



Half-year financial report
2022

SELECTED KEY FIGURES

	June 30, 2022	June 30, 2021	Change
NET INCOME (in € million)			
Sales	2,901.1	2,775.6	+ 4.5%
EBITDA ⁽¹⁾	655.1	632.9	+ 3.5%
EBIT ⁽¹⁾	414.9	401.6	+ 3.3%
EBT ⁽¹⁾	379.0	391.2	- 3.1%
EPS (in €) ⁽¹⁾	1.03	1.15	- 10.4%
BALANCE SHEET (in € million)			
Current assets	1,668.7	1,559.9	+ 7.0%
Non-current assets	8,285.2	8,073.9	+ 2.6%
Equity	5,087.4	4,759.5	+ 6.9%
Equity ratio	51.1%	49.4%	
Total assets	9,953.8	9,633.8	+ 3.3%
CASH FLOW (in € million)			
Operative cash flow	505.3	538.7	- 6.2%
Cash flow from operating activities	325.1	340.5	- 4.5%
Cash flow from investing activities	- 197.9	- 376.6	
Free cash flow ⁽²⁾	62.3	157.5	- 60.4%
EMPLOYEES			
Total headcount as of June 30	10,167	9,910	+ 2.6%
thereof in Germany	8,283	8,127	+ 1.9%
thereof abroad	1,884	1,783	+ 5.7%
SHARE (in €)			
Share price as of June 30 (Xetra)	27.23	34.48	- 21.0%
CUSTOMER CONTRACTS (in million)			
Consumer Access, total contracts	15.55	15.11	+ 0.44
thereof Mobile Internet	11.38	10.83	+ 0.55
thereof broadband connections	4.17	4.28	- 0.11
Consumer Applications, total accounts	42.34	42.12	+ 0.22
thereof with Premium Mail subscription (contracts)	1.76	1.68	+ 0.08
thereof with Value-Added subscription (contracts)	0.75	0.75	0.00
thereof free accounts	39.83	39.69	+ 0.14
Business Applications, total contracts	8.91	8.63	+ 0.28
thereof in Germany	4.32	4.17	+ 0.15
thereof abroad	4.59	4.46	+ 0.13
Fee-based customer contracts, total	26.97	26.17	+ 0.80

(1) 2022 without a non-cash valuation effect from derivatives (EBITDA, EBIT and EBT effect: € +4.6 million; EPS effect: € +0.02); 2021 without a non-period positive effect on earnings from 2020 (EBITDA, EBIT and EBT effect: € +39.4 million; EPS effect: € +0.11) and without a non-cash valuation effect from derivatives (EBITDA, EBIT and EBT effect: € +0.9 million; EPS effect: € +0.00)

(2) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment; Reporting including the repayment portion of lease liabilities, which have been reported under cash flow from financing activities

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

United Internet AG can look back on a successful first six months of 2022. In the first half of 2022, we continued to make investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. In total, we increased the number of fee-based customer contracts by a further 290,000 contracts to 26.97 million. Of this amount, 120,000 contracts were added in the Consumer Access segment (+290,000 operating growth less -170,000 contracts due to the German Telecommunications Act effect) and 130,000 contracts in the Business Applications segment. We gained a further 40,000 contracts in the Consumer Applications segment. Due to seasonal effects, ad-financed free accounts were 450,000 down on December 31, 2021, but still 140,000 accounts above the comparative prior-year reporting date of June 30, 2021.

Sales grew by 4.5% in the first half of 2022, from € 2,775.6 million in the previous year to € 2,901.1 million.

Prior-year earnings were impacted by a (non-period) positive effect of € 39.4 million. Without consideration of this earnings effect and additionally adjusted for positive non-cash valuation effects from derivatives of € 0.9 million in the previous year and € 4.6 million in the first half of 2022, the Group's key earnings figures developed as follows: operating EBITDA rose by 3.5%, from € 632.9 million in the previous year to € 655.1 million, and operating EBIT by 3.3% from € 401.6 million to € 414.9 million. These earnings figures include expenses incurred for the construction of 1&1's mobile communications network of € -16.1 million (prior year: € -14.9 million), as well as costs for the announced additional marketing activities of IONOS to raise brand awareness in its most important European markets of € -13.2 million. There were also increased electricity costs of € -11.1 million.

Operating earnings per share (EPS) fell from € 1.15 in the previous year to € 1.03 and EPS before PPA from € 1.35 to € 1.23 (in each case without consideration of the non-period positive effect on earnings in 2021 and the positive valuation effects from derivatives in 2021 and 2022). This decline in EPS was mainly due to a year-on-year decrease in the financial result, which was impacted in part by the subsequent measurement of financial derivatives (EPS effect: € -0.03; prior year: € +0.02), as well as – with regard to the result from associated companies – the prorated negative result of Kublai GmbH, which was only partially included in the comparative figures for the first half of 2021 as the takeover of Tele Columbus AG was still ongoing (EPS effect: € -0.09; prior year: € -0.02).

Apart from our good operating performance, we also signed further important agreements in the first half of 2022 to ensure the efficient rollout of our mobile communications network. These agreements include the contract signed on April 4, 2022 between 1&1 and GfTD GmbH regarding the construction of antenna locations. The first order is for 500 new locations. GfTD is one Germany's leading service providers for radio tower infrastructure and will act as general contractor for the nationwide construction of new antenna locations for 1&1's mobile communications network. Noteworthy is also the framework contract for the renting of existing antenna locations signed on April 21, 2022 between 1&1 and ATC Germany Holdings GmbH, a German subsidiary of American Tower Corporation (ATC). As an independent owner of communications sites, ATC is one of the world's leading providers of radio tower infrastructure with around 15,000 antenna locations in Germany. As part of the agreement, ATC will provide 1&1 with antenna masts for the installation of 1&1's high-performance antennas. Both companies will work closely together to assess the availability of co-location sites which can be gradually put into operation in the near future. The individual location agreements have terms of 20 years and can be extended several times by 1&1.

The contracts with GfTD and ATC complement the partnership agreements already signed in 2021 for the rollout of 1&1's mobile communications network. These include the national roaming agreement between 1&1 and Telefónica concluded on May 21, 2021, which secures nationwide mobile coverage for 1&1 customers during the construction phase of our own network through shared use of the Telefónica network, as well as the partnership announced on August 4, 2021 between 1&1 and Rakuten for the construction of Europe's first fully virtualized mobile network based on the innovative OpenRAN technology. In addition, 1&1 signed an intercompany agreement with 1&1 Versatel on December 9, 2021, which in particular provides the access network (primarily fiber-optic cables) and data centers for operating 1&1's mobile network on a rental basis. On the same date, 1&1 signed an agreement with Vantage Towers AG, one of Europe's leading companies for radio tower infrastructure, which provides access to up to 5,000 existing masts for the installation of 1&1's high-performance antennas.

On completion of the first six months, we can confirm our full-year guidance for 2022. We continue to expect an increase in consolidated sales for the year as a whole to approx. € 5.85 billion (prior year: € 5.646 billion). EBITDA 2022 is likely to be on a par with 2021 (€ 1.259 billion). This EBITDA forecast includes costs for the 1&1 network rollout of approx. € 70 million (prior year: € 38 million), as well as approx. € 30 million for additional marketing activities of IONOS to raise brand awareness in its most important European markets. It also includes increased electricity costs of approx. € 20 million.

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

Montabaur, August 4, 2022



Ralph Dommermuth

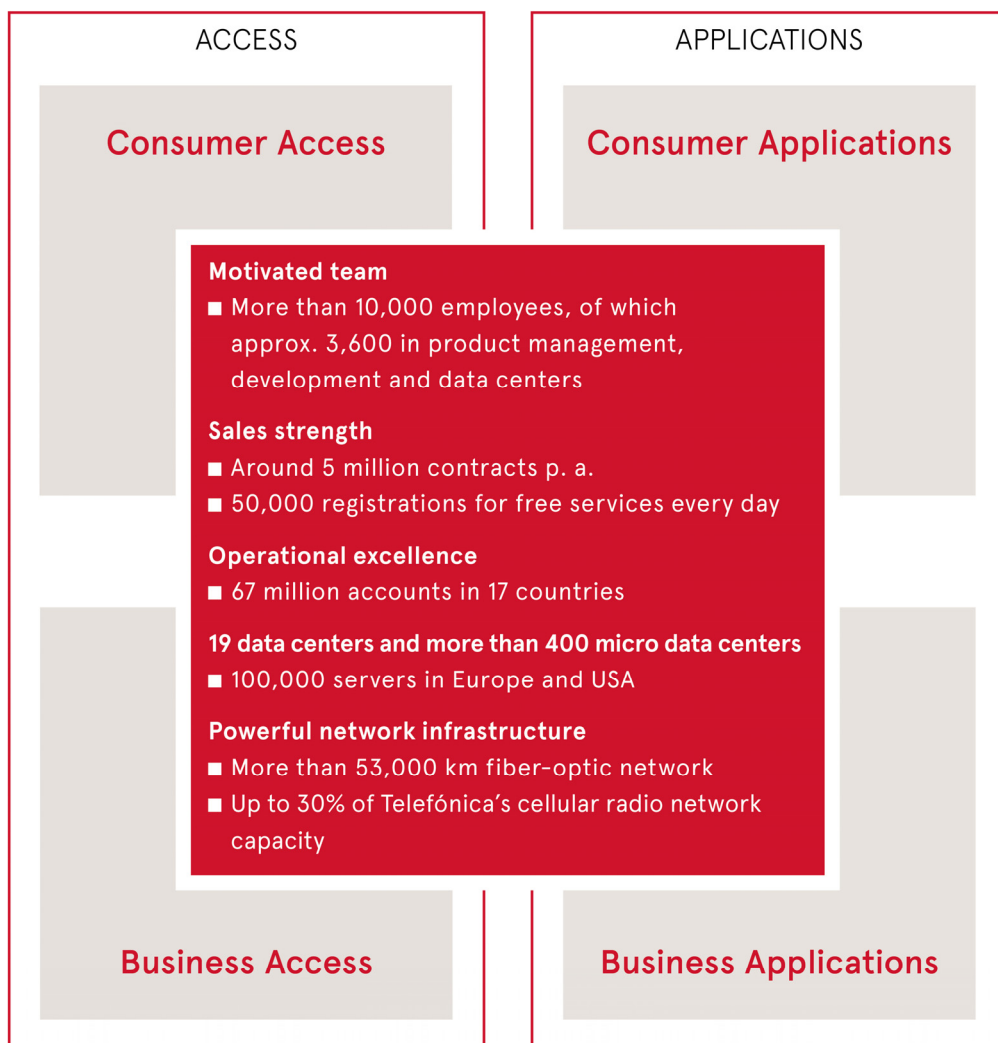
INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF 2022

Principles of the Group

Business model

Founded in 1988 and headquartered in Montabaur, Germany, United Internet AG is a leading European internet specialist with 26.97 million fee-based customer contracts and 39.83 million ad-financed free accounts around the world.

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



Consumer Access segment

The Consumer Access segment comprises mobile internet products and landline-based broadband products (including the respective applications, such as home networks, online storage, telephony, 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 direct fiber-optic connections (FTTH) with the "last mile" being provided by city carriers and Deutsche Telekom (mainly Layer-2). In the case of business with ADSL connections (currently being phased out), further advance service providers are used.

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

United Internet – indirectly via 1&1 AG – is the only so-called MBA MVNO in Germany with long-term and guaranteed rights to up to 30% of the used network capacity of Telefónica Germany and thus extensive access to one of the largest mobile networks. In addition to its privileged access to the Telefónica network, the Company also purchases 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, thus differentiating the Company from the offerings of its competitors.

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

As part of the planned rollout of its powerful 5G mobile communications network – and following its successful bid for two frequency blocks of 2 x 5 MHz in the 2 GHz band and five frequency blocks of 10 MHz in the 3.6 GHz band during the 5G spectrum auction in 2019 – 1&1 concluded long-term agreements in the fiscal years 2021 and 2022 and now has all key prerequisites in place to drive forward the rollout of the 1&1 mobile network and thus extend its added value in this market – as in the landline market. These agreements include the national roaming agreement between 1&1 and Telefónica concluded on May 21, 2021, which secures nationwide mobile coverage for 1&1 customers during the construction phase of United Internet's own network through shared use of the Telefónica network, as well as the partnership announced on August 4, 2021 between 1&1 and Rakuten for the joint construction of Europe's first fully virtualized mobile network based on the innovative OpenRAN technology. In addition, 1&1 signed an intercompany agreement with 1&1 Versatel on December 9, 2021, which in particular provides the access network (primarily fiber-optic cables) and data centers for operating 1&1's mobile network on a rental basis. On the same date, an agreement was also concluded between 1&1 and Vantage Towers, one of Europe's leading companies for radio tower infrastructure, which among other things includes the renting of Vantage's existing antenna locations and the installation of 1&1's high-performance antennas by Vantage.

The above mentioned contract signings were complemented by further partnership agreements in the first half of 2022. These include a contract with GfTD GmbH regarding the construction of antenna

locations signed on April 4, 2022. The first order is for 500 new locations. GfTD is one Germany's leading service providers for radio tower infrastructure and will act as general contractor for the nationwide construction of new antenna locations for 1&1's mobile communications network. Noteworthy is also the framework contract signed on April 21, 2022 between 1&1 and ATC Germany Holdings GmbH, a German subsidiary of American Tower Corporation (ATC), for the renting of existing antenna locations. As an independent owner of communications sites, ATC is one of the world's leading providers of radio tower infrastructure with around 15,000 antenna locations in Germany. As part of the agreement, ATC will provide antenna masts for the installation of 1&1's high-performance antennas. Both companies will work closely together to assess the availability of co-location sites which can be gradually put into operation in the near future.

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 the operation of a cutting-edge fiber-optic network with a length of over 53,000 km (with 9 data centers and more than 400 micro data centers), which is one of the largest networks in Germany and is constantly being expanded.

1&1 Versatel uses this network to offer 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.

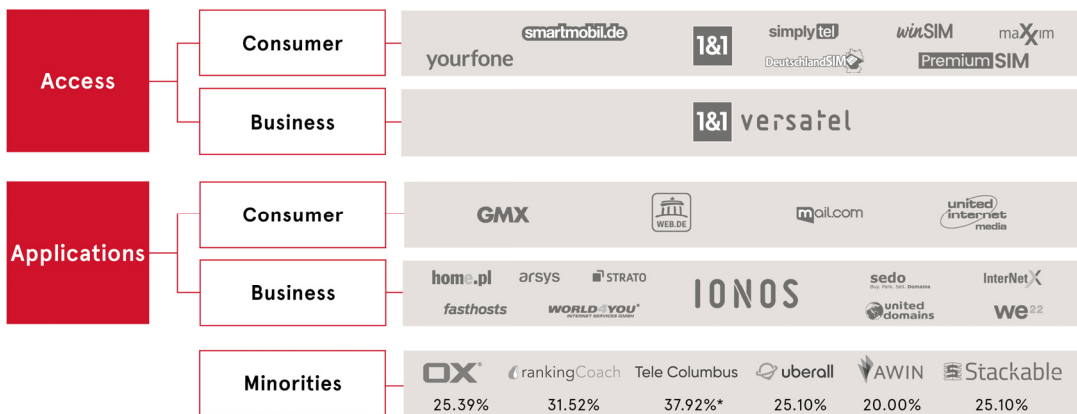
Based on its tried and tested, million-selling hosting packages, the Company has expanded its product range over the past few years with the addition of numerous cloud-based e-business solutions.

The applications are developed at the Company’s own development centers or in cooperation with partner firms and operated on over 100,000 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, Poland, Portugal, Hungary, Romania, Bulgaria, Czech Republic, and Slovakia) and North America (Canada, Mexico, and the USA).

Business applications are marketed to specific target groups via differently positioned brands, such as IONOS, Arsys, Fasthosts, home.pl, InterNetX, Strato, united-domains, and World4You. In the after-market segment, United Internet also offers customers professional services in the field of active domain management via the Sedo brand, 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, 2022)



* 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 2021 (Annual Report 2021, page 36 et seq.). There were no significant changes with regard to the Group and its segments in the first half of 2022.

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 3,600 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 2022:

■ Consumer Access

- Launch of own fiber-optic offerings (FTTH) using regional networks of Deutsche Telekom

■ Business Access

- Launch of Cloud PBX product "RingCentral with 1&1 Connected Calls" in cooperation with RingCentral
- Launch of "1&1 Office Fast & Secure" product, an internet/telephony bundle with integrated security solution for SOHO customers

■ Consumer Applications

- Launch of AI-based system to detect and block spam emails
- Expansion of SMART Inbox platform
- Expansion of AI-based SMART Assistant
- "Letter notification" and "digital copy" services complemented by launch of a "Hybrid Mail" solution for printing and sending digitally delivered letters via Deutsche Post
- Launch of a desktop-based cloud synchronization tool for Windows and Mac

■ Business Applications

- Expansion of Deploy Now with addition of PHP component for automated deployment of applications with PHP runtime environments and relational databases via GitHub
- IONOS and codecentric launch Gitlab-as-a-Service – a first jointly developed offering to use DevOps application for software development and versioning
- Launch of high-capacity storage server models for high storage needs in professional environments
- Launch of “Presence-Suite” – a new management interface for new customers of MyWebsite Now with integration of online marketing and e-commerce use cases
- Launch of Managed PostgreSQL (Database-as-a-Service)

General economic, sector and legal conditions

Macroeconomic development

In view of high inflation, ongoing supply chain problems, coronavirus restrictions in China and the consequences of Russia's invasion of Ukraine, the International Monetary Fund (IMF) once again downgraded its forecasts for the vast majority of countries (including the three major economic powers: the USA, China, and the eurozone) in its latest economic outlook (World Economic Outlook, July 2022 Update). The IMF believes that prospects have deteriorated considerably since its last outlook in April 2022 and fears that the global economy may soon be on the brink of recession again – just two years after the crash following the outbreak of the coronavirus pandemic.

Specifically, the IMF now forecasts growth of just 3.2% (prior year: 6.1%) for the **global economy** in 2022 and thus 1.2 percentage points less than at the beginning of the year (January 2022 outlook).

The Fund has also downgraded its 2022 forecasts for all of the United Internet Group's target markets in North America. For example, it forecasts growth of just 2.3% for the **USA** (prior year: 5.7%) – 1.7 percentage points less than in its January outlook. The forecast of 3.4% for **Canada** (prior year: 4.6%) is 0.7 percentage points less than originally expected. And for **Mexico**, the IMF forecasts an increase in economic output of 2.4% (prior year: 4.8%), and thus 0.4 percentage points less than at the beginning of the year.

The picture is similar in United Internet's important **eurozone** region. The IMF has also downgraded its forecast for the region and now expects economic output to grow by just 2.6% (prior year: 5.3%) – 1.3 percentage points less than in January. The growth forecast for **France** has been downgraded to 2.3% (prior year: 7.0%), for **Italy** to 3.0% (prior year: 6.6%), and for **Spain** to 4.0% (prior year: 5.1%). This corresponds to a decrease of 1.2 percentage points for France, 0.8 percentage points for Italy, and 1.8 percentage points for Spain compared to the January outlook.

For the **UK**, the IMF now expects growth of 3.2% (prior year: 7.4%), and thus 1.5 percentage points less than at the beginning of the year.

The IMF has strongly downgraded its economic forecast for **Germany** – United Internet's most important market by far (sales share 2021: around 91%) – by 2.6 percentage points so far this year and currently expects economic output to grow by just 1.2% (prior year: 2.8%).

Changes in 2022 growth forecasts for United Internet's key target countries and regions

	Actual 2021	January forecast 2022	April forecast 2022	July forecast 2022	Change on January forecast
World	6.1%	4.4%	3.6%	3.2%	- 1.2%-points
USA	5.7%	4.0%	3.7%	2.3%	- 1.7%-points
Canada	4.6%	4.1%	3.9%	3.4%	- 0.7%-points
Mexico	4.8%	2.8%	2.0%	2.4%	- 0.4%-points
Eurozone	5.3%	3.9%	2.8%	2.6%	- 1.3%-points
France	7.0%	3.5%	2.9%	2.3%	- 1.2%-points
Spain	5.1%	5.8%	4.8%	4.0%	- 1.8%-points
Italy	6.6%	3.8%	2.3%	3.0%	- 0.8%-points
UK	7.4%	4.7%	3.7%	3.2%	- 1.5%-points
Germany	2.8%	3.8%	2.1%	1.2%	- 2.6%-points

Source: International Monetary Fund, World Economic Outlook (Update), July 2022

Sector development

At its half-year press conference 2022, the German ICT sector association Bitkom (ICT = information and communications technology) described the development of business in the year to date as very good – but at the same time dampened expectations for the second half of 2022 in view of the war in Ukraine, “exploding” energy prices and disrupted supply chains. In surveys conducted by Bitkom and the ifo Institute in June 2022, ICT companies assessed their business situation as very good on the whole. The Bitkom-ifo Digital Index, which maps business sentiment based on the current situation and future expectations, rose by 2.3 points to 22.8 and thus returned to pre-coronavirus levels. However, few companies believe this upward trend will continue – the sub-index for expectations over the coming six months is up only slightly (2.9 points). This is significantly lower than in the months before the start of the Ukraine war.

Based on the positive trend in the first half of 2022, however, the association has raised its full-year growth forecast for 2022 from 3.6% to 4.3% and now expects total revenue of € 189.4 billion. The forecasts for United Internet's main sub-segments (IT and telecommunications) have also been upgraded from 5.9% to 6.7% and from 0.9% to 1.5%, respectively.

Legal conditions / significant events

The modernized German Telecommunications Act (“Telekommunikationsgesetz” -TKG) came into force on December 1, 2021. The TKG amendment transposes Directive (EU) 2018/1972 of December 11, 2018 on the European Electronic Communications Code into national law. The modernized legislation focuses on the faster rollout of FTTH and mobile networks as well as consumer protection. For example, the legislature has enshrined in law for the first time the right of citizens to high-speed internet connections and is encouraging faster network rollout with new framework conditions and simplified approval procedures. In the interests of consumer protection, the terms of contracts in particular have been regulated, meaning that contracts can be terminated with one month's notice at any time after expiry of the minimum contract term, unless an extension of the contract is actively requested.

In the first six months of 2022, these legal changes (shortening of minimum contract terms in the extension period) led to a decline in contract growth (compared to previous quarters) for United Internet's Consumer Access segment from shift effects (resulting from the shifting of contract terminations to an earlier date), which had a negative impact of -170,000 contracts in the first half of

2022 and slowed 1&1's contract growth. These shift effects, which only concern the fiscal year 2022, are expected to have a total impact of approx. -200,000 contracts for the year as a whole.

In the first half of 2022, the remaining legal parameters for United Internet's business activities were largely unchanged from fiscal year 2021 and thus had no significant influence on the development of the United Internet Group.

There were no significant events in the first six months of 2022 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 2021 (page 57).

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

Development of divisions and segments

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

Development of the Consumer Access segment

In the first half of 2022, the number of **fee-based contracts in the Consumer Access segment** rose by 120,000 contracts (+290,000 operating growth less -170,000 contracts due to the TKG effect) to 15.55 million. Broadband connections decreased by 70,000 (-10,000 operating and -60,000 contracts due to the TKG effect) to 4.17 million, while mobile internet contracts increased by 190,000 (+300,000 operating less -110,000 contracts due to the TKG effect) to 11.38 million.

Development of Consumer Access contracts in the first half of 2022

in million	June 30, 2022	Dec. 31, 2021	Change
Consumer Access, total contracts	15.55	15.43	+ 0.12
thereof Mobile Internet	11.38	11.19	+ 0.19
thereof broadband connections	4.17	4.24	- 0.07

Development of Consumer Access contracts in the second quarter of 2022

in million	June 30, 2022	Mar. 31, 2022	Change
Consumer Access, total contracts	15.55	15.49	+ 0.06
thereof Mobile Internet	11.38	11.28	+ 0.10
thereof broadband connections	4.17	4.21	- 0.04

Sales of the Consumer Access segment rose by 1.3% in the first half of 2022, from € 1,916.2 million in the previous year to € 1,940.7 million.

This at first glance only moderate overall sales growth was due in particular to fluctuations during the year in (low-margin) hardware sales, which fell by 4.2% or € 15.7 million from € 374.5 million to € 358.8 million. Such hardware sales (especially smartphones) are subject to seasonal effects and also depend strongly on the appeal of new devices and the model cycles of hardware manufacturers. Consequently, this effect may be reversed in the coming quarters. If this is not the case, however, it would have no impact on the segment's EBITDA trend as high-margin **service revenues** – which represent the core business of the segment – improved at the same time by 2.6% from € 1,541.7 million to € 1,581.9 million.

The segment's key earnings figures in the previous year were affected by a **(non-period) positive effect on earnings** of € 39.4 million, which was attributable to the second half of 2020. Without consideration of this (non-period) positive earnings effect in the previous year, the segment's key earnings figures developed as follows: **operating segment EBITDA** improved by 9.8%, from € 337.0 million in the prior-year period to 370.1 million, and **operating segment EBIT** by 12.1% from € 258.2 million to € 289.5 million.

In addition to increased electricity costs (€ -0.4 million), the above mentioned operating EBITDA and EBIT figures also include expenses for the construction of 1&1's mobile communications network of € -16.1 million (prior year: € -14.9 million).

The **operating EBITDA margin** rose from 17.6% to 19.1% and the **operating EBIT margin** from 13.5% to 14.9%.

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

	H1 2022	H1 2021	
Sales	1,940.7	1,916.2	+ 1.3 %
thereof service sales	1,581.9	1,541.7	+ 2.6 %
thereof other sales ⁽¹⁾	358.8	374.5	- 4.2%
EBITDA	370.1	337.0 ⁽²⁾	+ 9.8 %
EBIT	289.5	258.2 ⁽²⁾	+ 12.1 %

(1) Mainly hardware sales

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

Quarterly development; change over prior-year quarter

in € million	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q2 2021	Change
Sales	964.3	1,002.5	969.4	971.3	950.3	+ 2.2%
thereof service sales	794.1	787.6	789.1	792.8	779.5	+ 1.7%
thereof other sales ⁽¹⁾	170.2	214.9	180.3	178.5	170.8	+ 4.5%
EBITDA	176.9	160.7	187.9	182.2	168.6 ⁽²⁾	+ 8.1%
EBIT	134.9	117.4	147.5	142.0	129.3 ⁽²⁾	+ 9.8%

(1) Mainly hardware sales

(2) Excluding a non-period positive effect on earnings from the second half of 2020 (EBITDA and EBIT effect: € +5.0 million)

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

in € million	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021	H1 2022
Sales	1,796.5	1,792.9	1,867.2	1,916.2	1,940.7
thereof service sales	1,414.1	1,451.9	1,496.9	1,541.7	1581.9
thereof other sales ⁽¹⁾	382.4	341.0	370.3	374.5	358.8
EBITDA	340.2	340.4	331.3	337.0 ⁽²⁾	370.1
EBITDA margin	18.9%	19.0%	17.7%	17.6%	19.1%
EBIT	259.5	264.7	257.9	258.2 ⁽²⁾	289.5
EBIT margin	14.4%	14.8%	13.8%	13.5%	14.9%

(1) Mainly hardware sales

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

Apart from these good operating figures, the Group subsidiary 1&1 signed further important agreements in the first half of 2022 to ensure the efficient rollout of its mobile communications network. These agreements include the contract signed on April 4, 2022 between 1&1 and GfTD GmbH regarding the construction of antenna locations. The first order is for 500 new locations. GfTD is one Germany's leading service providers for radio tower infrastructure and will act as general contractor for the nationwide construction of new antenna locations for 1&1's mobile communications network. Noteworthy is also the framework contract for the renting of existing antenna locations signed on April 21, 2022 between 1&1 and ATC Germany Holdings GmbH, a German subsidiary of American Tower Corporation (ATC). As an independent owner of communications sites, ATC is one of the world's leading providers of radio tower infrastructure with around 15,000 antenna locations in Germany. As part of the agreement, ATC will provide antenna masts for the installation of 1&1's high-performance antennas. Both companies will work closely together to assess the availability of co-location sites which can be gradually put into operation in the near future. The individual location agreements have terms of 20 years and can be extended several times by 1&1. In addition, 1&1 already has access to up to 5,000 existing masts for the installation of its high-performance antennas via a cooperation agreement (signed in December 2021) with Vantage Towers AG, one of Europe's leading companies for radio tower infrastructure.

The contracts with GfTD and ATC complement the partnership agreements already signed in 2021 for the rollout of 1&1's mobile communications network. These include above all the national roaming agreement between 1&1 and Telefónica concluded on May 21, 2021, which secures nationwide mobile coverage for 1&1 customers during the construction phase of our own network through shared use of the Telefónica network, as well as the partnership announced on August 4, 2021 between 1&1 and Rakuten for the construction of Europe's first fully virtualized mobile network based on the innovative OpenRAN technology. In addition, 1&1 signed an intercompany agreement with 1&1 Versatel on December 9, 2021, which in particular provides the access network (primarily fiber-optic cables) and data centers for operating 1&1's mobile network on a rental basis.

Development of the Business Access segment

Despite negative regulatory effects of € 3.3 million, **sales in the Business Access segment** rose to € 261.8 million in the first half of 2022 and were thus 1.3% up on prior-year sales of € 258.4 million.

At € 75.7 million, **segment EBITDA** was 4.3% below the prior-year figure of € 79.1 million. There was a corresponding decline in the **EBITDA margin** from 30.6% to 28.9%. This was mainly due to increased electricity costs (€ -0.6 million) as well as costs for the necessary (SDH-based advance services of Deutsche Telekom are being terminated) and also economically sensible SDH migration (€ -0.9 million). In addition, there were start-up costs for the construction of 1&1's mobile communications infrastructure (€ -4.2 million).

Under the terms of an intercompany agreement, 1&1 Versatel will be responsible in particular for setting up data centers and fiber-optic connections for 1&1 and providing them to the latter on a rental basis. During the set-up period, and in order to avoid potential supply bottlenecks in the future, 1&1 Versatel has decided to perform more in advance for its affiliate 1&1 than originally planned and bring forward some investments originally planned for the following year to the fiscal year 2022. Against this backdrop, United Internet has updated its forecast for the segment: although it continues to expect visible revenue growth for 2022, it now expects EBITDA to remain at the prior-year level (due also to increased electricity costs and the SDH migration).

As a result of increased writedowns for network infrastructure, **segment EBIT** decreased from € -11.4 million in the previous year to € -19.6 million in the first half of 2022.

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

	H1 2022	H1 2021	Change
Sales	261.8	258.4	+ 1.3 %
EBITDA	75.7	79.1	- 4.3 %
EBIT	-19.6	-11.4	

Quarterly development; change over prior-year quarter

in € million	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q2 2021	Change
Sales	124.3	131.7	128.4	133.4	130.1	+ 2.5%
EBITDA	39.7	41.7	36.6	39.1	40.9	- 4.4%
EBIT	- 6.1	- 5.3	- 11.0	- 8.6	- 4.5	

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

in € million	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021	H1 2022
Sales	222.2	234.3	241.5	258.4	261.8
EBITDA	25.7	70.2	74.9	79.1	75.7
EBITDA margin	11.6%	30.0%	31.0%	30.6%	28.9%
EBIT	- 37.8	- 28.8	- 25.2	- 11.4	- 19.6
EBIT margin	-	-	-	-	-

Development of the Consumer Applications segment

The number of **pay accounts** (fee-based contracts) in the Consumer Applications segment rose by 40,000 to 2.51 million in the first half of 2022. Due to seasonal effects, however, ad-financed **free accounts** were 490,000 down on December 31, 2021, but still 140,000 accounts above the comparative prior-year date of June 30, 2021.

Development of Consumer Applications accounts in the first half of 2022

in million	June 30, 2022	Dec. 31, 2021	Change
Consumer Applications, total accounts	42.34	42.79	- 0.45
thereof with Premium Mail subscription	1.76	1.72	+ 0.04
thereof with Value-Added subscription	0.75	0.75	0.00
thereof free accounts	39.83	40.32	- 0.49

Development of Consumer Applications accounts in the second quarter of 2022

in million	June 30, 2022	Mar. 31, 2022	Change
Consumer Applications, total accounts	42.34	42.64	- 0.30
thereof with Premium Mail subscription	1.76	1.74	+ 0.02
thereof with Value-Added subscription	0.75	0.75	0.00
thereof free accounts	39.83	40.15	- 0.32

In the first half of 2022, activities in the **Consumer Applications** segment continued to focus on the further expansion of data-driven business models. As a result, **segment sales** improved by 4.4% from € 134.2 million in the previous year to € 140.1 million – despite a weakening online advertising market in the second quarter of 2022.

There was also growth in the segment's key earnings figures in the first half of 2022. Adjusted for positive non-cash valuation effects from derivatives of € 0.9 million in the previous year and € 4.6 million in the first half of 2022, operating **segment EBITDA** rose by 2.2% from € 55.2 million to € 56.4 million and operating **segment EBIT** by 1.4% from € 44.0 million to € 44.6 million. These earnings figures include increased electricity costs of € -1.2 million).

Due to even stronger growth in sales, the **EBITDA margin** decreased slightly from 41.1% to 40.3% and the **EBIT margin** from 32.8% to 31.8%.

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

Sales		140.1 134.2	+ 4.4 %
EBITDA		56.4 ⁽¹⁾ 55.2 ⁽²⁾	+ 2.2 %
EBIT		44.6 ⁽¹⁾ 44.0 ⁽²⁾	+ 1.4 %

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

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

Quarterly development; change over prior-year quarter

in € million	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q2 2021	Change
Sales	65.9	79.0	70.2	69.9	68.9	+ 1.5%
EBITDA	25.3 ⁽¹⁾	37.1 ⁽¹⁾	26.7 ⁽¹⁾	29.7 ⁽¹⁾	29.5 ⁽¹⁾	+ 0.7%
EBIT	19.6 ⁽¹⁾	31.4 ⁽¹⁾	20.8 ⁽¹⁾	23.8 ⁽¹⁾	23.7 ⁽¹⁾	+ 0.4%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +0.7 million in Q2 2021; € +2.1 million in Q3 2021; € +1.9 million in Q4 2021; € +0.8 million in Q1 2022; € +3.8 million in Q2 2022)

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

in € million	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021	H1 2022
Sales ⁽¹⁾	140.2	119.4 (123.8)	119.7	134.2	140.1
EBITDA	54.5	47.3	47.0	55.2 ⁽²⁾	56.4 ⁽³⁾
EBITDA margin	38.9%	39.6%	39.3%	41.1%	40.3%
EBIT	48.3	39.1	37.0	44.0 ⁽²⁾	44.6 ⁽³⁾
EBIT margin	34.5%	32.7%	30.9%	32.8%	31.8%

(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; 2018 reported unchanged on a gross statement

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

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

Development of the Business Applications segment

The number of **fee-based Business Applications contracts** was increased by 130,000 contracts in the first half of 2022. This growth resulted from 60,000 contracts in Germany and 70,000 contracts abroad. As a result, the total number of contracts rose to 8.91 million.

Development of Business Applications contracts in the first half of 2022

in million	June 30, 2022	Dec. 31, 2021	Change
Business Applications, total contracts	8.91	8.78	+ 0.13
thereof in Germany	4.32	4.26	+ 0.06
thereof abroad	4.59	4.52	+ 0.07

Development of Business Applications contracts in the second quarter of 2022

in million	June 30, 2022	Mar. 31, 2022	Change
Business Applications, total contracts	8.91	8.87	+ 0.04
thereof in Germany	4.32	4.29	+ 0.03
thereof abroad	4.59	4.58	+ 0.01




Sales of the Business Applications segment rose by 18.2% in the first half of 2022, from € 514.4 million in the previous year to € 608.0 million. The after-market business of Sedo (domain trading platform and domain parking) contributed 10.3 percentage points to this sales growth.

Segment EBITDA improved by 0.7% from € 163.3 million to € 164.5 million. In addition to increased electricity costs (€ -8.9 million), this figure also includes costs for the announced additional marketing activities of IONOS to raise brand awareness in its most important European markets of € -13.2 in the first half of 2022.

Segment EBIT was also burdened by these costs and at € 113.2 million was slightly down on the previous year (€ 114.1 million).

Due to the much stronger growth in sales than in earnings, the **EBITDA margin** and **EBIT margin** decreased from 31.7% to 27.1% and from 22.2% to 18.6%, respectively.

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

Sales		608.0	+ 18.2 %
EBITDA		164.5	+ 0.7 %
EBIT		113.2	- 0.8 %

Quarterly development; change over prior-year quarter

in € million	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q2 2021	Change
Sales	260.5	287.9	300.1	307.9	258.2	+ 19.2%
EBITDA	78.9	73.1	83.1	81.4	84.1	- 3.2%
EBIT	53.9	46.2	57.8	55.4	60.0	- 7.7%

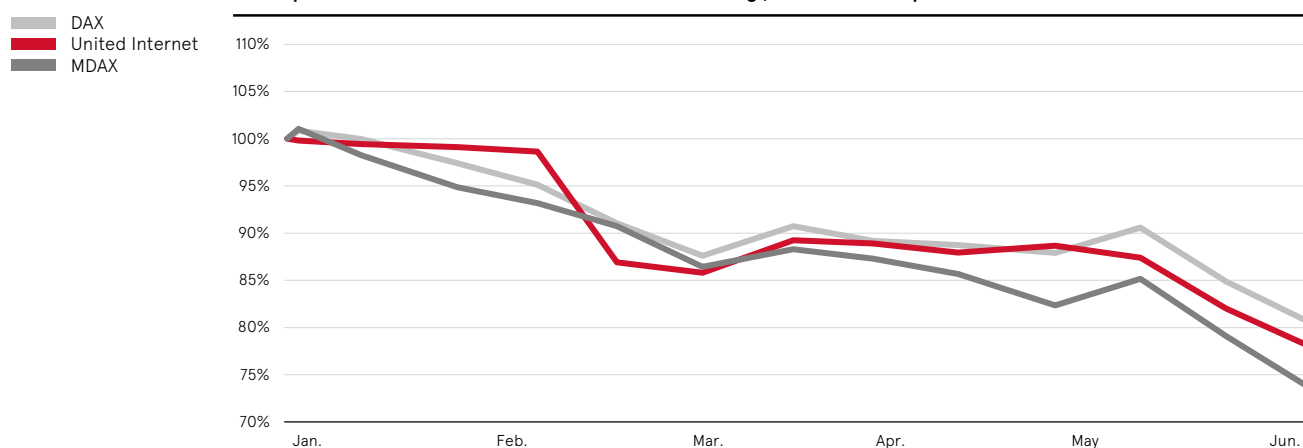
Multi-period overview: Development of key sales and earnings figures

in € million	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021	H1 2022
Sales	419.3	443.3	471.6	514.4	608.0
EBITDA	148.9	148.3	167.8	163.3	164.5
EBITDA margin	35.5%	33.5%	35.6%	31.7%	27.1%
EBIT	107.4	95.2	117.4	114.1	113.2
EBIT margin	25.6%	21.5%	24.9%	22.2%	18.6%

Share and dividend

Over the course of the first six months of 2022, the United Internet **share price** fell significantly by - 22.1% from € 34.94 as of December 31, 2021 to € 27.23 on June 30, 2022. The share's performance during the reporting period was similar to that of the DAX and MDAX indices, which also fell strongly by 19.5% and 26.5%, respectively. Compared to the same reporting date last year, the share price of United Internet AG was -21.0% below the prior-year level (€ 34.48 on June 30, 2021).

Share performance in the first half of 2022 (Xetra trading), indexed in comparison to DAX and MDAX



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

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Closing price	49.06	28.96	37.71	34.48	27.23
Performance	+ 1.9%	- 41.0%	+ 30.2%	- 8.6%	- 22.1%
Number of shares (units)	205 million	205 million	205 million	194 million	194 million
Market value	10.06 billion	5.94 billion	7.32 billion	6.69 billion	5.28 billion

Shareholder structure

Shareholder	Shareholding
Ralph Dommermuth	
- Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft (50.00%)	51.03%
- RD Holding GmbH & Co. KG (1.03%)	
United Internet (treasury stock)	3.75%
Flossbach von Storch	4.99%
BlackRock	3.23%
Wellington	3.06%
Free float	33.94%

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

At the (virtual) Annual Shareholders' Meeting of United Internet AG held on May 19, 2022, 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 2021, was approved with a majority of 99.97% of votes cast. As a consequence, a total of € 93.4 million (prior year: € 93.6 million) was distributed on May 24, 2022. Despite the minimum dividend payout of just € 0.05 per share adopted by 1&1 AG, the **payout ratio** of United Internet was thus 23.8% of the adjusted consolidated net income after minority interests for 2021 (€ 392.4 million) and – in view of the investments due to be made in the Company's own mobile communications network – therefore still within the range targeted by its dividend policy (20% – 40% of adjusted consolidated net income after minority interests, provided that funds are not needed for further Company development). Based on the closing price of the United Internet share on June 30, 2022, the **dividend yield** was therefore 1.8%.

Multi-period overview: Dividend development

	For 2017	For 2018	For 2019	For 2020	For 2021
Dividend per share (in €)	0.85	0.05	0.50	0.50	0.50
Dividend payment (in € million)	169.9	10.0	93.9	93.6	93.4
Payout ratio	26.2%	5.3%	22.2%	32.2%	22.4%
Adjusted payout ratio ⁽¹⁾	42.1%	2.5%	23.6%	26.7%	23.8%
Dividend yield ⁽²⁾	1.7%	0.2%	1.3%	1.5%	1.8%

(1) Without special items

(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 2022.

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, 2022, the United Internet Group employed 10,167 people. In line with the Company's positive development, headcount therefore increased by 257 staff or 2.6% compared to the previous year (9,910 employees).

Headcount in Germany rose by 156 employees or 1.9%, from 8,127 in the previous year to 8,283 on June 30, 2022. At the Group's companies outside Germany, headcount increased by 101 or 5.7%, from 1,783 in the previous year to 1,884.

From the segment perspective, there were 3,145 employees in the Consumer Access segment (prior year: 3,184), 1,286 in the Business Access segment (prior year: 1,227), 1,013 in the Consumer Applications segment (prior year: 999), 4,159 in the Business Applications segment (prior year: 3,935), as well as 564 in the Corporate/HQ division (prior year: 565).

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

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	Change
Employees, total	8,999	9,156	9,451	9,910	10,167	+ 2.6%
thereof in Germany	7,520	7,573	7,811	8,127	8,283	+ 1.9%
thereof abroad	1,479	1,583	1,640	1,783	1,884	+ 5.7%

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

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

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	Change
Employees, total	8,999	9,156	9,451	9,910	10,167	+ 2.6%
thereof Consumer Access	3,145	3,108	3,191	3,184	3,145	- 1.2%
thereof Business Access	1,087	1,150	1,177	1,227	1,286	+ 4.8%
thereof Consumer Applications	956	976	1,003	999	1,013	+ 1.4%
thereof Business Applications	3,359	3,345	3,484	3,935	4,159	+ 5.7%
thereof Corporate/HQ	452	577	596	565	564	- 0.2%

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

Personnel expenses rose by 2.4% in the first half of 2022, from € 316.0 million in the previous year to € 323.6 million. Due to the stronger increase in sales, the personnel expense ratio fell from 11.4% to 11.2%.

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

in € million	H1 2018	H1 2019	H1 2020	H1 2021	H1 2022	Change
Personnel expenses	265.8	278.3	286.3	316.0	323.6	+ 2.4%
Personnel expense ratio	10.4%	10.8%	10.8%	11.4%	11.2%	

Position of the Group

There were **no significant acquisition or divestment effects** on consolidated and segment sales and EBITDA in the first half of 2022. There were also only **minor positive currency effects** at Group and segment level amounting to € 13.7 million for sales and € 3.1 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 2022, the total number of **fee-based customer contracts** in the United Internet Group was raised by 290,000 contracts to 26.97 million. Due to seasonal effects, however, there was a decline in ad-financed **free accounts** of 490,000 compared to December 31, 2021, but at the same time an increase of 140,000 accounts over the comparative prior-year reporting date of June 30, 2021.

Consolidated sales rose by 4.5% in the first half of 2022, from € 2,775.6 million in the previous year to € 2,901.1 million. Due in part to positive currency effects of € 13.7 million, **sales outside Germany** improved by 21.8% from € 246.3 million to € 300.1 million.

The **cost of sales** increased from € 1,784.3 million in the previous year to € 1,882.1 million. As a result, the cost of sales ratio rose from 64.3% (of sales) in the previous year to 64.9% (of sales) in the first half of 2022. There was a corresponding decline in the **gross margin** from 35.7% to 35.1%. As a result, the increase in **gross profit** of 2.8% from € 991.4 million to € 1,019.0 million fell short of sales growth (4.5%). This deterioration was mainly due to a (non-period) positive effect of € +39.4 million in the first half of 2021. This (non-period) positive effect was merely offset by lower hardware sales in the first half of 2022.

Due in part to increased marketing expenses of IONOS (€ 13.2 million in the first half of 2022), **sales and marketing expenses** rose faster than sales, from € 407.2 million (14.7% of sales) in the previous year to € 435.7 million (15.0% of sales). As a result of increased depreciation and amortization (leasing), there was also a slightly disproportionate increase in **administrative expenses** from € 116.4 million (4.2% of sales) to € 128.4 million (4.4% of sales).

Multi-period overview: Development of key cost items

in € million	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021	H1 2022
Cost of sales	1,688.3	1,685.8	1,775.5	1,784.3 ⁽¹⁾	1,882.1
Cost of sales ratio	66.5%	65.9%	66.8%	64.3%	64.9%
Gross margin	33.5%	34.1%	33.2%	35.7%	35.1%
Selling expenses	344.1	382.0	376.8	407.2	435.7
Selling expenses ratio	13.5%	14.9%	14.2%	14.7%	15.0%
Administrative expenses	109.2	102.4	97.7	116.4	128.4
Administrative expenses ratio	4.3%	4.0%	3.7%	4.2%	4.4%

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

The Group's key earnings figures in the previous year were impacted by a **(non-period) positive effect on earnings** (Consumer Access segment) of € 39.4 million, attributable to the second half of 2020.

Without consideration of this (non-period) positive earnings effect in the previous year and additionally adjusted for positive non-cash valuation effects from derivatives (Consumer Applications segment) of € 0.9 million in the previous year and € 4.6 million in the first half of 2022, the Group's key earnings figures developed as follows: **operating EBITDA for the Group** rose by 3.5%, from € 632.9 million in the previous year to € 655.1 million, and **operating EBIT for the Group** by 3.3% from € 401.6 million to € 414.9 million. These earnings figures include expenses incurred for the construction of 1&1's mobile communications network of € -16.1 million (prior year: € -14.9 million), as well as costs for the announced additional marketing activities of IONOS to raise brand awareness in its most important European markets of € -13.2 million. There were also increased electricity costs of € -11.1 million.

Due to the stronger growth in sales, the **operating EBITDA margin** declined slightly from 22.8% in the previous year to 22.6% and the **operating EBIT margin** from 14.5% to 14.3%.

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

	H1 2022	H1 2021	
Sales	2,901.1	2,775.6	+ 4.5 %
EBITDA	655.1 ⁽¹⁾	632.9 ⁽²⁾	+ 3.5 %
EBIT	414.9 ⁽¹⁾	401.6 ⁽²⁾	+ 3.3 %

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

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

Quarterly development; change over prior-year quarter

in € million	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q2 2021	Change
Sales	1,392.3	1,478.3	1,443.7	1,457.4	1,383.4	+ 5.3%
EBITDA	319.2 ⁽¹⁾	307.3 ⁽²⁾	329.2 ⁽³⁾	325.9 ⁽⁴⁾	321.0 ⁽⁵⁾	+ 1.5%
EBIT	199.9 ⁽¹⁾	184.1 ⁽²⁾	209.4 ⁽³⁾	205.5 ⁽⁴⁾	205.6 ⁽⁵⁾	- 0.0%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +2.1 million)

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +1.9 million)

(3) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +0.8 million)

(4) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.8 million)

(5) Excluding the non-period positive effect on earnings from the second half of 2020 (EBITDA and EBIT effect: € +5.0 million) and excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +0.7 million)

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

in € million	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021	H1 2022
Sales	2,539.6	2,556.5	2,657.9	2,775.6	2,901.1
EBITDA	565.5	630.0	620.5	632.9 ⁽¹⁾	655.1 ⁽²⁾
EBITDA margin	22.3%	24.6%	23.3%	22.8%	22.6%
EBIT	373.8	390.8	385.4	401.6 ⁽¹⁾	414.9 ⁽²⁾
EBIT margin	14.7%	15.3%	14.5%	14.5%	14.3%

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

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

As a result of the above mentioned (non-period) positive earnings effect of € 39.4 million in the previous year, **earnings before taxes (EBT)** of € 383.6 million were significantly below the prior-year figure (€ 431.5 million). Even without consideration of this (non-period) earnings effect and additionally adjusted for positive non-cash valuation effects from derivatives of € 0.9 million in the previous year and € 4.6 million in the first half of 2022, **operating EBT** of € 379.0 million was down on the previous year (€ 391.2 million).

This decline in operating EBT was mainly due to a year-on-year decrease in the financial result, which was impacted in part by the subsequent measurement of financial derivatives (EBT effect: € -3.9 million; prior year: € +3.4 million/ EPS effect: € -0.03; prior year: € +0.02), as well as – with regard to the result from associated companies – the prorated negative result of Kublai GmbH, which was only partially included (2 months as opposed to 6 months in 2022) in the comparative figures for the first half of 2021 as the takeover of Tele Columbus AG was still ongoing (EBT effect: € -17.0 million; prior year: € -3.1 million/ EPS effect: € -0.09; prior year: € -0.02).

Against this backdrop, **earnings per share (EPS)** of € 1.05 were below the prior-year figure (€ 1.26). Without consideration of the (non-period) positive earnings effect (EPS effect: € 0.11 in the previous year), and the positive valuation effects from derivatives (EPS effect: € 0.00 in the previous year and € 0.02 in the first half of 2022), **operating EPS** fell from € 1.15 to € 1.03 and **operating EPS before PPA** from € 1.35 to € 1.23.

Financial position

Due to the decline in net income, **operative cash flow** also fell from € 538.7 million in the previous year to € 505.3 million in the first half of 2022.

The same applies to **cash flow from operating activities**, which decreased from € 340.5 million to € 325.1 million.

Cash flow from investing activities displayed a net outflow of € 197.9 million in the reporting period (prior year: € 376.6 million). This resulted mainly from disbursements of € 199.2 million (prior year: € 127.6 million) for capital expenditures. Cash flow from investing activities in the previous year was also dominated by payments to acquire shares in associated companies totaling € 220.7 million (especially for the stake in Kublai GmbH), as well as by 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 in part to increased capital expenditures (€ +71.6 million), **free cash flow** in the first half of 2022 decreased from € 214.5 million in the previous year to € 126.4 million. After deducting the cash flow item "Redemption of finance lease liabilities and rights of use" – disclosed in cash flow from financing activities since the initial application of the accounting standard IFRS 16 – free cash flow fell from € 157.5 million to € 62.3 million. This decline was due in particular to the strong decrease in trade accounts payable (phasing effects of € -97.2 million from Q4 2021). After correctly allocating the phasing effects to their respective periods, free cash flow after leasing of € 159.5 million in the first half of 2022 was slightly up on the previous year (€ 157.5 million) – whereby the prior-year figures already include VDSL/FTTH contingent payments to Deutsche Telekom of € 216.0 million, while payments of € 189.2 million are not due in 2022 until the third quarter.

Cash flow from financing activities in the first half of 2022 was dominated by the dividend payment of € 93.4 million (prior year: € 93.6 million), the redemption of lease liabilities of € 64.1 million (prior year: € 57.0 million), the repayment of loans totaling € 8.8 million (prior year: loan assumption of € 505.7 million), as well as payments to minority shareholders of 15.2 million for the increased shareholding (to 100%) in InterNetX Holding GmbH (prior year: € 391.0 million for increased shareholdings in IONOS TopCo SE and 1&1 AG).

As of June 30, 2022, **cash and cash equivalents** amounted to € 54.3 million – compared to € 58.8 million on the same date last year.

Development of key cash flow figures

in € million	H1 2022	H1 2021	Change
Operative cash flow	505.3	538.7	- 33.4
Cash flow from operating activities	325.1	340.5	- 15.4
Cash flow from investing activities	- 197.9	- 376.6	
Free cash flow ⁽¹⁾	62.3 ⁽²⁾	157.5 ⁽³⁾	- 95.2
Cash flow from financing activities	- 184.1	- 38.4	
Cash and cash equivalents on June 30	54.3	58.8	- 4.5

(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) H1 2022 including the repayment portion of lease liabilities (€ -64.1 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

(3) H1 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)

Multi-period overview: Development of key cash flow figures

in € million	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	H1 2020	H1 2021	H1 2022
Operative cash flow	418.9	465.4	486.7	538.7	505.3
Cash flow from operating activities	164.7	246.0	383.2	340.5	325.1
Cash flow from investing activities	- 128.1	- 68.6	- 115.6	- 376.6	- 197.9
Free cash flow ⁽¹⁾	84.3	138.0 ⁽²⁾	211.0 ⁽²⁾	157.5 ⁽²⁾	62.3 ⁽²⁾
Cash flow from financing activities	- 163.6	- 187.6	- 329.9	- 38.4	- 184.1
Cash and cash equivalents on June 30	111.8	47.9	54.6	58.8	54.3

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

(2) H1 2019, 2020, 2021 and 2022 including 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 € 9.669 billion as of December 31, 2021 to € 9.954 billion on June 30, 2022.

Development of current assets			
in € million	June 30, 2022	Dec. 31, 2021	Change
Cash and cash equivalents	54.3	110.1	- 55.8
Trade accounts receivable	407.5	380.5	+ 27.1
Contract assets	618.8	619.7	- 0.9
Inventories	115.0	96.5	+ 18.5
Prepaid expenses	286.1	214.0	+ 72.1
Other financial assets	108.4	119.0	- 10.6
Income tax claims	66.4	46.4	+ 20.1
Other non-financial assets	12.1	8.1	+ 4.0
Total current assets	1,668.7	1,594.2	+ 74.5

Current assets rose from € 1,594.2 million as of December 31, 2021 to € 1,668.7 million on June 30, 2022. **Cash and cash equivalents** disclosed under current assets decreased from € 110.1 million to € 54.3 million due to closing-date effects. By contrast, **trade accounts receivable** increased from € 380.5 million to € 407.5 million due to closing-date effects and the expansion of business. In order to avoid supply bottlenecks, **inventories** were raised from € 96.5 million to € 115.0 million. Due to prepayments made to advance service providers and closing-date effects, **current prepaid expenses** increased from € 214.0 million to € 286.1 million and mainly comprise the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. **Income tax claims** rose from € 46.4 million to € 66.4 million. The items current **contract assets**, current **other financial assets**, and **other non-financial assets** were all largely unchanged.

Development of non-current assets			
in € million	June 30, 2022	Dec. 31, 2021	Change
Shares in associated companies	414.9	431.6	- 16.8
Other financial assets	15.6	11.6	+ 4.0
Property, plant and equipment	1,512.3	1,379.6	+ 132.7
Intangible assets	2,007.8	2,059.4	- 51.6
Goodwill	3,625.4	3,627.8	- 2.4
Trade accounts receivable	44.0	47.3	- 3.3
Contract assets	209.3	206.0	+ 3.3
Prepaid expenses	428.9	287.7	+ 141.2
Deferred tax assets	27.0	23.8	+ 3.2
Total non-current assets	8,285.2	8,074.9	+ 210.3

Non-current assets rose from € 8,074.9 million as of December 31, 2021 to € 8,285.2 million on June 30, 2022. Due mainly to the inclusion of the pro rata result of Kublai GmbH (Tele Columbus), **shares in associated companies** fell from € 431.6 million to € 414.9 million. Capital expenditures led to an increase in **property, plant and equipment** from € 1,379.6 million to € 1,512.3 million in the first half of 2022, while **intangible assets** declined from € 2,059.4 million to € 2,007.8 million mainly as a result of amortization. Due to prepayments made to advance service providers and closing-date effects, non-current **prepaid expenses** rose strongly from € 287.7 million to € 428.9 million. The items non-current **other financial assets**, **goodwill**, non-current **trade accounts receivable**, non-current **contract assets**, and **deferred tax assets** were largely unchanged.

Development of current liabilities

in € million	June 30, 2022	Dec. 31, 2021	Change
Trade accounts payable	662.7	583.4	+ 79.3
Liabilities due to banks	525.5	325.4	+ 200.2
Income tax liabilities	106.6	58.4	+ 48.2
Contract liabilities	162.5	157.9	+ 4.7
Other accrued liabilities	12.6	16.2	- 3.7
Other financial liabilities	334.0	329.2	+ 4.8
Other non-financial liabilities	88.4	135.7	- 47.4
Total current liabilities	1,892.4	1,606.2	+ 286.1

Current liabilities increased from € 1,606.2 million as of December 31, 2021 to € 1,892.4 million on June 30, 2022. Due to closing-date effects, current **trade accounts payable** rose from € 583.4 million to € 662.7 million. There was an increase in current **liabilities due to banks** from € 325.4 million to € 525.5 million following reclassifications from non-current liabilities (in accordance with their maturity). **Income tax liabilities** rose from € 58.4 million to € 106.6 million. Current **other non-financial liabilities** fell from € 135.7 million to € 88.4 million and mainly include liabilities due to tax authorities as of the respective balance sheet date. The items current **contract liabilities**, which mainly includes payments received from customer contracts for which the performance has not yet been completely rendered, as well as current **other accrued liabilities**, and current **other financial liabilities** were virtually unchanged.

Development of non-current liabilities

in € million	June 30, 2022	Dec. 31, 2021	Change
Liabilities due to banks	1,288.4	1,497.4	- 209.0
Deferred tax liabilities	281.9	290.5	- 8.5
Trade accounts payable	2.7	2.5	+ 0.2
Contract liabilities	30.4	32.2	- 1.7
Other accrued liabilities	63.5	66.0	- 2.5
Other financial liabilities	1,307.1	1,251.2	+ 56.0
Total non-current liabilities	2,974.0	3,139.7	- 165.6

Non-current liabilities declined from € 3,139.7 million as of December 31, 2021 to € 2,974.0 million on June 30, 2022. This was mainly due to long-term **liabilities due to banks**, which decreased from € 1,497.4 million to € 1,288.4 million following reclassifications to current liabilities. By contrast, **other financial liabilities** rose from € 1,251.2 million to € 1,307.1 million. The items **deferred tax liabilities**, non-current **trade accounts payable**, non-current **contract liabilities** (which mainly include payments received from customer contracts for which the performance has not yet been completely rendered), as well as non-current **other accrued liabilities** were all largely unchanged.

Development of equity

in € million	June 30, 2022	Dec. 31, 2021	Change
Capital stock	194.0	194.0	0.0
Capital reserves	1,962.2	1,954.7	+ 7.6
Accumulated profit	2,664.8	2,562.6	+ 102.3
Treasury shares	- 231.5	- 231.5	- 0.0
Revaluation reserves	0.6	0.6	+ 0.0
Currency translation adjustment	- 10.8	- 12.9	+ 2.1
Equity attributable to shareholders of the parent company	4,579.4	4,467.4	+ 112.0
Non-controlling interests	508.0	455.7	+ 52.2
Total equity	5,087.4	4,923.2	+ 164.2

Mainly as a result of the further increase in the Group's accumulated profit, consolidated **equity capital** rose from € 4,923.2 million as of December 31, 2021 to € 5,087.4 million on June 30, 2022. In the first half of 2022, the Group's **accumulated profit** rose from € 2,562.6 million to € 2,664.8 million and contains the past profits of the consolidated companies, insofar as they were not distributed. The consolidated **equity ratio** rose from 50.9% to 51.1%.

Net bank liabilities (i.e., the balance of bank liabilities and cash and cash equivalents) increased only slightly from € 1,712.6 million as of December 31, 2021 to € 1,759.6 million on June 30, 2022.

Multi-period overview: Development of key balance sheet items

in € million	Dec. 31, 2018 (IFRS 15)	Dec. 31, 2019 (IFRS 16)	Dec. 31, 2020	Dec. 31, 2021	June 30, 2022
Total assets	8,173.8	9,128.8	9,230.8	9,669.1	9,953.8
Cash and cash equivalents	58.1	117.6	131.3	110.1	54.3
Shares in associated companies	206.9	196.0	89.6 ⁽¹⁾	431.6 ⁽¹⁾	414.9
Other financial assets	348.1	90.4 ⁽²⁾	9.9 ⁽²⁾	11.6	15.6
Property, plant and equipment	818.0	1,160.6 ⁽³⁾	1,271.6	1,379.6	1,512.3
Intangible assets	1,244.6	2,167.4 ⁽⁴⁾	2,197.8	2,059.4	2,007.8
Goodwill	3,612.6	3,616.5	3,609.4	3,627.8	3,625.4
Liabilities due to banks	1,939.1	1,738.4	1,466.1	1,822.7	1,813.9
Capital stock	205.0	205.0	194.0 ⁽⁵⁾	194.0	194.0
Equity	4,521.5	4,614.7	4,911.2	4,923.2	5,087.4
Equity ratio	55.3%	50.6%	53.2%	50.9%	51.1%

Management Board's overall assessment of the business situation

United Internet can look back on a successful first six months of 2022. 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. All in all, the number of fee-based customer contracts grew by a further 290,000 contracts to 26.97 million contracts.

Of this total, 120,000 contracts were added in the Consumer Access segment (+290,000 operating growth less -170,000 contracts due to the TKG effect). The Consumer Applications segment grew by 40,000 pay accounts and a further 130,000 contracts resulted from the Business Applications segment.

In view of this customer growth and a 4.5% increase in sales to around € 2.901 billion, United Internet made good progress in the first half of 2022. At the same time, there were further improvements in operating earnings – despite rising electricity prices and heavy investment in future topics. EBITDA, for example, rose by 3.5% to around € 655 million and EBIT by 3.3% to around € 415 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 2022, 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

There were no other significant events subsequent to the reporting date of June 30, 2022 which had a material effect on the financial position and performance of the Company or the Group nor affected its accounting and reporting.

Risk and opportunity report

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

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

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

- From the current perspective, the main challenges are the risk fields "Legislation & regulation", "Litigation", and "Information security".
- Compared to December 31, 2021, the risk field "Capacity bottlenecks" has been raised from Low to Moderate (since Q1 2022). The reason for this increase is the current longer delivery times for data center hardware (CPUs, memory, servers, etc.) caused by global supply chain problems and a bottleneck in semiconductors and network components.
- Otherwise, the risk classifications of the risk fields of United Internet AG as at June 30, 2022 were unchanged from December 31, 2021.
- Compared to December 31, 2021, the overall risk has declined. The reasons for this include 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. Moreover, the risk positions in the risk fields "Fraud & credit default" and "Litigation" have been significantly reduced.

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

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

The macroeconomic environment has deteriorated significantly during the course of 2022. Prices for energy and food in particular are putting a strain on consumers, and experts expect exceptionally high inflation rates. This may also impact United Internet's risk situation. In the first half of the year, there was already a growing number of payment defaults – with a negative impact on earnings. Moreover, persistently high inflation rates will result in increasing cost pressure and a risk to earnings if these cost hikes cannot be offset by corresponding price rises.

Forecast report

Economic prospects

In view of high inflation rates, ongoing supply chain problems, coronavirus restrictions in China and the consequences of Russia's invasion of Ukraine, the International Monetary Fund (IMF) once again downgraded its 2022 and 2023 forecasts for the vast majority of countries (including the three major economic powers: the USA, China and the eurozone) in its latest economic outlook (World Economic Outlook, July 2022 Update). The IMF believes that prospects have deteriorated considerably since its last outlook in April 2022 and fears that the global economy may soon be on the brink of recession again – just two years after the crash following the outbreak of the coronavirus pandemic.

Specifically, the IMF now forecasts growth of just 3.2% for the **global economy** in 2022 (prior year: 6.1%) and 2.9% in 2023.

The Fund expects increasingly slower economic growth for all of the United Internet Group's main target markets. In North America, the IMF forecasts growth of 2.3% and 1.0% for the **USA** in 2022 and 2023, 3.4% and 1.8% for **Canada**, and 2.4% and 1.2% for **Mexico**, while in Europe the Fund expects growth of 1.2% and 0.8% for **Germany**, 3.2% and 0.5% for the **UK**, 2.3% and 1.0% for **France**, 3.0% and 0.7% for **Italy**, and 4.0% and 2.0% for **Spain**.

The IMF also highlighted a number of risks. Should they materialize, global economic growth might slow even more. One trigger for this could be a complete stoppage of gas supplies from Russia, which in turn might result in even higher inflation. This would hit Europe particularly hard. In this negative scenario, global economic growth would be just 2.6% in 2022 and 2.0% in 2023.

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

	2023e	2022e	2021
World	2.9%	3.2%	6.1%
USA	1.0%	2.3%	5.7%
Canada	1.8%	3.4%	4.6%
Mexico	1.2%	2.4%	4.8%
Eurozone	1.2%	2.6%	5.3%
France	1.0%	2.3%	7.0%
Spain	2.0%	4.0%	5.1%
Italy	0.7%	3.0%	6.6%
UK	0.5%	3.2%	7.4%
Germany	0.8%	1.2%	2.8%

Source: International Monetary Fund, World Economic Outlook (Update), July 2022

Sector expectations

At its half-year press conference 2022, the German ICT sector association Bitkom (ICT = information and communications technology) described the development of business in the year to date as very good – but at the same time dampened expectations for the second half of 2022 in view of the war in Ukraine, “exploding” energy prices and disrupted supply chains.

Based on the positive trend in the first half of 2022, however, the association has raised its full-year growth forecast for 2022 from 3.6% to 4.3% and now expects total revenue of € 189.4 billion.

For the largest sub-market, **information technology**, the industry association has increased its forecast for 2022 from 5.9% to 6.7% (prior year: 6.3%) and anticipates revenue of € 113.0 billion. Driven in particular by the boom in cloud business, software is likely to be the fastest-growing segment with a strong increase of 8.8% to € 32.4 billion. At the same time, the hardware segment is expected to grow by 6.7% to € 37.0 billion, as many companies with a focus on digital work are investing in secure and resilient infrastructures such as Infrastructure-as-a-Service (IaaS), i.e. leased servers, network and storage capacities (+33.2%), and workstations (+27.0%). Sales of IT services are expected to grow by 5.3% to €43.6 billion.

The industry association has also upgraded its forecast for the **telecommunications** sub-market for 2022 from 0.9% to 1.5% (prior year: 1.2%) and currently expects sales of € 67.7 billion. According to Bitkom estimates, telecommunications services are likely to generate revenues of € 48.8 billion, representing an increase of 1.0%. Business with end-user devices is expected to generate sales of € 11.9 billion (+2.9%). And investments in telecommunications infrastructure are expected to increase by 2.7% to € 6.9 billion.

Expectations for the Company

Forecast for the fiscal year 2022

On completion of the first six months, United Internet AG can confirm its full-year guidance for 2022. The Company continues to expect an increase in consolidated sales for the year as a whole to approx. € 5.85 billion (prior year: € 5.646 billion). EBITDA 2022 is likely to be on a par with 2021 (€ 1.259 billion). This EBITDA forecast includes costs for the 1&1 network rollout of approx. € 70 million (prior year: € 38 million), as well as approx. € 30 million for additional marketing activities of IONOS to raise brand awareness in its most important European markets. It also includes increased electricity costs of approx. € 20 million.

United Internet is planning to make significantly higher investments (CapEx) in 2022, especially for the rollout of 1&1's mobile communications network, as well as for the expansion of 1&1 Versatel's fiber-optic network to provide coverage in additional expansion areas and connect the 5G antennas. Capital expenditures are likely to be between € 800 million and € 1 billion (prior year: around € 290 million).

Management Board's overall statement on the anticipated development

The Management Board of United Internet AG remains upbeat about its prospects for the future. Thanks to a business model based predominantly on electronic subscriptions, United Internet believes it is largely stable enough to withstand cyclical influences. With the investments made over the past few years in customer relationships, new business fields, and further internationalization, as well as via acquisitions and investments, the Company has laid a broad foundation for its future 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 2022".

Forward-looking statements

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

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GROUP BALANCE SHEET

As of June 30, 2022 in €k

ASSETS	June 30, 2022	December 31, 2021
Current assets		
Cash and cash equivalents	54,332	110,116
Trade accounts receivable	407,504	380,450
Contract assets	618,786	619,722
Inventories	114,987	96,492
Prepaid expenses	286,104	213,974
Other financial assets	108,424	118,992
Income tax claims	66,409	46,354
Other non-financial assets	12,106	8,097
	1,668,651	1,594,198
Non-current assets		
Shares in associated companies	414,869	431,625
Other financial assets	15,569	11,617
Property, plant and equipment	1,512,306	1,379,625
Intangible assets	2,007,784	2,059,426
Goodwill	3,625,420	3,627,831
Trade accounts receivable	44,015	47,269
Contract assets	209,297	205,954
Prepaid expenses	428,922	287,730
Deferred tax assets	26,974	23,810
	8,285,154	8,074,887
Total assets	9,953,805	9,669,084

GROUP INTERIM FINANCIAL STATEMENTS

LIABILITIES	June 30, 2022	December 31, 2021
Current liabilities		
Trade accounts payable	662,734	583,395
Liabilities due to banks	525,547	325,364
Income tax liabilities	106,601	58,430
Contract liabilities	162,547	157,886
Other accrued liabilities	12,554	16,248
Other financial liabilities	334,008	329,177
Other non-financial liabilities	88,379	135,733
	1,892,370	1,606,233
Non-current liabilities		
Liabilities due to banks	1,288,351	1,497,358
Deferred tax liabilities	281,944	290,481
Trade accounts payable	2,676	2,475
Contract liabilities	30,444	32,151
Other accrued liabilities	63,487	66,026
Other financial liabilities	1,307,137	1,251,186
	2,974,039	3,139,676
Total liabilities	4,866,409	4,745,909
EQUITY		
Capital stock	194,000	194,000
Capital reserves	1,962,229	1,954,652
Accumulated profit	2,664,845	2,562,566
Treasury shares	-231,451	-231,451
Revaluation reserves	623	601
Currency translation adjustment	-10,818	-12,938
Equity attributable to shareholders of the parent company	4,579,428	4,467,428
Non-controlling interests	507,968	455,747
Total equity	5,087,396	4,923,175
Total liabilities and equity	9,953,805	9,669,084

GROUP NET INCOME

From January 1 to June 30, 2022 in €k

	2022	2021
	January - June	January - June
Sales	2,901,075	2,775,649
Cost of sales	-1,882,107	-1,784,251
Gross profit	1,018,968	991,398
Selling expenses	-435,670	-407,214
General and administrative expenses	-128,426	-116,359
Other operating income / expenses	19,103	10,459
Impairment of receivables and contract assets	-54,477	-36,362
Operating result	419,497	441,921
Financial result	-19,296	-7,699
Result from associated companies	-16,612	-2,740
Pre-tax result	383,589	431,481
Income taxes	-131,570	-131,047
Net income	252,020	300,434
thereof attributable to		
non-controlling interests	56,383	65,443
Shareholders of United Internet AG	195,637	234,992

GROUP INTERIM FINANCIAL STATEMENTS

	2022	2021
	January - June	January - June
Result per share of shareholders of United Internet AG (in €)		
basic	1.05	1.26
diluted	1.05	1.25
Weighted average of outstanding shares (in million units)		
basic	186.72	187.23
diluted	186.96	188.37
Reconciliation to total comprehensive income		
Net income	252,020	300,434
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	2,058	6,716
Items that are not reclassified subsequently to profit or loss		
Market value changes of financial assets measured at fair value through other comprehensive income	-48	591
Tax effect	0	-8
Share in other comprehensive income of associated companies	70	0
Other comprehensive income	2,081	7,299
Total comprehensive income	254,101	307,734
thereof attributable to		
non-controlling interests	56,321	67,171
Shareholders of United Internet AG	197,780	240,563

GROUP CASH FLOW

From January 1 to June 30, 2022 in €k

	2022	2021
	January - June	January - June
Result from operating activities		
Net income	252,020	300,434
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	172,875	163,226
Depreciation and amortization of assets resulting from company acquisitions	67,369	68,051
Employee expenses from employee shareholdings	6,505	10,722
Result from associated companies	16,612	2,740
Distributed profits of associated companies	206	228
Other non-cash items from tax adjustments	-12,035	-8,943
Non-cash income relating to other periods	0	0
Other non-cash items	1,738	2,265
Operative cash flow	505,290	538,724
Change in assets and liabilities		
Change in receivables and other assets	-17,452	-17,422
Change in inventories	-18,495	3,954
Change in contract assets	-2,407	-37,443
Change in income tax claims	-20,054	23,374
Change in deferred expenses	-213,322	-204,932
Change in trade accounts payable	79,540	-34,434
Change in other accrued liabilities	-6,234	1,376
Change in income tax liabilities	48,170	-16,352
Change in other liabilities	-33,299	80,150
Change in contract liabilities	3,345	3,458
Change in assets and liabilities, total	-180,207	-198,271
Cash flow from operating activities	325,083	340,453

GROUP INTERIM FINANCIAL STATEMENTS

	2022	2021
	January - June	January - June
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-199,211	-127,595
Payments from disposals of intangible assets and property, plant and equipment	565	1,610
Payments for company acquisitions less cash received	0	-22,562
Payments from company disposals less cash sold	0	8,789
Purchase of shares in associated companies	-62	-220,688
Payments for loans granted	-230	-16,189
Payments received from the repayment of other financial assets	1,058	0
Cash flow from investment activities	-197,880	-376,635
Cash flow from financing activities		
Net change in loans	-8,823	505,669
Redemption of lease liabilities	-64,072	-57,016
Dividend payments	-93,358	-93,615
Dividend payments to non-controlling interests	-2,692	-2,467
Payments to minority interests	-15,184	-390,968
Cash flow from financing activities	-184,129	-38,398
Net increase in cash and cash equivalents	-56,926	-74,580
Cash and cash equivalents at beginning of fiscal year	110,116	131,270
Currency translation adjustments of cash and cash equivalents	1,143	2,154
Cash and cash equivalents at end of fiscal year	54,332	58,845

GROUP CHANGES IN SHAREHOLDERS' EQUITY

	Capital stock		Capital reserves	Accumulated profit	Treasury shares	
	Share	€k	€k	€k	Share	€k
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
Balance as of January 1, 2022	194,000,000	194,000	1,954,651	2,562,566	7,284,109	-231,451
Net income				195,637		
Other comprehensive income						
Total comprehensive income				195,637		
Employee stock ownership program			5,344			
Dividend payments				-93,358		
Profit distributions						
Transactions with shareholders			2,234			
Balance as of June 30, 2022	194,000,000	194,000	1,962,229	2,664,845	7,284,109	-231,451

GROUP INTERIM FINANCIAL STATEMENTS

Revaluation reserves	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k
-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
601	-12,938	4,467,428	455,747	4,923,175
		195,637	56,383	252,020
22	2,120	2,142	-62	2,081
22	2,120	197,780	56,321	254,101
		5,344	825	6,170
		-93,358		-93,358
		0	-2,692	-2,692
		2,234	-2,234	0
623	-10,818	4,579,428	507,967	5,087,395

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, 2021, the interim reporting of United Internet AG as of June 30, 2022 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, 2022 to June 30, 2022 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, 2021. 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, 2022:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IFRS 3	Amendment: Reference to the Conceptual Framework	January 1, 2022	Yes
IAS 37	Amendment: Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	Yes
IAS 16	Amendment: Property, Plant and Equipment – Proceeds before Intended Use	January 1, 2022	Yes
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements 2018-2020	January 1, 2022	Yes

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

Use of estimates and assumptions

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

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

Impact of the coronavirus pandemic

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

Impact of the current economic situation

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

Miscellaneous

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

The consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2021.

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

EXPLANATION OF ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

3. Segment reporting

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

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

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

Segment reporting of United Internet AG for the reporting period January 1 to June 30, 2022 and for the comparative period from January 1 to June 30, 2021 was as presented in the tables on pages 53 and 54.

As of the reporting date, the closing balances of capitalized contract costs for contract initiation costs amounted to € 169 million (prior year: € 178 million) and for contract fulfillment costs to € 76 million (prior year: € 90 million).

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

GROUP INTERIM FINANCIAL STATEMENTS

€m	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate segment	Reconciliation	United Internet Group
January - June 2022							
Segment revenue	1,940.7	261.8	140.1	608.0	0.8	-50.3	2,901.1
- thereof domestic	1,940.7	261.8	139.1	304.9	0.8	-46.3	2,601.0
- thereof foreign	0	0	1.0	303.1	0	-4.0	300.1
Segment revenue from transactions with other segments	0.9	39.3	8.6	1.5	0		50.3
Segment revenue from contracts with customers	1,939.8	222.5	131.5	606.5	0.8		2,901.1
- thereof domestic	1,939.8	222.5	130.5	307.4	0.8		2,601.0
- thereof foreign	0	0	1.0	299.1	0		300.1
EBITDA	370.1	75.7	61.0	164.5	-11.3	-0.3	659.7
EBIT	289.5	-19.6	49.2	113.2	-12.6	-0.2	419.5
Financial result							-19.3
Result from associated companies							-16.6
EBT	286.3	-22.6	45.5	75.7	-1.1	-0.2	383.6
Income taxes							-131.6
Net income							252.0
Investments in intangible assets, property, plant and equipment (without goodwill)	59.3	166.4	7.8	89.0	3.1		325.6
Amortization/depreciation	80.6	95.3	11.8	51.3	1.3		240.2
- thereof intangible assets, and property, plant and equipment	33.4	89.0	11.8	37.4	1.3		172.8
- thereof assets capitalized during company acquisitions	47.2	6.3	0	13.9	0		67.4
Number of employees	3,145	1,286	1,013	4,159	564		10,167
- thereof domestic	3,145	1,286	1,010	2,278	564		8,283
- thereof foreign	0	0	3	1,881	0		1,884

€m	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate segment	Reconciliation	United Internet Group
January - June 2021							
Segment revenue	1,916.2	258.4	134.2	514.4	0.9	-48.5	2,775.6
- thereof domestic	1,916.2	258.4	132.9	265.4	0.9	-44.5	2,529.3
- thereof foreign	0	0	1.3	249.0	0	-4.0	246.3
Segment revenue from transactions with other segments	0.6	38.0	7.9	2.0	0		48.5
Segment revenue from contracts with customers	1,915.6	220.4	126.3	512.4	0.9		2,775.6
- thereof domestic	1,915.6	220.4	125.1	267.3	0.9		2,529.3
- thereof foreign	0	0	1.2	245.1	0		246.3
EBITDA	376.4	79.1	56.1	163.3	-3.0	1.3	673.2
EBIT	297.6	-11.4	44.9	114.1	-4.5	1.2	441.9
Financial result							-7.7
Result from associated companies							-2.8
EBT	297.5	-14.6	45.4	62.9	39.1	1.2	431.5
Income taxes							-131.1
Net income							300.4
Investments in intangible assets, property, plant and equipment (without goodwill)	13.8	122.4	7.1	40.4	4.9		188.6
Amortization/depreciation	78.8	90.5	11.2	49.2	1.5		231.3
- thereof intangible assets, and property, plant and equipment	31.5	84.2	11.2	34.7	1.5		163.2
- thereof assets capitalized during company acquisitions	47.3	6.3	0	14.5	0		68.1
Number of employees	3,184	1,227	999	3,935	565		9,910
- thereof domestic	3,184	1,227	995	2,156	565		8,127
- thereof foreign	0	0	4	1,779	0		1,783

4. Personnel expenses

Personnel expenses amounted to € 323,596k in the reporting period of 2022 (prior year: € 316,031k). At the end of June 2022, United Internet employed a total of 10,167 people, of which 1,884 were employed outside Germany. The number of employees at the end of June 2021 amounted to 9,910 people, of which 1,783 were employed outside Germany.

5. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 172,875k (prior year: € 163,226k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 67,369k (prior year: € 68,051k).

In the reporting period of 2022, total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 240,242k (prior year: € 231,278k).

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	2022	2021
Carrying amount at the beginning of the fiscal year	431,625	89,567
Additions	62	345,437
Adjustments		
- Shares in result	-16,612	-2,741
- Other	-206	-228
Carrying amount as of June 30	414,869	432,035

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

7. Other financial assets

Other current financial assets of € 108,424k (prior year: € 117,680k) mainly comprise derivatives of € 58,347k (prior year: € 292k), receivables from advance service providers of € 20,194k (prior year: € 23,012k), payments on account of € 14,560k (prior year: € 9,240k), and creditors with debit balances of € 5,298k (prior year: € 5,497k).

Other non-current financial assets of € 15,569k (prior year: € 13,319k) mainly comprise derivatives of € 5,761k (prior year: € 53,211k), loans to associated companies of € 5,304k (prior year: € 5,304k), loans granted of € 2,622k (prior year: € 5,252k) and other investments of € 1,375k (prior year: € 2,072k).

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

A total of € 325,636k (prior year: € 188,631k) 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 and network infrastructure, as well as on telecommunication equipment, and operational and office equipment.

Goodwill of € 3,625,420k disclosed as of June 30, 2022 includes assets belonging to the Consumer Access segment (€ 2,070,239k), Business Access segment (€ 506,482k), Consumer Applications segment (€ 225,879k), and Business Applications segment (€ 822,820k).

9. Non-current prepaid expenses

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

10. Liabilities due to banks

in € million	Promissory note loan	Other loans	Total
Loan liability as at 30 June 2022	1,197.5	610.0	1,807.5
Prepaid expenses	-1.6	-0.6	-2.1
Interest liabilities	5.2	3.4	8.5
As of 30 June 2022	1,201.1	612.8	1,813.9
Thereof short-term	253.2	272.3	525.6
Thereof long-term	947.9	340.4	1,288.3

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, 2022, the fully paid-in capital stock was unchanged from December 31, 2021 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 7,284,109 treasury shares (prior year: 6,769,137).

14. Reserves

The change in capital reserves is mainly due to employee stock ownership plans.

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 2022 amounted to € 1,184k (prior year: € 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 2022 amounted to € 1,294k (prior year: € 1,505k).

Long Term Incentive Plan Business Applications (LTIP Hosting)

In the first six of months 2022, expenses of € 2,525k (prior year: € 6,786k) were incurred in connection with LTIP Hosting employee stock ownership plans, including the we22 plan.

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

In the first six of months 2022, expenses of € 656k (prior year: € 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 2022, expenses of € 846k (prior year: € 542k) were incurred in connection with LTIP Portal employee stock ownership plans.

16. Additional details on financial instruments

The table on page 62 presents the carrying amounts of each category of the financial assets and liabilities as of June 30, 2022.

The table on page 63 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 2022:

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

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

Net result acc. to measurement categories	Measurement category acc. to IFRS 9	From interest and dividends	Net profits and losses from subsequent measurement			Net result
			At fair value	Currency translation	Allowance	
Financial assets at amortized cost	ac	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.

GROUP INTERIM FINANCIAL STATEMENTS

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

€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, 2022, and as in the previous year, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- The fair value of bank loans and other financial liabilities is estimated by discounting future cash flows using interest rates currently available for debt on similar terms, credit risk and remaining maturities.
- Financial assets and liabilities measured at fair value are measured using appropriate measurement techniques. Where available, stock exchanges prices on active markets are used. The valuation of shares in non-listed companies is based mainly on present value models. The valuation of derivatives and conditional purchase price liabilities is based mainly option pricing models.

Fair value hierarchy

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

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

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

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

Assets and liabilities measured at fair value

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

€k	Level 1	Level 2	Level 3	As of June 30, 2021
Financial assets at fair value through other comprehensive income without recycling to profit and loss	4,155	0	728	4,155
- Listed shares	4,155			0
- Non-listed equity instruments			728	0
Financial assets at fair value through profit or loss		145	53,358	53,503
- Derivatives		145	53,358	53,503
Financial liabilities measured at fair value through profit or loss			-36,430	-36,430
- Purchase price obligations			-36,430	-36,430

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, 2022:

GROUP INTERIM FINANCIAL STATEMENTS

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

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 €m	
		Volatility	42.80%	+1% -0.2 €m	-1% +0.3 €m
Conditional purchase price obligation	Monte Carlo simulation	Exit date of Warburg Pincus from Business Applications segment	0.25 years	+0.5 years -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.

The circle of related parties was unchanged as compared with the reporting date as at December 31, 2021.

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, 2022 is shown in the following table:

Management Board	Shares (number)
Ralph Dommermuth	99,000,000
Martin Mildner	15
Total	99,000,015

Supervisory Board	Shares (number)
Philipp von Bismarck	0
Dr. Claudia Borgas-Herold	0
Dr. Manuel Cubero del Castillo-Oliveras	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 € 6,950k in the reporting period (prior year: € 6,702k).

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

There were no other significant transactions.

18. Subsequent events

No events of material significance occurred up to the date of preparing these Interim Consolidated Financial Statements that would have led to a different presentation of the financial position and performance.

NET INCOME

Quarterly development in € million

	2021	2021	2022	2022	2021
	Q3	Q4	Q1	Q2	Q2
Sales	1,392.3	1,478.3	1,443.7	1,457.4	1,383.4
Cost of sales	-911.1	-989.6	-933.6	-948.5	-899.4
Gross profit	481.2	488.7	510.1	508.9	484.0
Selling expenses	-201.7	-226.8	-214.5	-221.2	-206.4
General and administrative expenses	-68.3	-58.4	-66.7	-61.7	-55.5
Other operating expenses / income	11.0	12.2	7.5	11.6	8.1
Impairment losses on receivables and contract assets	-20.2	-29.7	-26.3	-28.2	-18.9
Operating result	202.0	185.9	210.1	209.4	211.3
Financial result	-6.5	-18.7	-8.6	-10.7	-7.0
Result from associated companies	-6.5	-14.4	-8.3	-8.3	-3.1
Pre-tax result	189.0	152.8	193.2	190.4	201.1
Income taxes	-57.4	-61.8	-63.3	-68.3	-63.4
Net income	131.7	91.0	129.9	122.1	137.7
Attributable to					
- non-controlling interests	29.8	11.5	27.7	28.7	29.6
shareholders of United Internet AG	101.9	79.6	102.2	93.4	108.0
Result per share of shareholders of United Internet AG (in €)					
- undiluted	0.55	0.42	0.55	0.50	0.58
- diluted	0.55	0.43	0.55	0.50	0.58

Montabaur, August 4, 2022

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 4, 2022

The Management Board



Ralph Dommermuth



Martin Mildner

FINANCIAL CALENDAR

March 17, 2022	Annual financial statements for fiscal year 2021 Press and analyst conference
May 12, 2022	Quarterly Statement Q1 2022
May 19, 2022	(Virtual) Annual Shareholders' Meeting
August 4, 2022	6-Month Report 2022 Press and analyst conference
November 10, 2022	Quarterly Statement Q3 2022

IMPRINT

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August 2022

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Notes:

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

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

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

Disclaimer

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

United Internet AG

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