

AD-HOC NOTICE PURSUANT TO ART. 17 MAR

United Internet AG: Substantial price increase from July 2020 onwards for the use of Telefónica's network capacity by 1&1 Drillisch. EBITDA forecast 2020 reduced to approx. EUR 1.180 billion.

Montabaur, 19 September 2020. The first five-year prolongation phase of the existing MBA MVNO agreement between Drillisch Online GmbH (a 1&1 Drillisch AG company and indirect subsidiary of United Internet) and Telefónica Germany GmbH & Co. OHG ("Telefónica") started on 1 July 2020. The MBA MVNO agreement serves to implement the commitments of Telefónica under the merger clearance decision of the EU Commission regarding the merger with E-Plus. The parties are negotiating parallel to the for some time ongoing negotiations to conclude a national roaming agreement also the prices under the MBA MVNO as from July 2020. Despite the ongoing negotiations, yesterday, Telefónica has sent 1&1 Drillisch MBA MVNO-invoices for the advance service prices for July and August 2020 with the advance service prices that Telefónica considers to be applicable without making this subject to agreement in the negotiations.

Whereas, so far, the voice prices per minute and data prices per GByte were reduced steadily in the last five years based on the MBA MVNO Agreement, Telefónica now assumes consistently high voice prices per minute and data prices per GByte from July 2020 and for the following years. They shall be equivalent to the average prices in the period between 1 July 2019 and 30 June 2020 and no longer be reduced in the future. Furthermore, certain, so far free of charge capacities for voice and SMS shall no longer exist. This, compared to the previous months, resulting price increase as from July 2020 and the future discontinuation of the annual price depression will result in annually substantially increasing additional costs, in particular due to the expected significant annual data growth.

As a precautionary measure, United Internet therefore reduces its EBITDA forecast for 2020 und now expects an EBITDA of approx. EUR 1.180 billion in this year instead of approx. EUR 1.266 billion (the EBITDA of the previous year). Moreover, also in the next years, there will be high decline in earnings should the prices requested by Telefónica continue to be applied permanently.

This forecast is still subject to uncertainties as a precise assessment of the duration and further effects of the coronavirus pandemic and the outcome of the ongoing negotiations is currently not possible.

The outcome of the ongoing negotiations also has an impact on the rollout of a high-performance 5G network planned by 1&1 Drillisch. This is because national roaming will be required for a multiyear transitional period. For the national roaming agreement, which is negotiated between Telefónica and 1&1 Drillisch for almost two years on the basis of Telefónica's commitments under the EU merger clearance decision regarding the merger with E-Plus, the prices of the MBA MVNO Agreement are principally applicable. However, it is not foreseeable whether an agreement will be reached and under what conditions.

1&1 Drillisch considers the advance service prices claimed by Telefónica from 1 July 2020 onwards to not comply with the commitments of Telefónica under European Commission's merger clearance decision on the merger with E-Plus as well as the MBA MVNO agreement. In the agreement, for both five-year prolongation periods from 1 July 2020, according to 1&1 Drillisch's understanding, only provisions to determine the maximum prices per bitstream component were agreed. The prices per unit (per GByte, voice minute and SMS) to be determined within these maximum requirements must also be guided by the market trends and continue to be annually reduced to enable the offering of mobile tariffs in line with the market.

1&1 Drillisch will take the measures necessary to safeguard its rights (including possible claims for damages). 1&1 Drillisch is in exchange with the European Commission on this issue. Furthermore, the prices are subject of ongoing price adjustment proceedings initiated by 1&1 Drillisch. Telefónica is blocking the appointment of an independent expert for the two price review proceedings initiated in January and July 2020 (Price Review 5 and 6). 1&1 Drillisch has, with respect to the appointment of an expert, already filed a request for arbitration for the Price Review 5 proceedings and is preparing the necessary steps for the Price Review 6 proceedings.

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Note:

In the interests of clear and transparent reporting, the annual financial statements and interim statements of United Internet AG, as well as its ad-hoc announcements pursuant to Art. 17 MAR, contain additional financial performance indicators to those required under International Financial Reporting Standards (IFRS), such as EBITDA, EBITDA margin, EBIT, EBIT margin and free cash flow. Information on the use, definition and calculation of these performance measures is provided in the Annual Report 2019 of United Internet AG from page 49 onwards.