with high infection and death rates. As a result, the Fund has downgraded its growth forecast for several developing and emerging economies, while upgrading its outlook for many industrialized countries due to their vaccination progress and additional government spending.

Specifically, the IMF now forecasts growth of 6.0% for the **global economy** in 2021 (prior year: -3.3%) and 4.9% for 2022.

The Fund expects an increase in economic output for all of the United Internet Group's main target markets. In North America, the IMF forecasts growth in 2021 and 2022 of 7.0% and 4.9% in the **USA**, 6.3% and 4.5% in **Canada**, and 6.3% and 4.2% in **Mexico**, and in Europe 3.6% and 4.1% in **Germany**, 7.0% and 4.8% in the **UK**, 5.8% and 4.2% in **France**, 4.9% and 4.2% in **Italy**, and 6.2% and 5.8% in **Spain**.

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

	2022e	2021e	2020
World	4.9%	6.0%	- 3.3%
USA	4.9%	7.0%	- 3.5%
Canada	4.5%	6.3%	- 5.4%
Mexico	4.2%	6.3%	- 8.2%
Eurozone	4.3%	4.6%	- 6.6%
France	4.2%	5.8%	- 8.2%
Spain	5.8%	6.2%	- 11.0%
Italy	4.2%	4.9%	- 8.9%
UK	4.8%	7.0%	- 9.9%
Germany	4.1%	3.6%	- 4.9%

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

Sector expectations

At its half-year press conference 2021, the **German ICT sector** association Bitkom reported strong growth for the year so far – following the pandemic-related revenue shortfalls in 2020 (-0.6%). As a result, the association has upgraded its full-year growth forecast for 2021 from 2.6% to 4.0% and now expects total revenue of € 178.2 billion.

In addition to the positive market trend, however, Bitkom has also identified a whole series of uncertainties and therefore regards the current situation as fragile. The association points to the possible emergence of new coronavirus variants and a possible "fourth wave", the uncertain outcome of the German parliamentary elections in the fall, and the ongoing shortage of semiconductors.

For the largest sub-market, **information technology**, the industry association has increased its forecast for 2021 from 4.2% to 6.6% (prior year: +0.2%) and expects revenue of € 101.8 billion. The association believes that this will be due in particular to remote working and the increased use of work-from-home possibilities. Significant revenue increases are expected in all areas. The strongest growth is expected to be in IT hardware – in particular computers, servers, and peripherals – with a strong increase of 10.9% to € 33.2 billion. Sales of Infrastructure-as-a-Service (IaaS), i.e., business with leased servers, network, and storage capacity, are expected to increase by 29.8%, tablets by 19.0%, and mobile PCs by 18.0%. Only sales of stationary desktop PCs are expected to decline (-5.0%). The software business is also expected to grow by 6.0% to € 27.5 billion sales. The IT services business, which includes IT consulting, is expected to grow by 3.7% to € 41.1 billion.

The industry association has also upgraded its forecast for the **telecommunications** sub-market for 2021 and currently expects growth of 1.3% (prior year: -0.1%) to € 67.5 billion – after forecasting growth of 1.0% at the beginning of the year. According to Bitkom estimates, telecommunications services are likely to generate revenues of € 49.1 billion, representing an increase of 1.4%. Business with end-user devices is expected to remain largely unchanged at € 11.5 billion (+0.2%). Investments in telecommunications infrastructure are expected to increase by 2.3% to € 6.9 billion.

Expectations for the Company

Expectations for the Company in 2021

Following its successful first half-year 2021, United Internet AG is increasing its full-year guidance for 2021 and now anticipates sales growth to approx. € 5.6 billion (previous guidance: approx. € 5.5 billion). Operating EBITDA (without consideration of the out-of-period income of € 39.4 million in connection with the signing of the national roaming agreement) is expected to increase to approx. € 1.25 billion (previous guidance: approx. € 1.22 billion). This figure includes unchanged initial costs of approx. € 30 million for the 5G network rollout of 1&1 and an amount of approx € 40 million for the product and sales drive of IONOS.

Management Board's overall statement on the anticipated development

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

At the time of preparing this Half-year Financial Report, the Management Board of United Internet AG believes that the Company is on track to reach the sales and earnings guidance presented above in the section "Forecast for the fiscal year 2021".

Forward-looking statements

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

INTERIM FINANCIAL STATEMENTS

GROUP BALANCE SHEET

As of June 30, 2021 in €k

ASSETS	June 30, 2021	December 31, 2020
Current assets		
Cash and cash equivalents	58,845	131,270
Trade accounts receivable	366,833	344,838
Contract assets	618,790	577,601
Inventories	81,436	85,390
Prepaid expenses	264,268	214,382
Other financial assets	117,680	82,262
Income tax claims	41,448	64,822
Other non-financial assets	10,623	12,351
	1,559,922	**1,512,917**
Non-current assets		
Shares in associated companies	432,034	89,567
Other financial assets	13,319	9,901
Property, plant and equipment	1,302,410	1,271,567
Intangible assets	2,119,526	2,197,818
Goodwill	3,638,863	3,609,437
Trade accounts receivable	50,198	53,959
Contract assets	192,763	196,508
Prepaid expenses	299,842	144,795
Deferred tax assets	24,934	20,412
	8,073,891	**7,593,965**
Assets held for sale	0	123,955
Total assets	**9,633,813**	**9,230,836**

LIABILITIES	June 30, 2021	December 31, 2020
Current liabilities		
Trade accounts payable	501,948	532,778
Liabilities due to banks	715,749	370,435
Income tax liabilities	98,269	114,621
Contract liabilities	158,132	152,094
Other accrued liabilities	8,669	9,302
Other financial liabilities	283,937	278,636
Other non-financial liabilities	122,613	46,747
	1,889,317	**1,504,614**
Non-current liabilities		
Liabilities due to banks	1,256,009	1,095,654
Deferred tax liabilities	327,218	331,639
Trade accounts payable	5,859	6,014
Contract liabilities	32,446	33,631
Other accrued liabilities	71,339	69,329
Other financial liabilities	1,292,143	1,278,744
	2,985,014	**2,815,012**
Total liabilities	**4,874,331**	**4,319,626**
EQUITY		
Capital stock	194,000	194,000
Capital reserves	1,973,702	2,322,780
Accumulated profit	2,381,007	2,240,473
Treasury shares	-212,731	-212,731
Revaluation reserves	-2,947	-4,372
Currency translation adjustment	-16,102	-21,091
Equity attributable to shareholders of the parent company	**4,316,928**	**4,519,060**
Non-controlling interests	442,554	392,151
Total equity	**4,759,482**	**4,911,210**
Total liabilities and equity	**9,633,813**	**9,230,836**

GROUP NET INCOME

From January 1 to June 30, 2021 in €k

	2021 January - June	2020 January - June
Sales	2,775,649	2,657,861
Cost of sales	-1,784,251	-1,775,461
Gross profit	**991,398**	**882,400**
Selling expenses	-407,214	-376,781
General and administrative expenses	-116,359	-97,709
Other operating income / expenses	10,459	17,391
Impairment of receivables and contract assets	-36,362	-39,923
Operating result	**441,921**	**385,378**
Financial result	-7,699	-19,606
Result from associated companies	-2,740	9,767
Pre-tax result	**431,481**	**375,538**
Income taxes	-131,047	-113,421
Net income	**300,434**	**262,117**
thereof attributable to		
non-controlling interests	65,443	63,193
Shareholders of United Internet AG	234,992	198,924

	2021 January - June	2020 January - June
Result per share of shareholders of United Internet AG (in €)		
basic	1.26	1.06
diluted	1.25	1.06
Weighted average of outstanding shares (in million units)		
basic	187.23	187.47
diluted	188.37	187.47
Reconciliation to total comprehensive income		
Net income	300,434	262,117
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	6,716	-11,972
Items that are not reclassified subsequently to profit or loss		
Market value changes of financial assets measured at fair value through other comprehensive income	591	2,388
Tax effect	-8	-25
Share in other comprehensive income of associated companies	0	255
Other comprehensive income	**7,299**	**-9,354**
Total comprehensive income	**307,734**	**252,763**
thereof attributable to		
non-controlling interests	67,171	60,266
Shareholders of United Internet AG	**240,563**	**192,497**

GROUP CASH FLOW

From January 1 to June 30, 2021 in €k

	2021 January - June	2020 January - June
Result from operating activities		
Net income	300,434	262,117
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	163,226	149,123
Depreciation and amortization of assets resulting from company acquisitions	68,051	86,010
Employee expenses from employee shareholdings	10,722	6,051
Result from associated companies	2,740	-9,767
Distributed profits of associated companies	228	0
Other non-cash items from tax adjustments	-8,943	-13,954
Other non-cash items	2,265	7,083
Operative cash flow	**538,724**	**486,664**
Change in assets and liabilities		
Change in receivables and other assets	-17,422	-18,402
Change in inventories	3,954	-21,251
Change in contract assets	-37,443	-32,294
Change in income tax claims	23,374	-17,640
Change in deferred expenses	-204,932	1,845
Change in trade accounts payable	-34,434	-28,277
Change in other accrued liabilities	1,376	-7,095
Change in income tax liabilities	-16,352	20,714
Change in other liabilities	80,150	5,693
Change in contract liabilities	3,458	-6,807
Change in assets and liabilities, total	**-198,271**	**-103,513**
Cash flow from operating activities	**340,453**	**383,151**

	2021 January - June	2020 January - June
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-127,595	-123,255
Payments from disposals of intangible assets and property, plant and equipment	1,610	3,214
Payments for company acquisitions less cash received	-22,562	0
Payments from company disposals less cash sold	8,789	0
Purchase of shares in associated companies	-220,688	0
Payments for loans granted	-16,189	0
Payments received from the repayment of other financial assets	0	4,396
Cash flow from investment activities	**-376,635**	**-115,646**
Cash flow from financing activities		
Purchase of treasury stock	0	-12,235
Taking out / repayment of loans	505,669	-169,360
Redemption of lease liabilities	-57,016	-52,129
Dividend payments	-93,615	-93,615
Dividend payments to non-controlling interests	-2,467	-2,577
Payments to minority interests	-390,968	0
Cash flow from financing activities	**-38,398**	**-329,916**
Net increase in cash and cash equivalents	-74,580	-62,411
Cash and cash equivalents at beginning of fiscal year	131,270	117,573
Currency translation adjustments of cash and cash equivalents	2,154	-590
Cash and cash equivalents at end of fiscal year	**58,845**	**54,572**

GROUP CHANGES IN SHAREHOLDERS´ EQUITY

	Capital stock		Capital reserves	Accumulated profit	Treasury shares	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2020	**205,000,000**	**205,000**	**2,643,946**	**1,993,860**	**17,338,513**	**-548,442**
Net income				198,924		
Other comprehensive income						
Total comprehensive income				**198,924**		
Purchase of treasury shares					430,624	-12,235
Redemption of treasury shares	-11,000,000	-11,000	-336,946		-11,000,000	347,946
Employee stock ownership program			7,352			
Dividend payments				-93,615		
Profit distributions						
Balance as of June 30, 2020	194,000,000	194,000	2,314,352	2,099,169	6,769,137	-212,730
Balance as of January 1, 2021	**194,000,000**	**194,000**	**2,322,780**	**2,240,473**	**6,769,137**	**-212,731**
Net income				234,992		
Other comprehensive income						
Total comprehensive income				**234,992**		
Employee stock ownership program			8,686			
Dividend payments				-93,615		
Profit distributions						
Transactions with shareholders			-357,764			
Other transactions				-842		
Balance as of June 30, 2021	**194,000,000**	**194,000**	**1,973,702**	**2,381,007**	**6,769,137**	**-212,731**

Revaluation reserves	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k
25,173	**-9,558**	**4,309,977**	**304,753**	**4,614,730**
		198,924	63,193	262,117
2,055	-8,482	-6,427	-2,927	-9,354
2,055	**-8,482**	**192,497**	**60,266**	**252,763**
		-12,235		-12,235
		0		0
		7,352	3,123	10,475
		-93,615		-93,615
		0	-2,577	-2,577
27,228	-18,040	4,403,979	365,565	4,769,543
-4,372	**-21,091**	**4,519,060**	**392,151**	**4,911,210**
		234,992	65,443	300,434
583	4,988	5,571	1,728	7,299
583	**4,988**	**240,563**	**67,171**	**307,733**
		8,686	2,036	10,722
		-93,615		-93,615
		0	-2,467	-2,467
		-357,764	-16,338	-374,102
842		0		0
-2,947	**-16,103**	**4,316,928**	**442,554**	**4,759,482**

NOTES TO THE HALF-YEAR FINANCIAL REPORT

1. Information on the Company

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

2. Significant accounting, measurement and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2020, the interim reporting of United Internet AG as of June 30, 2021 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The condensed Interim Consolidated Financial Statements for the period January 1, 2021 to June 30, 2021 were prepared in accordance with IAS 34 Interim Financial Reporting.

A condensed reporting format was chosen for the presentation of these Interim Consolidated Financial Statements, as compared with the Consolidated Financial Statements, and are thus to be read in conjunction with the Consolidated Financial Statements as of December 31, 2020. With the exception of the mandatory new standards described below, the accounting and measurement principles applied in the condensed Interim Consolidated Financial Statements, as well as the material judgments and estimates, comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

The following standards were mandatory in the EU for the first time in the fiscal year beginning January 1, 2021:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	January 1, 2021	Yes
IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39	Interest Rate Benchmark Reform Phase 2	January 1, 2021	Yes
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	January 1, 2021	Yes

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

Use of estimates and assumptions

The preparation of the condensed Interim Consolidated Financial Statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods. For the determination of lease terms in accordance with IFRS 16, certain discretionary decisions are made that take into account renewal or termination options.

Impact of the coronavirus pandemic

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

Miscellaneous

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

On February 1, 2021, United Internet AG reached an agreement with the shareholders of the German software company we22 AG regarding the 100% acquisition of the company and its subsidiaries via the United Internet subsidiary 1&1 IONOS SE.

we22 AG, headquartered in Berlin, was founded in 1999 under the name Content Management AG. Today, the company employs more than 140 people at its locations in Cologne, Berlin and Erfurt. The company develops highly scalable software and infrastructure solutions for the creation, maintenance and hosting of websites. At the core of its offering is the white-label software CM4all, which is used by more than 10,000 business customers and three million consumers worldwide to create websites. Since 2000, CM4all has been an integral part of the product offerings of more than 50 hosting providers worldwide with over 25 language versions. In addition, we22 AG offers website creation and online marketing services to small businesses under the Web4Business brand in Germany. In 2020, the company generated revenues of around € 12 million with its services.

With the full-service website creation offering of we22 AG, United Internet AG has created an ideal complement to its hosting business and is continuing its strategy of focusing on organic growth as well as acquisitions.

The products and services of we22 are to be made available to customers of all companies in the Business Applications segment. In particular, the company’s expertise will be used to expand business in the professional creation of websites for end customers. CM4all will continue to be offered as a white-label solution for other internet providers and business customers. Customers and partners of we22 AG will benefit from even faster development and the expertise of IONOS.

The Company agreed to pay around € 25.7 million to purchase the shares of we22 AG. The cash purchase price for the shares amounts to € 22.6 million. The payment of further purchase price components totaling no more than € 3.1 million is linked to further conditions precedent in the years 2021 and 2022. Until that time, this part of the cash purchase price will be held in escrow. For the IFRS reporting purposes, however, these amounts are classified as share-based compensation components.

On the basis of preliminary figures, it is assumed that the purchase price will be allocated mainly to software and goodwill in addition to the assets recognized in the balance sheet.

1&1 IONOS SE assumed control over we22 AG and its subsidiaries with effect from February 1, 2021 (date of acquisition).

we22 AG and its subsidiaries will be included for the first time in the Consolidated Financial Statements 2021 of United Internet AG as of the date of acquisition. Initial consolidation of we22 AG is made in accordance with IFRS 3 – Business Combinations using the acquisition method.

The assets and liabilities of we22 AG and its subsidiaries will be recognized on the basis of a purchase price allocation. At the time of preparing the Annual Financial Statements of United Internet AG, neither the purchase price allocation nor the preparation of local annual financial statements for we22 AG and its subsidiaries had been completed. Consequently, no disclosures on the final amounts of assets and liabilities as of the acquisition date can be made.

As of December 31, 2019, we22 AG reported consolidated assets of € 4.5 million and liabilities of € 4.3 million.

As of April 15, 2021, shares in Kublai GmbH, domiciled in Frankfurt, Germany, were acquired and included for the first time in the consolidated financial statements as an associated company.

On June 2, 2021, 1&1 Drillisch AG, domiciled in Maintal, Germany, was renamed as 1&1 AG.

On June 24, 2021, 1&1 IONOS TopCo SE, domiciled in Montabaur, Germany, was renamed as IONOS TopCo SE.

On June 30, 2021, 1&1 IONOS Holding SE, domiciled in Montabaur, Germany, was renamed as IONOS Holding SE.

On June 24, 2021, 1&1 IONOS SE, domiciled in Montabaur, Germany, was renamed as IONOS SE.

On June 29, 2021, MIP Multimedia Internet Park GmbH, domiciled in Zweibrücken, Germany, was sold.

Apart from the above, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2020.

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

EXPLANATION OF ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

3. Segment reporting

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

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

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

Segment reporting of United Internet AG for the reporting period January 1 to June 30, 2021 and for the comparative period from January 1 to June 30, 2020 was as presented in the tables on page 46.

As of the reporting date, the closing balances of capitalized contract costs for contract initiation costs amounted to € 178 million (prior year: € 175 million) and for contract fulfillment costs to € 90 million (prior year: € 100 million).

Sales of the Consumer Access segment from customer contracts include hardware sales of € 374 million in the reporting period. The other business segments only include sales from services.

m€	Consumer Access segment	Business Access segment
January - June 2021	€m	€m
Segment revenue	1,916.2	258.4
- thereof domestic	1,916.2	258.4
- thereof foreign	0	0
Segment revenue from transactions with other segments	0.6	38.0
Segment revenue from contracts with customers	1,915.6	220.4
- thereof domestic	1,915.6	220.4
- thereof foreign	0	0
EBITDA	376.4	79.1
EBIT	297.6	-11.4
Financial result		
Result from associated companies		
EBT	297.5	-14.6
Income taxes		
Net income		
Investments in intangible assets, property, plant and equipment (without goodwill)	13.80	122.40
Amortization/depreciation	78.8	90.5
- thereof intangible assets, and property, plant and equipment	31.6	84.2
- thereof assets capitalized during company acquisitions	47.2	6.3
Number of employees	3,184	1,227
- thereof domestic	3,184	1,227
- thereof foreign	0	0

January - June 2020		
Segment revenue	1,867.2	241.5
- thereof domestic	1,867.2	241.5
- thereof foreign	0	0
Segment revenue from transactions with other segments	0.7	33.3
Segment revenue from contracts with customers	1,866.5	208.2
- thereof domestic	1,866.5	208.2
- thereof foreign	0	0
EBITDA	331.3	74.9
EBIT	257.9	-25.2
Financial result		
Result from associated companies		
EBT	257.7	-28.7
Income taxes		
Net income		
Investments in intangible assets, property, plant and equipment (without goodwill)	62.1	106.7
Amortization/depreciation	73.4	100.1
- thereof intangible assets, and property, plant and equipment	12.8	91.0
- thereof assets capitalized during company acquisitions	60.6	9.1
Number of employees	3,191	1,177
- thereof domestic	3,191	1,177
- thereof foreign	0	0

	Consumer Applications	Business Applications segment	Corporate segment	Reconciliation	United Internet Group
	€m	€m	€m	€m	€m
	134.2	514.4	0.9	-48.5	2,775.6
	132.9	265.4	0.9	-44.5	2,529.3
	1.3	249.0	0	-4.0	246.3
	7.9	2.0	0		48.5
	126.3	512.4	0.9		2,775.6
	125.1	267.3	0.9		2,529.3
	1.2	245.1	0		246.3
	56.1	163.3	-3.0	1.3	673.2
	44.9	114.1	-4.5	1.2	441.9
					-19.6
					9.8
	45.4	62.9	39.1	1.2	431.5
					-113.4
					262.1
	7.10	40.40	4.90		188.6
	11.2	49.2	1.5		231.3
	11.2	34.2	1.5		162.8
	0	15.0	0		68.5
	999	3,935	565		9,910
	995	2,156	565		8,127
	4	1,779	0		1,783

	119.7	471.6	0.3	-42.4	2,657.9
	117.3	238.4	0.3	-37.3	2,427.4
	2.4	233.2	0	-5.1	230.5
	6.3	2.1	0		42
	113.4	469.5	0.3		2,657.9
	111.0	241.5	0.3		2,427.5
	2.4	228.0	0		230.4
	47.0	167.8	-4.0	3.5	620.5
	37.0	117.4	-5.1	3.4	385.4
					-19.6
					9.8
	36.9	71.1	35.2	3.3	375.5
					-113.4
					262.1
	5.0	74.1	11.0		258.9
	10.0	50.4	1.1		235.1
	10.0	34.1	1.1		149.1
	0	16.3	0		86.0
	1,003	3,484	596		9,451
	999	1,848	596		7,811
	4	1,636	0		1,640

4. Personnel expenses

Personnel expenses amounted to € 316,031k in the reporting period of 2021 (prior year: € 286,254k). At the end of June 2021, United Internet employed a total of 9,910 people, of which 1,783 were employed outside Germany. The number of employees at the end of June 2020 amounted to 9,451people, of which 1,640 were employed outside Germany.

5. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 163,226k (prior year: € 149,123k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 68,051k (prior year: € 86,010k).

In the reporting period of 2021, total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 231,278k (prior year: € 235,133k).

EXPLANATIONS OF BALANCE SHEET ITEMS

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

6. Shares in associated companies

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

€k	2021
Carrying amount at the beginning of the fiscal year	89,567
Additions	345,436
Adjustments	
- Shares in result	-2,740
- Other	-228
Carrying amount as of June 30, 2021	**432,034**

The additions mainly relate to the purchase of a 40% stake in Kublai GmbH. Of this total, the contribution of shares already held in TeleColumbus accounted for € 124 million and cash-effective capital increases for a total of € 220 million. In addition, there was an increase of € 1.5 million in the stake held in Ranking Coach due to a capital increase. Of this total, approx. € 0.7 million was made in cash. The remaining € 0.8 million resulted from the conversion of a loan granted last year into equity.

7. Other financial assets

Other non-current financial assets of € 13,319k mainly comprise loans to associated companies (€ 5,304k), loans granted (€ 5,252k) and other investments (€ 2,072k).

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

A total of € 188,631k (prior year: € 258,956k) was invested in property, plant and equipment, as well as intangible assets during the interim reporting period. Investments focused mainly on the renting of further business premises, as well as on telecommunication equipment.

Goodwill of € 3,638,863k disclosed as of June 30, 2021 includes assets belonging to the Consumer Access segment (€ 2,070,239k), Business Access segment (€ 506,482k), Consumer Applications segment (€ 225,834k), and Business Applications segment (€ 836,309k).

9. Non-current prepaid expenses

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

10. Liabilities due to banks

€k	2021	2020
Bank loans	1,971,758	1,569,008
Less		
Current portion of liabilities due to banks	-715,749	-243,863
Non-current portion of liabilities due to banks	**1,256,009**	**1,325,145**
Short-term loans/overdrafts	715,749	243,863
Current portion of liabilities due to banks	**715,749**	**243,863**
Total	**1,971,758**	**1,569,008**

Liabilities due to banks result mainly from promissory note loans and syndicated loans..

11. Other current financial liabilities

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

12. Other non-current financial liabilities

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

13. Capital stock / treasury shares

As of June 30, 2021, the fully paid-in capital stock was unchanged from December 31, 2020 and amounted to € 194,000,000 divided into 194,000,000 registered no-par shares with a theoretical share in the capital stock of € 1 each.

As of the reporting date, United Internet held 6,769,137 treasury shares (prior year: 6,769,137).

14. Reserves

The decline in capital reserves is mainly due to the increased shareholdings in IONOS TopCo SE and 1&1 AG.

OTHER ITEMS

15. Employee stock ownership plans

Stock Appreciation Rights (SAR United Internet)

The expense from stock appreciation rights (SAR United Internet) in the first six months of 2020 amounted to € 1,350k.

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

The expense from stock appreciation rights of 1&1 (SAR 1&1 formerly SAR Drillisch) in the first six months of 2021 amounted to € 1,505k.

Long Term Incentive Plan Business Applications (LTIP Hosting)

In the first six of months 2021, expenses of € 6,786k were incurred in connection with LTIP Hosting employee stock ownership plans.

Long Term Incentive Plan 1&1 Versatel (LTIP Versatel)

In the first six of months 2021, expenses of € 539k were incurred in connection with LTIP 1&1 Versatel employee stock ownership plans.

Long Term Incentive Plan Portal (LTIP Portal)

In the first six of months 2021, expenses of € 542k were incurred in connection with LTIP Portal employee stock ownership plans.

16. Additional details on financial instruments

The table on page 53 presents the carrying amounts of each category of the financial assets and liabilities as of June 30, 2021.

The following net results were stated for the individual categories of financial instruments acc. to IFRS 9 in fiscal year 2021:

			Net profits and losses from subsequent measurement			
Net result acc. to measurement categories	Measurement category acc. to IFRS 9	From interest and dividends	At fair value	Currency translation	Allowance	Net result
Financial assets at amortized cost	ac	75		-2,875	-20,437	-23,238
Financial assets at fair value						
- through other comprehensive income	fvoci		583			583
- through profit or loss	fvtpl		5,804			5,804
Financial liabilities at amortized cost	flac	-12,168		-1,226		-13,394
Financial liabilities at fair value						
- through profit or loss	fvtpl		-3,986			-3,986
Total		**-12,093**	**2,402**	**-4,101**	**-20,437**	**-34,230**

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

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

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

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

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

€k	Measurement category acc. to IFRS 9	Carrying amount as of June 30, 2021	Amortized cost	- Fair value through other comprehensive income	Fair value through profit or loss	Measurement acc. to IFRS 16	Fair value as of June 30, 2021
Financial assets							
Cash and cash equivalents	ac	58,845	58,845				58,845
Trade accounts receivable							
- Receivables from finance leases	n/a	57,620				57,620	57,620
- others	ac	359,411	359,411				359,411
Other current financial assets							
- Derivatives	fvtpl	53,503			53,503		53,503
- Fair value through other comprehensive income	fvoci	4,155		4,155			4,155
- others	ac	60,022	60,022				60,022
Other non-current financial assets - At amortized costs	ac	9,165	9,165				9,165
Financial liabilities							
Trade accounts payable	flac	-496,090	-496,090				-496,090
Liabilities due to banks	flac	-1,971,758	-1,971,758				-1,971,758
Other financial liabilities							
- Lease liabilities	n/a	-485,942				-485,942	-485,942
- Fair value through profit or loss	fvtpl	-36,430			-36,430		-36,430
- others	flac	-1,053,708	-1,053,708				-1,053,708
Of which aggregated acc. to valuation categories:							
Financial assets at amortized cost	ac	487,443	487,443	0	0	0	487,443
Financial assets at fair value through other comprehensive income without recycling to profit and loss	fvoci	4,155	0	4,155	0	0	4,155
Financial assets at fair value	fvtpl	53,503	0	0	53,503	0	53,503
Financial liabilities at amortized cost	flac	-3,521,556	-3,521,556	0	0	0	-3,521,556
Financial liabilities measured at fair value through profit or loss	fvtpl	-36,430	0	0	-36,430	0	-36,430

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

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

- Cash and short-term deposits, trade accounts receivable, trade accounts payable, and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances

are taken to account for the expected losses of these receivables. As at June 30, 2021, and as in the previous year, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

- The fair value of bank loans and other financial liabilities is estimated by discounting future cash flows using interest rates currently available for debt on similar terms, credit risk and remaining maturities.

- Financial assets and liabilities measured at fair value are measured using appropriate measurement techniques. Where available, stock exchanges prices on active markets are used. The valuation of shares in non-listed companies is based mainly on present value models. The valuation of derivatives and conditional purchase price liabilities is based mainly option pricing models.

Fair value hierarchy

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

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

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

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

Assets and liabilities measured at fair value

€k	Level 1	Level 2	Level 3	As of June 30, 2021	Level 1	Level 2	Level 3	As of June 30, 2020
Financial assets at fair value through other comprehensive income without recycling to profit and loss	4,155	0	728	4,155	3,055		46,733	49,788
- Listed shares	4,155			0	3,055			3,055
- Non-listed equity instruments			728	0			46,733	46,733
Financial assets at fair value through profit or loss		145	53,358	53,503		144	16,950	17,490
- Derivatives		145	53,358	53,503		144	16,950	17,490
Financial liabilities measured at fair value through profit or loss			-36,430	-36,430			-14,090	-14,090
- Purchase price obligations			-36,430	-36,430			-14,090	-14,090

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

The following table shows the main non-observable input factors for the fair value measurements categorized in Level 3 of the fair value hierarchy and a quantitative sensitivity analysis as of June 30, 2021:

	Measurement method	Main non-observable input factors	Considered in measurement	Sensitivity of input factor on fair value	
Foreign currency-based derivatives	Black Scholes Modell	Exit date of Warburg Pincus from Business Applications segment	0.25 years	+ 0.5 years + 1.2 €m	
		Volatility	7.80%	+1% 0.2 €m	-1% -0.2 €m
Earnings-based derivatives	Monte Carlo simulation	Exit date of Warburg Pincus from Business Applications segment	0.25 years	+ 0.5 years -5.5 Mio. €m	
		Volatility	42.80%	+1% -0.2 €m	-1% +0.3 Mio. €
Conditional purchase price obligation	Monte Carlo simulation	Exit date of Warburg Pincus from Business Applications segment	0.25 years	+0.5years -4.5 €m	
		Volatility	42.80%	+1% -0.2 €m	-1% +0.2 €m
Conditional purchase price obligation	Modified multiple	EBITDA growth	5%	+1% + 0.1 €m	-1% -0.1 €m

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

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

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

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

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

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

17. Transactions with related parties

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

With the resolution of the Annual Shareholders' Meeting of May 27, 2021 concerning elections to the Supervisory Board, the circle of related parties has changed as compared with the reporting date as at December 31, 2020.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board as of June 30, 2021 is shown in the following table:

Management Board	Shares (number)
Ralph Dommermuth	82,000,000
Martin Mildner	2
Total	**82,000,002**

Supervisory Board	Shares (number)
Philipp von Bismarck	0
Dr. Claudia Borgas-Herold	0
Dr. Manuel Cubero	0
Stefan Rasch	0
Prof. Dr. Andreas Söffing	0
Prof. Dr. Yasmin Weiß	0
Total	**0**

United Internet’s premises in Montabaur and Karlsruhe are leased in part from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 6,702k in the reporting period (prior year: € 3,609k).

In the first half of 2021, United Internet rented further space in Karlsruhe from Mr. Ralph Dommermuth. The addition to right-of-use assets amounted to € 7.7 million.

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

In the reporting period, loans of € 16.2 million were granted to associated companies.

There were no other significant transactions.

18. Subsequent events

Promissory note loan of € 750 million successfully placed

As in 2014 and 2017, United Internet AG has successfully placed a promissory note loan (“Schuldscheindarlehen”) in its fiscal year 2021. As the transaction was significantly oversubscribed, the Company decided to raise the originally planned placement volume to an ultimate amount of € 750 million. The promissory note loan comprises several tranches with terms of three to six years and largely fixed interest rates. The transaction was closed in July 2021.

There were no other significant events subsequent to the reporting date of June 30, 2021 which had a material effect on the financial position and performance of the Company or the Group nor affected its accounting and reporting.

NET INCOME

Quarterly development in € million

	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2020 Q2
Sales	1,326.8	1,382.6	1,392.2	1,383.4	1,328.5
Cost of sales	-911.1	-1,082.7	-884.9	-899.4	-890.6
Gross profit	415.7	299.8	507.3	484.0	437.9
Selling expenses	-192.6	-198.5	-200.8	-206.4	-183.3
General and administrative expenses	-53.4	-54.8	-60.8	-55.5	-46.8
Other operating expenses / income	8.4	17.9	2.4	8.1	12.0
Impairment losses on receiveables and contract assets	-21.8	-31.2	-17.4	-18.9	-18.6
Operating result	**156.3**	**33.2**	**230.6**	**211.3**	**201.2**
Financial result	-9.3	-8.2	-0.7	-7.0	-15.1
Result from associated companies	-20.8	29.5	0.4	-3.1	31.7
Pre-tax result	**126.2**	**54.5**	**230.3**	**201.1**	**217.8**
Income taxes	-57.2	-16.9	-67.6	-63.4	-56.6
Net income	**69.0**	**37.6**	**162.7**	**137.7**	**161.2**
Attributable to					
- non-controlling interests	19.4	-4.3	35.8	29.6	35.3
shareholders of United Internet AG	49.7	42.0	127.0	108.0	125.9
Result per share of shareholders of United Internet AG (in €)					
- undiluted	0.51	0.78	0.68	0.58	0.67
- diluted	0.51	0.78	0.67	0.58	0.67

Montabaur, August 5, 2021

United Internet AG

Ralph Dommermuth

Martin Mildner

RESPONSIBILITY STATEMENT

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

Montabaur, August 5, 2021

The Management Board

Ralph Dommermuth

Martin Mildner

FINANCIAL CALENDAR

March 25, 2021	Annual financial statements for fiscal year 2020 Press and analyst conference
May 11, 2021	Quarterly Statement Q1 2021
May 27, 2021	(Virtual) Annual Shareholders' Meeting
August 5, 2021	6-Month Report 2021 Press and analyst conference
November 9, 2021	Quarterly Statement Q3 2020

IMPRINT

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August 2021
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Note
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 annual report. United Internet would like to stress that the use of the masculine form is to be understood purely as the gender-neutral form.

This Half-year Financial Report is available in German and English. Both versions can also be downloaded from www.united-internet.de. In all cases of doubt, the German version shall prevail

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