

AD-HOC DISCLOSURE ACC. TO ART. 17 MAR

United Internet AG: Non-scheduled, non-cash impairment on Tele Columbus investment

Montabaur, June 14, 2024. United Internet AG today resolved to make no further investments in the holding company Kublai GmbH (Kublai). Kublai currently holds around 95% of shares in Tele Columbus AG (Tele Columbus).

Specifically, United Internet is waiving its right to increase its stake in Kublai to 40% again after it was diluted to around 5% in the course of a capital increase in the first quarter of 2024. As a result, United Internet expects a non-cash impairment loss on its investment in Kublai of around EUR 185 million in its Half-year Financial Report 2024.

In its Interim Statement Q1 2024, United Internet reported that Kublai had conducted a capital increase in the first quarter of 2024 to provide Tele Columbus with equity, in which United Internet did not participate. A further shareholder of Kublai is Hilbert Management GmbH, an indirect subsidiary of Morgan Stanley Infrastructure Inc. (MSI), an infrastructure fund managed by the investment bank Morgan Stanley, which subscribed to the full amount of the capital increase totaling EUR 300 million. This resulted in a dilution of United Internet's stake in Kublai to around 5% (previously 40%). Until June 17, 2024 (previously agreed: June 6, 2024), United Internet has the option to increase its stake in Kublai back to 40% by acquiring shares from MSI in return for a payment of EUR 120 million.

United Internet is convinced that the valuation of Tele Columbus AG on which the capital increase is based is significantly too low and that the dilution of the shares held by United Internet is therefore too far-reaching. However, its majority of votes at the shareholders' meeting enabled MSI to conduct the capital increase on the basis of a valuation determined by MSI. United Internet will now initiate the contractually stipulated anti-dilution proceedings and arrange for an arbitration court to review MSI's valuation. If the court follows United Internet's opinion based on a valuation commissioned prior to the capital increase, United Internet is entitled to a compensation amount of approximately EUR 300 million.

The reason for the decision of the Management Board and Supervisory Board of United Internet AG not to make any further investments in Kublai is a difference of opinion between MSI and United Internet regarding the future financing of Kublai.

About United Internet

With over 28 million fee-based customer contracts and more than 39 million ad-financed free accounts, United Internet AG is a leading European internet specialist. At the heart of United Internet is a high-performance "Internet Factory" with 11,000 employees. In addition to the high sales strength of its established brands (such as 1&1, GMX, WEB.DE, IONOS, STRATO, and 1&1 Versatel), United Internet stands for outstanding operational excellence.

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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 2023 of United Internet AG on page 58.