Interim Statement
Q3 2020

SELECTED KEY FIGURES

	Sept. 30, 2020	Sept. 30, 2019	Change
NET INCOME (in € million)			
Sales	3,984.7	3,855.0	+ 3.4%
EBITDA[(1)]	896.4	944.0	- 5.0 %
EBIT[(1)]	541.6	587.6	- 7.8 %
EBT[(2)]	501.7	528.6	- 5.1 %
EPS (in €)[(2)]	1.33	1.39	- 4.3 %
BALANCE SHEET (in € million)			
Current assets	1,359.3	1,405.9	- 3.3%
Non-current assets	7,805.0	7,896.1	- 1.2%
Equity	4,835.7	4,801.0	+ 0.7%
Equity ratio	52.8%	51.6%	
Total assets	9,164.3	9,302.0	- 1.5%
CASH FLOW (in € million)			
Operative cash flow	690.5	725.9	- 4.9%
Cash flow from operating activities	717.7	476.0	+ 50.8%
Cash flow from investing activities	- 349.2	-69.6	
Free cash flow[(3)]	284.3	323.7	- 12.2%
EMPLOYEES			
Total headcount as of September 30	9,565	9,241	+ 3.5%
thereof Germany	7,866	7,627	+ 3.1%
thereof abroad	1,699	1,614	+ 5.3%
SHARE (in €)			
Share price as of September 30 (Xetra)	32.67	32.73	- 0.2%
CUSTOMER CONTRACTS (in million)			
Access, total contracts	14.68	14.12	+ 0.56
thereof mobile internet	10.36	9.78	+ 0.58
thereof broadband connections	4.32	4.34	- 0.02
Consumer Applications, total accounts	41.17	39.27	+ 1.90
thereof with Premium Mail subscription (contracts)	1.61	1.54	+ 0.07
thereof with Value-Added subscription (contracts)	0.74	0.72	+ 0.02
thereof free accounts	38.82	37.01	+ 1.81
Business Applications, total contracts	8.38	8.13	+ 0.25
thereof Germany	4.01	3.88	+ 0.13
thereof abroad	4.37	4.25	+ 0.12
Fee-based customer contracts, total	25.41	24.51	+ 0.90

(1) 9M 2019 including extraordinary income from the sale of virtual minds shares (EBITDA and EBIT effect: € +21.5 million)
(2) 9M 2019 without extraordinary income from the sale of virtual minds shares (EBT effect: € +21.5 million; EPS effect: € +0.11 €) and without impairment charges Tele Columbus (EBT effect: € -34.2 million; EPS effect: € -0.17);
(3) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment (without aperiodic tax payments); including the repayment portion of lease liabilities, which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16); 9M 2019 without capital gains tax payment (free cash flow effect: € -56.2 million) and without tax payments from fiscal year 2017 and previous years (free cash flow effect: € -27.2 million)

CONTENT

Dear shareholders, employees, and business associates of United Internet,

Despite the adverse macroeconomic environment caused by the coronavirus pandemic, United Internet AG continued to make significant investments in new customer contracts and the expansion of existing customer relationships – and thus in sustainable growth – during the first nine months of 2020. As a result, we increased the number of fee-based customer contracts organically by a further 670,000 to 25.41 million contracts. Of this total, 350,000 contracts were added in the Consumer Access segment and 230,000 contracts in the Business Applications segment. A further 90,000 contracts (pay accounts) and 1.23 million ad-financed free accounts were added in the Consumer Applications segment.

Consolidated sales grew by 3.4% in the first nine months of 2020, from € 3,855.0 million in the previous year to € 3,984.7 million. This growth was achieved in spite of the negative impact on business from the coronavirus pandemic, especially in the Consumer Access and Consumer Applications segments. There were opposing positive effects in the Business Access segment. Adjusted for these pandemic effects of € -17.0 million in total, like-for-like sales rose by 3.8%. All four business segments contributed to this revenue growth.

There was a significant 5.0% decline in consolidated EBITDA to € 896.4 million in the first nine months of 2020 compared to the prior-year figure (€ 944.0 million including extraordinary income of € 21.5 million from the sale of shares in virtual minds).

Apart from the positive extraordinary income in the previous year, this decrease was mainly due to the price increase introduced by Telefónica Germany on July 1, 2020 for 1&1 Drillisch's use of Telefónica's network capacity. 1&1 Drillisch believes that the wholesale prices charged by Telefónica as of July 1, 2020 are excessive and do not comply with the voluntary commitments of Telefónica as part of the European Commission's clearance of its merger with E-Plus, as well as the MBA MVNO agreement. 1&1 Drillisch will take the necessary steps to safeguard its rights (including possible claims for damages) in order to seek a review of the unjustified portion of the invoiced price increase ("excessive MBA invoicing").

In addition to this excessive MBA invoicing by an amount of € 35.4 million, earnings of 1&1 Drillisch were burdened by negative effects from regulatory decisions of the EU on SMS tariffs (since May 15, 2019) and of Germany's Federal Network Agency regarding subscriber line charges (since July 1, 2019) with a total impact of € -13.7 million (prior year: € -1.0 million). Moreover, the initial costs for the construction of our own 5G mobile communications network rose to € -8.4 million (prior year: € -2.5 million). By contrast, the one-off costs for integration projects declined to € -0.7 million (prior year: € -3.8 million). On top of this, the coronavirus pandemic also burdened earnings by a total of € -19.7 million in the first nine months of 2020. The negative impact on both the Consumer Access and Consumer Applications segments was offset in part by slightly positive effects in the Business Access segment. Adjusted for the extraordinary income in the previous year, the excessive MBA invoicing, and the aforementioned negative effects, like-for-like EBITDA was 4.8% above the prior-year figure.

Consolidated EBIT of € 541.6 million was similarly influenced by these negative effects and also fell well short of the prior-year figure (€ 587.6 million including the aforementioned extraordinary income). Adjusted for the extraordinary income in the previous year, excessive MBA invoicing, and the aforementioned negative effects, like-for-like EBIT was 8.0% above the prior-year figure.

Earnings per share (EPS) fell from € 1.35 in the previous year to € 1.33. The prior-year EPS figure included positive extraordinary income from the sale of virtual minds (EPS effect: € +0.11) as well as an opposing effect from non-cash impairment charges on Tele Columbus shares (EPS effect: € -0.15). Adjusted for these effects, operating EPS decreased by 4.3% from € 1.39 to € 1.33 and operating EPS before PPA amortization by 4.5% from € 1.76 to € 1.68. This decline was also caused by the increase in wholesale prices and the negative effects from regulation topics, as well as by the coronavirus pandemic and initial costs for the construction of our own 5G mobile communications network.

1&1 Drillisch anticipates lower than expected sales of smartphones and tablets due to a reduced willingness among its existing customers to change tariffs. Consequently, we have updated our sales growth guidance for 2020 from approx. 4% to approx. 3% (prior-year sales € 5,194.1 million). It should be noted, however, that at the beginning of the year 1&1 Drillisch and United Internet had still anticipated that sales would merely remain unchanged from the previous year. Moreover, as the sale of devices is an extremely low-margin business, this sales update also has no impact on our EBITDA forecast and we can thus confirm this figure at the unchanged level of € 1.180 billion.

This guidance is still subject to uncertainty, as an exact assessment of the duration and further impact of the coronavirus pandemic is not currently possible and the outcome of the current negotiations cannot be predicted.

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. After completing the first nine months of 2020, we would like to express our heartfelt gratitude to all employees for their dedicated efforts – especially in view of the challenges presented by the coronavirus pandemic. We also want to thank our shareholders and business associates for the trust they continue to place in United Internet AG.

Montabaur, November 10, 2020

Ralph Dommermuth

INTERIM STATEMENT ON THE THIRD QUARTER OF 2020

Business development of the Group

Development of the Consumer Access segment

The number of **fee-based contracts in the Consumer Access segment** rose by 350,000 contracts to 14.68 million in the first nine months of 2020. Broadband connections decreased slightly by 20,000 to 4.32 million, while mobile internet contracts increased by 370,000 to 10.36 million.

Development of Consumer Access contracts in the first nine months of 2020

in million	Sept. 30, 2020	Dec. 31, 2019	Change
Consumer Access, total contracts	14.68	14.33	+ 0.35
thereof Mobile Internet	10.36	9.99	+ 0.37
thereof broadband connections	4.32	4.34	-0.02

Development of Consumer Access contracts in the third quarter of 2020

in million	Sept. 30, 2020	June 30, 2020	Change
Consumer Access, total contracts	14.68	14.57	+ 0.11
thereof Mobile Internet	10.36	10.24	+ 0.12
thereof broadband connections	4.32	4.33	-0.01

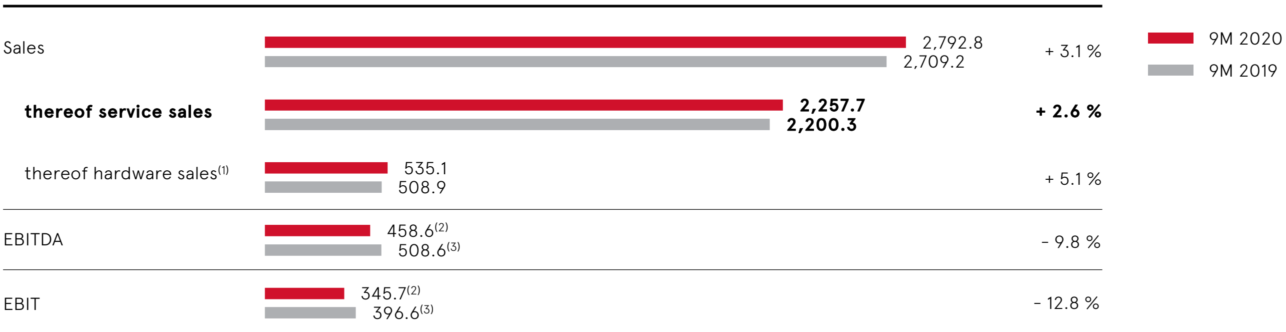
Sales of the Consumer Access segment rose by 3.1% in the first nine months of 2020, from € 2,709.2 million in the previous year to € 2,792.8 million. Whereas the temporary change in customer behavior caused by the coronavirus pandemic (especially in the field of telephony, due in part to work-from-home regulations and shelter-in-place restrictions) still had a positive impact on sales in the first quarter of 2020, this was outweighed in the second and third quarters by burdens on sales (especially from reduced international roaming revenue) due to severely restricted travel possibilities for customers in this segment. All in all, there was a resulting negative effect on sales of € -16.4 million. Adjusted for this effect, **like-for-like sales** rose by 3.7%.

Despite the fall in international roaming revenue, high-margin **service revenues** – which represent the core business of this segment – rose by 2.6% from € 2,200.3 million to € 2,257.7 million. Low-margin **hardware sales** (customers pay no or only a low one-off price when signing contracts and the device is refinanced via higher tariff prices over the contract term) increased by 5.1% from € 508.9 million to € 535.1 million – even though the third quarter was well below target due to fewer tariff changes among existing customers.

With a 9.8% decrease to € 458.6 million, however, **segment EBITDA** fell well short of the prior-year figure (€ 508.6 million). This was mainly due to a price increase introduced by Telefónica on July 1, 2020 for the use of its network capacity. 1&1 Drillisch believes that the wholesale prices charged do not comply with the voluntary commitments of Telefónica as part of the European Commission's clearance of its merger with E-Plus, as well as the MBA MVNO agreement. 1&1 Drillisch will take the necessary steps to safeguard its rights (including possible claims for damages) in order to seek a review of the unjustified portion of the invoiced price increase ("excessive MBA invoicing"). In addition to this excessive MBA invoicing by an amount of € 35.4 million, earnings were burdened by negative effects from regulatory decisions of the EU on SMS tariffs (since May 15, 2019) and of Germany's Federal Network Agency regarding subscriber line charges (since July 1, 2019) with a total impact of € -13.7 million (prior year: € -1.0 million). Moreover, the initial costs for the construction of the Company's own 5G mobile communications network rose to € -8.4 million (prior year: € -2.5 million). By contrast, one-off costs for integration projects declined to € -0.7 million (prior year: € -3.8 million). On top of this, the temporary change in customer behavior caused by the coronavirus pandemic in the first nine months of 2020, especially in the field of telephony and international roaming (due in part to work-from-home regulations, shelter-in-place restrictions, and greatly reduced travel), also burdened segment earnings by € -17.7 million. Adjusted for excessive MBA invoicing and the aforementioned effects, **like-for-like EBITDA** rose by 3.6%.

Due to the above mentioned burdens on earnings, **segment EBIT** of € 345.7 million was also down on the prior-year figure (€ 396.6 million).

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



(1) Hardware sales incl. small amount of other sales
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.7 million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.8 million)

Quarterly development; change over prior-year quarter

in € million	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 2019	Change
Sales	938.3	933.7	933.5	925.6	916.3	+ 1.0%
thereof service sales	**742.7**	**747.8**	**749.1**	**760.8**	**748.5**	**+ 1.6%**
thereof hardware sales[1]	195.6	185.9	184.4	164.8	167.8	-1.8%
EBITDA	178.0[2]	164.8[3]	166.5[4]	127.3[5]	168.2[6]	-24.3%
EBIT	139.4[2]	128.2[3]	129.7[4]	87.8[5]	132.0[6]	-33.5%

(1) Hardware sales incl. small amount of other sales
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € +0.6 million from reversal of provisions)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.1 million)
(5) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(6) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -1.5 million)

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

in € million	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020
Sales	1,790.7	1,975.8	2,683.4	2,709.2	2,792.8
thereof service sales	**1,721.1**	**1,882.7**	**2,136.4**	**2,200.3**	**2,257.7**
thereof hardware sales[1]	69.6	93.1	547.0	508.9	535.1
EBITDA	288.3	361.9	521.8[2]	508.6[3]	458.6[4]
EBITDA margin	16.1%	18.3%	19.4%	18.8%	16.4%
EBIT	280.3	339.3	401.1[2]	396.6[3]	345.7[4]
EBIT margin	15.7%	17.2%	14.9%	14.6%	12.4%

(1) Hardware sales incl. small amount of other sales
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -12.4 million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.8 million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.7 million)

Development of the Business Access segment

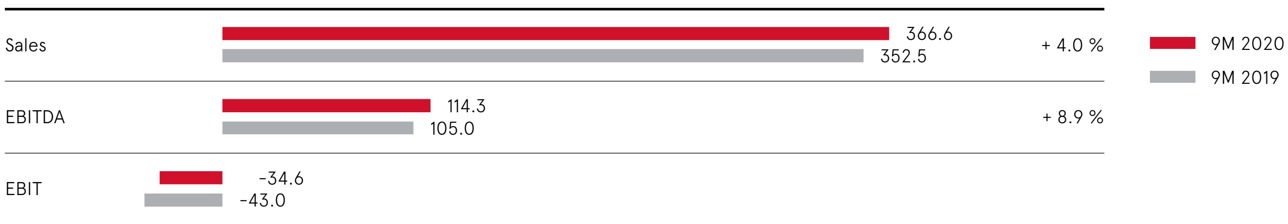
Despite the expiry in fiscal 2019 of services which 1&1 Versatel had previously provided for the broadband customers of 1&1 Drillisch, acquired in 2017, sales and earnings in the Business Access segment were noticeably improved.

Segment sales in the first nine months of 2020, for example, rose by 4.0% from € 352.5 million to € 366.6 million. There was even stronger growth in **segment EBITDA**, which improved by 8.9% from € 105.0 million to € 114.3 million. These figures include positive effects from increased telephony (voice) business as a result of the coronavirus pandemic, which led to an additional € +3.9 million in sales and € +1.6 million in EBITDA. There was an opposing effect in the segment's project business, where delays in tendering and ordering are currently being felt.

Without consideration of the aforementioned services provided in the previous year, **like-for-like sales** rose by 7.4% and **like-for-like EBITDA** by 13.5% or – additionally adjusted for the above mentioned positive pandemic effect – by 6.2% (sales) and 11.9% (EBITDA).

Despite high writedowns for network infrastructure, **Segment EBIT** improved from € -43.0 million in the previous year to € -34.6 million.

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



Quarterly development; change over prior-year quarter

in € million	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 2019	Change
Sales	124.1	118.7	122.8	125.1	118.2	+ 5.8%
EBITDA	42.2	35.2	39.7	39.4	34.9	+ 12.9%
EBIT	-8.2	-14.5	-10.7	-9.4	-14.2	

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

in € million	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020
Sales	383.8	325.8	334.6	352.5	366.6
EBITDA	89.8	62.1	43.6	105.0	114.3
EBITDA margin	23.4%	19.1%	13.0%	29.8%	31.2%
EBIT	-4.2	-29.1	-52.5	-43.0	-34.6
EBIT margin	-	-	-	-	-

Development of the Consumer Applications segment

The number of **pay accounts (fee-based contracts) in the Consumer Applications segment** rose by 90,000 to 2.35 million in the first nine months of 2020. Ad-financed free accounts increased by 1.23 million to 38.82 million. The total number of Consumer Applications accounts therefore increased by 1.32 million to 41.17 million. The further strong rise in pay accounts in the third quarter of 2020 also results from contracts concluded during the coronavirus lockdown but not included until later in the contract figures – after a test phase granted to customers.

Development of Consumer-Applications accounts in the first nine months of 2020

in million	Sept. 30, 2020	Dec. 31, 2019	Change
Consumer Applications, total accounts	41.17	39.85	+ 1.32
thereof with Premium Mail subscription	1.61	1.54	+ 0.07
thereof with Value-Added subscription	0.74	0.72	+ 0.02
thereof free accounts	38.82	37.59	+ 1.23

Development of Consumer-Applications accounts in the third quarter of 2020

in million	Sept. 30, 2020	June 30, 2020	Change
Consumer Applications, total accounts	41.17	40.82	+ 0.35
thereof with Premium Mail subscription	1.61	1.57	+ 0.04
thereof with Value-Added subscription	0.74	0.74	0.00
thereof free accounts	38.82	38.51	+ 0.31

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

All in all, **sales of the Consumer Applications segment** improved by 1.5% from € 178.2 million (€ 184.5 million reported prior-year figure) to € 180.9 million. It should be noted that for this key figure, third-party marketing revenues were changed from gross to net presentation at the beginning of 2020. This change was necessitated by the altered contractual terms of newly concluded agreements with third-party marketing partners. A comparison of segment revenue on a net basis and after adjustment of the above mentioned pandemic-related negative sales effect (€ -4.8 million) reveals an increase in **total like-for-like sales** of 4.2%.

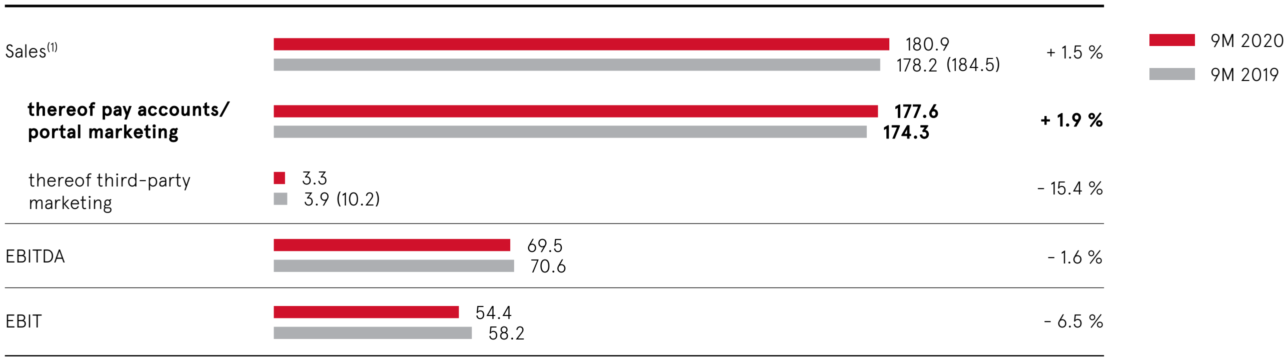
Sales in the segment's core business of pay accounts and the marketing of ad space on its own portals improved by 1.9% from € 174.3 million to € 177.6 million. Adjusted for the pandemic-related sales effect, **like-for-like sales in the segment's core business** rose by 4.6%.

Sales in the field of third-party marketing amounted to € 3.3 million net – compared to a net amount of € 3.9 million in the previous year.

Segment EBITDA of € 69.5 million was not affected by the change to net disclosure but was slightly below the prior-year figure (€ 70.6 million) due to the above mentioned pandemic-related negative effects on earnings (€ -3.6 million). Adjusted for this effect, **like-for-like EBITDA** improved by 3.5% in the first nine months, whereby the third quarter of 2020 was affected by changes in the mix of advertising formats and environments requested by advertisers.

Due in particular to increased depreciation and amortization, as well as the negative impact of the coronavirus pandemic, **segment EBIT** of € 54.4 million was also down on the previous year (€ 58.2 million).

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



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

Quarterly development; change over prior-year quarter

in € million	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 2019	Change
Sales[(1)]	69.1 (70.6)	60.8	58.9	61.2	58.7 (60.7)	+ 4.3%
thereof pay accounts/portal marketing	**67.9**	**59.7**	**57.8**	**60.1**	**57.8**	**+ 4.0%**
thereof third-party marketing	1.2 (2.7)	1.1	1.1	1.1	0.9 (2.9)	+ 22.2%
EBITDA	33.1	23.3	23.7	22.5	23.3	-3.4%
EBIT	27.7	18.4	18.6	17.4	19.0	-8.4%

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

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

in € million	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020
Sales[(1)]	205.8	201.8	203.9	178.2 (184.5)	180.9
thereof pay accounts/portal marketing	**195.1**	**189.2**	**182.8**	**174.3**	**177.6**
thereof third-party marketing	10.7	12.6	21.1	3.9 (10.2)	3.3
EBITDA	88.5	84.7	79.9	70.6	69.5
EBITDA margin	43.0%	42.0%	39.2%	39.6%	38.4%
EBIT	79.1	76.0	70.8	58.2	54.4
EBIT margin	38.4%	37.7%	34.7%	32.7%	30.1%

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

Development of the Business Applications segment

Due in part to time-limited discounted offers for new customers during the coronavirus lockdown, the number of **fee-based Business Applications contracts** was increased by 230,000 contracts in the first nine months of 2020. This growth resulted from 110,000 new contracts in Germany and 120,000 abroad. As a result, the total number of contracts rose to 8.38 million.

Development of Business Applications contracts in the first nine months of 2020

in million	Sept. 30, 2020	Dec. 31, 2019	Change
Business Applications, total contracts	8.38	8.15	+ 0.23
thereof in Germany	4.01	3.90	+ 0.11
thereof abroad	4.37	4.25	+ 0.12

Development of Business Applications contracts in the third quarter of 2020

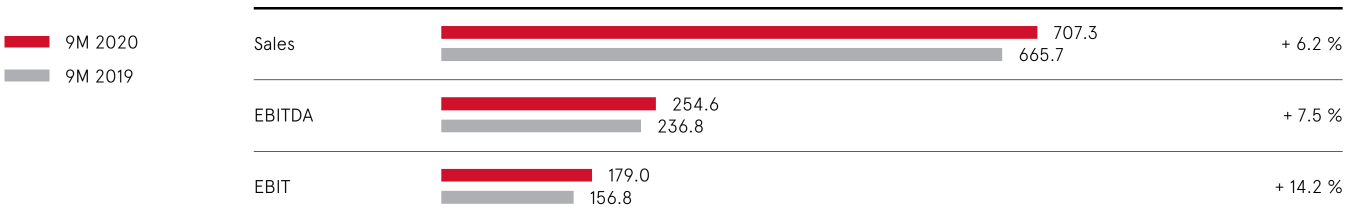
in million	Sept. 30, 2020	June 30, 2020	Change
Business Applications, total contracts	8.38	8.32	+ 0.06
thereof in Germany	4.01	3.98	+ 0.03
thereof abroad	4.37	4.34	+ 0.03

In the first nine months of 2020, **sales of the Business Applications segment** rose by 6.2% from € 665.7 million in the previous year to € 707.3 million. This increase in revenue was attributable in part to the lower-margin and volatile domain parking business of the Sedo brand, which grew more strongly than in the weak prior-year period and accounted for 2.9 percentage points of this growth.

Segment EBITDA improved by 7.5% from € 236.8 million to € 254.6 million. Segment EBITDA contains marketing expenses of € 63.2 million (prior year: € 70.8 million, of which € 15.1 million for rebranding).

Due to lower depreciation and amortization charges (scheduled writedowns and PPA), as well as the lack of rebranding measures, **segment EBIT** rose by 14.2 % from € 156.8 million to € 179.0 million.

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



Quarterly development; change over prior-year quarter

in € million	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 2019	Change
Sales	224.9	237.0	234.6	235.7	222.4	+ 6.0%
EBITDA	69.4	76.9	90.9	86.8	88.5	-1.9%
EBIT	44.6(1)	51.6	65.8	61.6	61.6	0.0%

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

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

in € million	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020
Sales	479.2	557.2	634.7	665.7	707.3
EBITDA	145.4	186.4	233.9	236.8	254.6
EBITDA margin	30.3%	33.5%	36.9%	35.6%	36.0%
EBIT	113.2	143.7	168.4	156.8	179.0
EBIT margin	23.6%	25.8%	26.5%	23.6%	25.3%

Position of the Group

Earnings position

In the first nine months of 2020, the total number of **fee-based customer contracts** in the United Internet Group was raised by 670,000 to 25.41 million contracts. At the same time, ad-financed free accounts rose by 1.23 million to 38.82 million.

Consolidated sales grew by 3.4% in the first nine months of 2020, from € 3,855.0 million in the previous year to € 3,984.7 million. Growth was impeded by the effects of the coronavirus pandemic. These effects had a particularly negative impact on the Consumer Access and Consumer Applications segments. There were opposing positive effects in the Business Access segment. Adjusted for these pandemic effects of € -17.0 million in total, **like-for-like sales** rose by 3.8%. All four business segments contributed to this revenue growth, whereby hardware sales to existing customers in the Consumer Access segment were below target in the third quarter of 2020 (due to fewer tariff changes). The sale of devices is generally a low-margin business as customers pay no or only a low one-off price when they sign a contract or change tariffs and the device costs are refinanced via higher tariff prices. This business fluctuates seasonally and depends heavily on the attractiveness of new devices and manufacturers' model cycles.

Sales outside Germany improved by 6.4% from € 322.2 million in the previous year to € 342.9 million in in the first nine months of 2020.

Due in particular to the increased use of hardware and the additional burdens on earnings from regulatory decisions, as well as extra costs for wholesale mobile communication purchases due to the coronavirus pandemic and the price increase for using Telefónica's network capacity, there was a disproportionately strong increase in **cost of sales** from € 2,546.9 million (66.1% of sales) in the previous year to € 2,686.6 million (67.4% of sales). There was a corresponding decline in the **gross margin** from 33.9% to 32.6%. As a result, **gross profit** decreased by 0.8% from € 1,308.1 million to € 1,298.1 million.

There was a proportionately slower increase in **sales and marketing expenses** from € 556.4 million (14.4% of sales) in the previous year to € 569.4 million (14.3% of sales). **Administrative expenses** fell from € 154.7 million (4.0% of sales) to € 151.1 million (3.8% of sales).

Multi-period overview: Development of key cost items

in € million	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018[1] (IFRS 15)	9M 2019[1] (IFRS 16)	9M 2020
Cost of sales	1,847.0	1,924.5	2,501.0	2,546.9	2,686.6
Cost of sales ratio	65.3%	64.0%	65.8%	66.1%	67.4%
Gross margin	34.7%	36.0%	34.2%	33.9%	32.6%
Selling expenses	392.5	433.8	510.5	556.4	569.4
Selling expenses ratio	13.9%	14.4%	13.4%	14.4%	14.3%
Administrative expenses	135.8	131.8	163.2	154.7	151.1
Administrative expenses ratio	4.8%	4.4%	4.3%	4.0%	3.8%

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

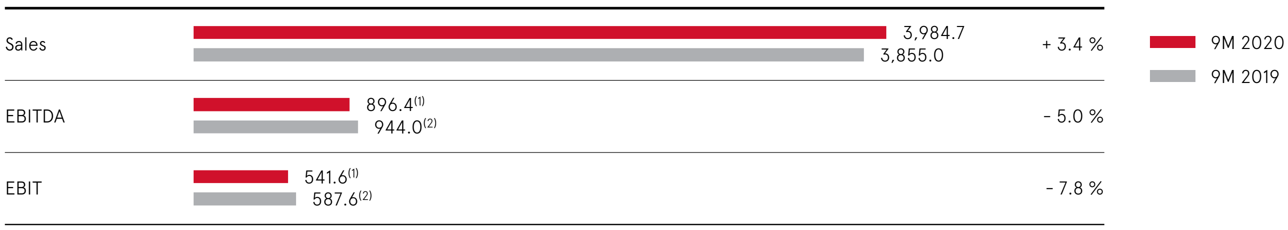
There was a significant 5.0% decline in **consolidated EBITDA** to € 896.4 million in the first nine months of 2020 compared to the prior-year figure (€ 944.0 million including extraordinary income of € 21.5 million from the sale of shares in virtual minds).

Apart from the extraordinary income in the previous year, this decline was mainly due to the price increase introduced by Telefónica Germany on July 1, 2020 for the use of Telefónica's network capacity. 1&1 Drillisch believes that the wholesale prices charged by Telefónica as of July 1, 2020 do not comply with the voluntary commitments of Telefónica as part of the European Commission's clearance of its merger with E-Plus, as well as the MBA MVNO agreement. 1&1 Drillisch will take the necessary steps to safeguard its rights (including possible claims for damages) in order to seek a review of the unjustified portion of the invoiced price increase ("excessive MBA invoicing").

In addition to this excessive MBA invoicing by an amount of € 35.4 million, earnings of 1&1 Drillisch were burdened by negative effects from regulatory decisions of the EU on SMS tariffs (since May 15, 2019) and of Germany's Federal Network Agency regarding subscriber line charges (since July 1, 2019) with a total impact of € -13.7 million (prior year: € -1.0 million). Moreover, the initial costs for the construction of our own 5G mobile communications network rose to € -8.4 million (prior year: € -2.5 million). By contrast, the one-off costs for integration projects declined to € -0.7 million (prior year: € -3.8 million). On top of this, the coronavirus pandemic also burdened earnings by a total of € -19.7 million in the first nine months of 2020. The negative impact on both the Consumer Access and Consumer Applications segments was offset in part by slightly positive effects in the Business Access segment. Adjusted for the extraordinary income in the previous year, the excessive MBA invoicing, and the aforementioned negative effects, **like-for-like EBITDA** was 4.8% above the prior-year figure.

Consolidated EBIT of € 541.6 million was similarly influenced by these negative effects and also fell well short of the prior-year figure (€ 587.6 million including the aforementioned extraordinary income). Adjusted for the extraordinary income in the previous year, excessive MBA invoicing, and the negative effects, **like-for-like EBIT** was 8.0% above the prior-year figure.

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



(1) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.7 million)
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.8 million); including extraordinary income from the sale of virtual minds shares (EBITDA and EBIT effect: € +21.5 million)

Quarterly development; change over prior-year quarter

in € million	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 2019	Change
Sales	1,339.1	1,329.4	1,328.5	1,326.8	1,298.5	+ 2.2%
EBITDA	321.7[1]	300.8[2]	319.7[3]	275.9[4]	314.0[5]	-12.1%
EBIT	204.1[1]	184.2[2]	201.2[3]	156.3[4]	196.8[5]	-20.6%

(1) Including one-off expenses for integration projects (EBITDA and EBIT effect: € +0.6 million); excluding trademark writeups Strato (EBIT effect: € +19.4 million)
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(3) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.1million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.3 million)
(5) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -1.5 million)

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

in € million	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020
Sales	2,828.1	3,008.2	3,800.4	3,855.0	3,984.7
EBITDA	610.6	684.1 (1)	874.6 (2)	944.0 (3)	896.4 (4)
EBITDA margin	21.6%	22.7%	23.0%	24.5%	22.5%
EBIT	466.0	511.2 (1)	582.8 (2)	587.6 (3)	541.6 (4)
EBIT margin	16.5%	17.0%	15.3%	15.2%	13.6%

(1) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million) and revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million), as well as without M&A transaction costs (EBITDA and EBIT effect: € -17.1 million),
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -12.4 million)
(2) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -3.8 million);
including extraordinary income from the sale of virtual minds shares (EBITDA and EBIT effect: € +21.5 million)
(4) Including one-off expenses for integration projects (EBITDA and EBIT effect: € -0.7 million)

Earnings before taxes (EBT) decreased from € 519.2 million to € 501.7 million in the first nine months of 2020. In the previous year, EBT included extraordinary income from the sale of shares in virtual minds (€ +21.5 million) as well as an opposing effect from non-cash impairment charges on Tele Columbus shares (€ -30.9 million). Adjusted for these extraordinary prior-year effects, **operating EBT** decreased by 5.1% from € 528.6 million in the previous year to € 501.7 million. This decline was mainly due to the price increase for the use of Telefónica's network capacity and the negative effects from regulation issues, as well as by the coronavirus pandemic and the initial costs for the construction of the Company's own 5G mobile communications network.

There was a corresponding decrease in **earnings per share (EPS)** from € 1.35 in the previous year to € 1.33. EPS in the previous year was also influenced by the extraordinary income (EPS effect: € +0.11) and the Tele Columbus impairment charges (EPS effect: € -0.15). Adjusted for these effects, and due to the above mentioned reasons, **operating EPS** fell by 4.3% from € 1.39 to € 1.33 and **operating EPS before PPA amortization** by 4.5% from € 1.76 to € 1.68.

Financial position

Based on net income of € 331.1 million (prior year: € 357.6 million), **operative cash flow** of € 690.5 million in the first nine months of 2020 also fell short of the prior-year figure (€ 725.8 million).

Cash flow from operating activities in the first nine months of 2020 increased from € 476.0 million in the previous year to € 717.7 million. This increase was due to a cash outflow after the balance sheet date for wholesale services received in the first nine months of 2020 and – with an opposing effect – a capital tax payment and out-of-period tax payments in the previous year.

Cash flow from investing activities amounted to € 349.2 million in the reporting period (prior year: € 69.6 million). This resulted mainly from disbursements of € 356.9 million for capital expenditures, € 165.0 million of which for the first five-year extension phase of the existing MBA MVNO agreement with Telefónica which began on July 1, 2020. Cash flow from investing activities in the previous year was dominated by disbursements of € 165.9 million for capital expenditures and – with an opposing effect – proceeds from the sale of associated companies (mainly from the sale of shares in virtual minds) amounting to € 35.6 million, as well as proceeds from the sale of financial assets (especially the partial sale of Rocket Internet shares) amounting to € 65.5 million.

United Internet's free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant, and equipment.

Due to the strong increase in capital expenditures (especially the payment of € 165.0 million for the extension phase of the MBA MVNO agreement), **free cash flow** fell from € 398.7 million in the previous year (excluding a capital gains tax payment of € 56.2 million and without tax payments for fiscal year 2017 and previous years of € 27.2 million) to € 365.4 million. Since the initial application of the accounting standard IFRS 16 in fiscal year 2019, the redemption share of lease liabilities is disclosed in cash flow from financing activities. After deducting the cash flow item "Redemption of finance lease liabilities and rights of use", free cash flow fell from € 323.7 million in the previous year (without the above mentioned tax payments) to € 284.3 million in the first nine months of 2020. Due to closing-date effects, free cash flow for the first nine months of 2020 was around € 100 million higher as the cash outflow for certain advance services received was not until after the balance sheet date.

Cash flow from financing activities in the first nine months of 2020 was dominated by the net repayment of loans totaling € 251.6 million (prior year: € 199.2 million), the dividend payment of € 93.6 million (prior year: € 10.0 million), and the redemption of lease liabilities of € 81.1 million (prior year: € 75.0 million).

As of September 30, 2020, **cash and cash equivalents** amounted to € 45.5 million – compared to € 49.5 million on the same date last year.

Development of key cash flow figures

in € million	Sept. 30, 2020	Sept. 30, 2019	Change
Operative cash flow	690.5	725.8	-35.3
Cash flow from operating activities	717.7	476.0	+ 241.7
Cash flow from investing activities	-349.2	-69.6	-279.6
Free cash flow(1)	284.3(2)	323.7(3)	-39.4
Cash flow from financing activities	-441.2	-415.6	-25.6
Cash and cash equivalents on September 30	45.5	49.5	-4.0

(1) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment
(2) 2020 including the repayment portion of lease liabilities, which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)
(3) 2019 without capital gains tax payment (€ 56.2 million) and without tax payments from fiscal year 2017 and previous years (€ 27.2 million) and including the repayment portion of lease liabilities, 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	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020
Operative cash flow	461.8	461.1	659.3	725.8	690.5
Cash flow from operating activities	433.2(2)	503.5(3)	326.7	476.0	717.7
Cash flow from investing activities	-370.7	-805.0	-268.9	-69.6	-349.2
Free cash flow(1)	320.1(2)	352.1(3)	181.7(4)	323.7(5)	284.3(6)
Cash flow from financing activities	49.3	269.5	-235.5	-415.6	-441.2
Cash and cash equivalents on September 30	87.7	134.7	61.3	49.5	45.5

(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) 2016 without consideration of an income tax payment originally planned for the fourth quarter of 2015 (€ 100.0 million)
(3) 2017 without consideration of a capital gains tax refund originally planned for the fourth quarter of 2016 (€ 70.3 million)
(4) 2018 without tax payment from fiscal year 2016 (€ 34.7 million)
(5) 2019 without capital gains tax payment (€ 56.2 million) and without tax payments from fiscal year 2017 and previous years (€ 27.2 million) and including the repayment portion of lease liabilities, which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)
(6) 2020 including the repayment portion of lease liabilities, 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 € 9.086 billion as of December 31, 2019 to € 9.164 billion on September 30, 2020.

Development of current assets

in € million	Sept. 30, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	43.5	117.6	-74.1
Trade accounts receivable	356.6	346.0	+ 10.6
Contract assets	539.3	507.8	+ 31.5
Inventories	68.7	79.3	-10.6
Prepaid expenses	265.3	237.0	+ 28.3
Other financial assets	50.4	48.1	+ 2.3
Income tax claims	17.5	21.5	-4.0
Other non-financial assets	17.9	13.8	+ 4.1
Total current assets	**1,359.3**	**1,371.2**	**-11.9**

Current assets decreased slightly from € 1,371.2 million as of December 31, 2019 to € 1,359.9 million on September 30, 2020. Due to the redemption of bank liabilities and the dividend payment, **cash and cash equivalents** disclosed under current assets decreased from € 117.6 million to € 43.5 million. **Trade accounts receivable** rose from € 346.0 million to € 356.6 million due to closing-date effects. In line with customer growth, the item **contract assets** rose from € 507.8 million to € 539.3 million and includes current claims against customers due to accelerated revenue recognition from the application of IFRS 15. **Inventories** decreased from € 79.3 million to € 68.7 million due to closing-date effects. By contrast, current **prepaid expenses** increased from € 237.0 million to € 265.3 million and mainly comprise the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. **Other financial assets**, **income tax claims** and **other non-financial assets** remained virtually unchanged.

Development of non-current assets

in € million	Sept. 30, 2020	Dec. 31, 2019	Change
Shares in associated companies	185.9	196.0	-10.1
Other financial assets	71.4	90.4	-19.1
Property, plant and equipment	1,207.4	1,118.2	+ 89.2
Intangible assets	2,229.8	2,167.4	+ 62.4
Goodwill	3,608.9	3,616.5	-7.6
Trade accounts receivable	55.6	57.7	-2.1
Contract assets	188.6	174.3	+ 14.3
Prepaid expenses	235.1	284.3	-49.1
Deferred tax assets	22.3	10.4	+ 11.8
Total non-current assets	**7,805.0**	**7,715.2**	**+ 89.8**

Non-current assets rose from € 7,715.2 million as of December 31, 2019 to € 7,805.0 million on September 30, 2020. Due in particular to the subsequent valuation of Tele Columbus shares, **shares in associated companies** decreased from € 196.0 million to € 185.9 million. As a result of the subsequent valuation of derivatives, long-term **other financial assets** fell from € 90.4 million to € 71.4 million. The increase in **property, plant, and equipment** from € 1,118.2 million to € 1,207.4 million was mainly the result of additions from new long-term leases and network infrastructure. Due in particular to the extension of the MBA MVNO agreement, **intangible assets** increased from € 2,167.4 million to € 2,229.8 million. The item **contract assets** rose in line with customer growth from € 174.3 million to

€ 188.6 million and includes non-current claims against customers due to accelerated revenue recognition from the application of IFRS 15. Mainly as a result of reclassifications to current expenses, non-current **prepaid expenses** decreased from € 284.3 million to € 235.1 million and mainly include the long-term portion of expenses relating to contract acquisition and contract fulfillment, as well as prepayments in connection with long-term purchasing agreements. **Deferred tax assets** rose from € 10.7 million to € 22.3 million. **Goodwill** and **trade accounts receivable** were largely unchanged.

Development of current liabilities

in € million	Sept. 30, 2020	Dec. 31, 2019	Change
Trade accounts payable	507.7	475.5	+ 32.2
Liabilities due to banks	438.0	243.7	+ 194.3
Income tax liabilities	107.9	91.7	+ 16.2
Contract liabilities	149.8	149.9	-0.1
Other accrued liabilities	12.1	18.4	-6.3
Other financial liabilities	266.9	239.4	+ 27.5
Other non-financial liabilities	46.1	50.3	-4.2
Total current liabilities	**1,528.6**	**1,269.0**	**+ 259.6**

Current liabilities rose from € 1,269.0 million as of December 31, 2019 to € 1,528.6 million on September 30, 2020. Due to closing-date effects, current **trade accounts payable** increased from € 475.5 million to € 507.7 million. There was an increase in current **bank liabilities** following a reclassification of non-current liabilities (in accordance with their maturity). **Income tax liabilities** rose from € 91.7 million to € 107.9 million. Due in particular to marketing activities, current **other financial liabilities** rose from € 239.4 million to € 266.0 million. The item current **contract liabilities**, which mainly includes payments received from customer contracts for which the performance has not yet been completely rendered, as well as the items current **other accrued liabilities**, and current **other non-financial liabilities** were all largely unchanged.

Development of non-current liabilities

in € million	Sept. 30, 2020	Dec. 31, 2019	Change
Liabilities due to banks	1,048.7	1,494.6	-445.9
Deferred tax liabilities	333.6	351.8	-18.2
Trade accounts payable	8.1	6.1	+ 2.0
Contract liabilities	32.2	34.9	-2.7
Other accrued liabilities	65.4	67.6	-2.3
Other financial liabilities	1,311.9	1,247.5	+ 64.4
Total non-current liabilities	**2,799.9**	**3,202.6**	**-402.7**

Non-current liabilities declined from € 3,202.6 million as of December 31, 2019 to € 2,799.9 million on September 30, 2020. This was due in particular to long-term **bank liabilities**, which were reduced significantly from € 1,494.6 million to € 1,048.7 million following the repayment of loans and reclassifications to current liabilities. **Deferred tax liabilities** decreased from € 351.8 million to € 333.6 million. The increase in non-current **other financial liabilities** from € 1,246.9 million to € 1,316.0 million was mainly a result of new long-term rental agreements. Non-current **trade accounts payable**, non-current **contract liabilities** (which mainly include payments received from customer contracts for which the performance has not yet been completely rendered), and non-current **other accrued liabilities** were all largely unchanged.

Development of equity

in € million	Sept. 30, 2020	Dec. 31, 2019	Change
Capital stock	194.0	205.0	-11.0
Capital reserves	2,317.0	2,643.9	-327.0
Accumulated profit	2,148.8	1,993.9	+ 155.0
Treasury shares	-212.7	-548.4	+ 335.7
Revaluation reserves	25.0	25.2	-0.2
Currency translation adjustment	-20.6	-9.6	-11.0
Equity attributable to shareholders of the parent company	**4,451.4**	**4,310.0**	**+ 141.4**
Non-controlling interests	384.3	304.8	+ 79.5
Total equity	**4,835.7**	**4,614.7**	**+ 221.0**

The Group's **equity capital** rose from € 4,614.7 million as of December 31, 2019 to € 4,835.7 million on September 30, 2020. The **equity ratio** increased accordingly from 50.8% to 52.8%.

Based on the authorization granted by the Annual Shareholders' Meeting on May 18, 2017 regarding the acquisition and use of treasury shares, and with the approval of the Supervisory Board, the Management Board of United Internet AG resolved on March 12, 2020 to cancel 11,000,000 treasury shares and to reduce the **capital stock** of United Internet AG by € 11,000,000, from € 205,000,000 to € 194,000,000. The number of shares issued decreased correspondingly by 11,000,000, from 205,000,000 to 194,000,000 shares. Issued shares continue to represent a notional share of capital stock of € 1 each. The **cancellation of treasury shares** is aimed at raising the percentage stake of United Internet shareholders. On completion of the capital reduction, the Company's capital stock therefore returned to the level prior to the capital increase for the Versatel acquisition in 2014. Following the cancellation of these 11,000,000 shares, United Internet still holds 6,338,513 treasury shares – compared to 17,338,513 as of December 31, 2019.

With the approval of the Supervisory Board, the Management Board of United Internet AG resolved on April 1, 2020 to launch a **new share buyback program**. In the course of this share buyback program up to 5,000,000 shares of the Company (corresponding to approx. 2.58 % of the capital stock of € 194,000,000) were to be bought back via the stock exchange. The Company thus also utilized the authorization issued by the Annual Shareholders' Meeting of May 18, 2017. The volume of the share buyback program amounted to € 150 million in total. The program was launched on April 3, 2020 and was to last until August 31, 2020 at the latest. On April 30, 2020, the Management Board of United Internet AG resolved to suspend this share buyback program with effect as of the end of the trading day (April 30, 2020). United Internet AG reserved the right to resume or cancel the share buyback program at any time. In the course of this share buyback program, the Company bought back 430,624 treasury shares for a total of € 12.2 million and thus held a total of 6,769,137 **treasury shares** (approx. 3.49 % of capital stock) as of April 30, 2020, the date on which the program was suspended, and also at the end of the reporting period on September 30, 2020.

Despite the dividend payment of € 93.6 million and the contractually agreed payment of € 165.0 million to Telefónica Germany in the third quarter of 2020 for the first five-year extension phase of the MBA MVNO agreement beginning on July 1, 2020, the Group's **net bank liabilities** (i.e., the balance of bank liabilities and cash and cash equivalents) were reduced from € 1,620.8 million as of December 31, 2019 to € 1,443.2 million on September 30, 2020.

Multi-period overview: Development of key balance sheet items

in € million	Dec. 31, 2016 (IAS 18)	Dec. 31, 2017 (IAS 18)	Dec. 31, 2018 (IFRS 15)	Dec. 31, 2019 (IFRS 16)	Sept. 30, 2020
Total assets	4,073.7	7,605.2	8,173.8	9,086.4	9,164.3
Cash and cash equivalents	101.7	238.5	58.1	117.6	43.5
Shares in associated companies	755.5	418.0(1)	206.9(1)	196.0	185.9
Other financial assets	287.7	333.7(2)	348.1(2)	90.4(2)	71.4
Property, plant and equipment	655.0	747.4(3)	818.0	1,118.2(3)	1,207.4
Intangible assets	369.5	1,408.4(3)	1,244.6	2,167.4(4)	2,229.8
Goodwill	1,087.7	3,564.1(5)	3,612.6(5)	3,616.5	3,608.9
Liabilities due to banks	1,760.7	1,955.8(6)	1,939.1	1,738.4	1,486.7
Capital stock	205.0	205.0	205.0	205.0	194.0(7)
Equity	1,197.8	4,048.7(8)	4,521.5(8)	4,614.7	4,835.7
Equity ratio	29.4%	53.2%	55.3%	50.8%	52.8%

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

Management Board's overall assessment of the business situation

Despite an adverse macroeconomic environment, United Internet made further successful investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth, in the first nine months of 2020. As a result, the total number of fee-based customer contracts grew organically by a further 670,000 contracts to 25.41 million contracts.

In view of this strong customer growth, a 3.4% increase in sales, and EBITDA of -5.0% (like-for-like: +4.8%) compared to the previous year, United Internet made relatively good progress once again in the first nine months of 2020.

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. That 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 nine months of 2020, 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 significant events subsequent to the reporting date of September 30, 2020 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.

There were no recognizable risks which directly jeopardized the United Internet Group as a going concern during the reporting period nor at the time of preparing this Interim Statement, neither from individual risk positions nor from the overall risk situation.

The main challenges at present are still the risk fields "Business development & innovations", "Information security", and "Litigation". The risk classification of the risk field "Organizational structure & decision-making", which was raised from low to moderate in the first quarter of 2020, could already be reduced to low again in the second quarter of 2020.

The further expansion of its risk management system enables United Internet to limit these and other risks to a minimum, where sensible, by implementing specific measures.

Compared with reporting on risks and opportunities in the Annual Financial Statements 2019, the other risk assessments remained unchanged in the first nine months of 2020.

Over the course of the fiscal year 2020 so far, the risk situation in the risk areas "Procurement market" and "Acts of God" has not changed significantly – despite the global spread of the coronavirus – compared to the annual financial statements 2019. Should the spread of the virus continue over a longer period, however, this may also have a negative impact on demand in the future, as well as on the usage and payment behavior of consumers and business owners, the purchase of pre-services (e.g. smartphones, routers, servers or network technology), or the health and fitness of employees, and thus ultimately on the performance of the United Internet Group. A precise risk assessment with regard to the duration and concrete effects of the coronavirus pandemic is not possible at present.

It is also impossible at present to make reliable statements about specific and lasting effects on the future sales and earnings figures of United Internet with regard to how the coronavirus pandemic may impact the usage behavior of customers in the further future, for example due to increased work from home.

Forecast report

Forecast for the fiscal year 2020

The United Internet subsidiary 1&1 Drillisch anticipates lower than expected sales of smartphones and tablets due to a reduced willingness among its existing customers to change tariffs. Consequently, United Internet updated its **sales growth guidance** for 2020 from approx. 4% to approx. 3% (prior-year sales € 5,194.1 million). It should be noted, however, that at the beginning of the year 1&1 Drillisch and United Internet had still anticipated that sales would merely remain unchanged from the previous year.

Moreover, as the sale of devices is an extremely low-margin business, this sales update has no impact on the Company's **EBITDA forecast** which can thus be confirmed at the unchanged level of € 1.180 billion.

This forecast is still subject to uncertainty, as an exact assessment of the duration and further effects of the coronavirus pandemic is not currently possible and the outcome of the current negotiations with Telefónica cannot be predicted.

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

At the time of preparing this Interim Statement, 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 2020".

Forward-looking statements

This Interim Statement contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate.
United Internet 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 Statement.

NOTES ON THE INTERIM STATEMENT

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.

Significant accounting, measurement and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2019, the Interim Statement of United Internet AG as of September 30, 2020 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The Interim Statement does not constitute interim reporting as defined by IAS 34. With the exception of the mandatory new standards, the accounting and valuation principles applied in this Interim Statement comply with the methods applied in the previous year and should be read in conjunction with the Consolidated Financial Statements as of December 31, 2019.

Mandatory adoption of new accounting standards

The following standards are mandatory in the EU for the first time for fiscal years beginning on or after January 1, 2020:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IFRS 3	Amendment: Definition of a Business	January 1, 2020	No
IFRS 7, IFRS 9, IAS 39	Interest Rate Benchmark Reform	January 1, 2020	Yes
IAS 1, IAS 8	Amendment: Definition of Material	January 1, 2020	Yes

In addition, the revised conceptual framework for IFRS standards also applies as of January 1, 2020. This contains revised definitions of assets and liabilities, as well as guidance on measurement and derecognition, presentation and disclosure.

There were no significant effects on this Interim Statement from the initial application of the new accounting standards.

Use of estimates and assumptions

The preparation of this Interim Statement 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.

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 2019 of United Internet AG starting on page 49.

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

Miscellaneous

This Interim Statement includes all material subsidiaries and associated companies.

The following company was merged with an existing Group company in the reporting period:

- United Internet Service Holding GmbH, Montabaur, was merged with 1&1 Versatel GmbH, Düsseldorf.

Shares in the following company were sold during the reporting period:

- 1&1 Berlin Telecom Service GmbH, Berlin

This transaction had no material impact on the Group's financial position and performance.

Shares in the following associated company were sold during the reporting period:

- ePages GmbH, Hamburg

The following companies were liquidated in the reporting period:

- General Media Xervices GMX SL, Madrid, Spain
- GMX Italia SRL, Milan, Italy

Otherwise, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2019.

This Interim Statement was not audited according to Sec. 317 HGB nor reviewed by an auditor.

INTERIM FINANCIAL STATEMENTS

GROUP BALANCE SHEET

As of September 30, 2020 in k€

ASSETS	September 30, 2020	December 31, 2019
Current assets		
Cash and cash equivalents	43,531	117,573
Trade accounts receivable	356,609	346,004
Contract assets	539,278	507,829
Inventories	68,659	79,268
Prepaid expenses	265,311	237,036
Other financial assets	50,424	48,141
Income tax claims	17,522	21,546
Other non-financial assets	17,919	13,772
	1,359,253	**1,371,168**
Non-current assets		
Shares in associated companies	185,933	196,037
Other financial assets	71,361	90,413
Property, plant and equipment	1,207,437	1,118,192
Intangible assets	2,229,757	2,167,392
Goodwill	3,608,947	3,616,515
Trade accounts receivable	55,606	57,697
Contract assets	188,586	174,251
Prepaid expenses	235,114	284,252
Deferred tax assets	22,257	10,437
	7,804,999	**7,715,186**
Total assets	**9,164,252**	**9,086,354**

LIABILITIES AND EQUITY	September 30, 2020	December 31, 2019
Current liabilities		
Trade accounts payable	507,703	475,535
Liabilities due to banks	438,000	243,733
Income tax liabilities	107,908	91,680
Contract liabilities	149,816	149,930
Other accrued liabilities	12,101	18,372
Other financial liabilities	266,940	239,435
Other non-financial liabilities	46,121	50,337
	1,528,589	**1,269,022**
Non-current liabilities		
Liabilities due to banks	1,048,747	1,494,635
Deferred tax liabilities	333,608	351,824
Trade accounts payable	8,059	6,092
Contract liabilities	32,217	34,893
Other accrued liabilities	65,397	67,650
Other financial liabilities	1,311,918	1,247,507
	2,799,946	**3,202,601**
Total liabilities	**4,328,535**	**4,471,623**
EQUITY		
Capital stock	194,000	205,000
Capital reserves	2,316,972	2,643,946
Accumulated profit	2,148,833	1,993,860
Treasury shares	-212,731	-548,443
Revaluation reserves	24,955	25,173
Currency translation adjustment	-20,606	-9,558
Equity attributable to shareholders of the parent company	**4,451,423**	**4,309,977**
Non-controlling interests	384,294	304,753
Total equity	**4,835,717**	**4,614,730**
Total liabilities and equity	**9,164,252**	**9,086,354**

GROUP NET INCOME

From January to September 30, 2020 in k€

	2020 January - September	2019 January - September*
Sales	3,984,687	3,855,000
Cost of sales	-2,686,599	-2,546,929
Gross profit	**1,298,088**	**1,308,071**
Selling expenses	-569,390	-556,449
General and administrative expenses	-151,131	-154,704
Other operating income	25,755	57,932
Impairment of receivables and contract assets	-61,693	-67,261
Operating result	**541,629**	**587,588**
Financial result	-28,907	-24,585
Result from associated companies	-11,004	-43,764
Pre-tax result	**501,719**	**519,239**
Income taxes	-170,583	-161,601
Net income	**331,136**	**357,638**
thereof attributable to		
non-controlling interests	82,548	87,460
Shareholders of United Internet AG	248,588	270,179

* Prior year figures adjustet

	2020 January – September	2019 January – September
Result per share of shareholders of United Internet AG (in €)		
basic	1.33	1.35
diluted	1.33	1.35
Weighted average of outstanding shares (in million units)		
basic	187.39	200.18
diluted	187.39	200.18
Reconciliation to total comprehensive income		
Net income	331,136	357,638
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	-16,572	1,290
Items that are not reclassified subsequently to profit or loss		
Market value changes of financial assets measured at fair value through other comprehensive income	989	51,558
Tax effect	-25	0
Share in other comprehensive income of associated companies	255	285
Other comprehensive income	**-15,353**	**53,133**
Total comprehensive income	**315,784**	**410,771**
thereof attributable to		
non-controlling interests	78,461	87,885
Shareholders of United Internet AG	**237,323**	**322,886**

GROUP CASH FLOW

From January to September 30, 2020 in k€

	2020 January - September	2019 January - September
Result from operating activities		
Net income	331,136	357,639
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	232,498	218,709
Depreciation and amortization of assets resulting from company acquisitions	122,302	137,704
Employee expenses from employee shareholdings	9,205	10,109
Result from associated companies	11,004	43,764
Income from the sale of associated companies	0	-21,512
Other non-cash items from tax adjustments	-25,612	-15,725
Other non-cash items	9,956	-4,917
Operative cash flow	**690,488**	**725,770**
Change in assets and liabilities		
Change in receivables and other assets	-17,444	9,099
Change in inventories	10,609	19,775
Change in contract assets	-45,784	-70,004
Change in income tax claims	4,024	3,782
Change in deferred expenses	20,863	8,675
Change in trade accounts payable	34,135	-141,920
Change in other accrued liabilities	-8,524	-11,590
Change in income tax liabilities	16,228	-30,130
Change in other liabilities	15,614	23,504
Change in contract liabilities	-2,523	-4,831
Change in assets and liabilities, total	**27,196**	**-193,639**
Capital gains tax refund	0	-56,156
Cash flow from operating activities	**717,685**	**475,974**

	2020 January – September	2019 January – September
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-356,865	-165,916
Payments from disposals of intangible assets and property, plant and equipment	4,557	5,200
Purchase of shares in associated companies	-1,264	-5,037
Payments received from the sale of associated companies	0	35,602
Payments for loans granted	0	-2,500
Payments from the sale of financial assets	0	62,500
Payments received from the repayment of other financial assets	4,354	525
Cash flow from investment activities	**-349,218**	**-69,626**
Cash flow from financing activities		
Purchase of treasury stock	-12,235	-30,356
Repayment of loans	-251,621	-199,199
Redemption of finance lease liabilities and rights of use	-81,103	-75,044
Dividend payments	-93,615	-10,015
Dividend payments to non-controlling interests	-2,577	-2,557
Auszahlung an Minderheitsaktionären	0	-98,384
Cash flow from financing activities	**-441,151**	**-415,554**
Net change in cash and cash equivalents	-72,685	-9,205
Cash and cash equivalents at the beginning of fiscal year	117,573	58,066
Currency translation adjustments of cash and cash equivalents	-1,358	629
Cash and cash equivalents at end of fiscal year	**43,530**	**49,490**

GROUP CHANGES IN SHAREHOLDERS´ EQUITY

In 2020 and 2019 in k€

		Capital stock	Capital reserves	Accumulated profit		Treasury shares
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2019	**205,000,000**	**205,000**	**2,703,141**	**1,496,154**	**4,702,990**	**-174,858**
Net income				270,179		
Other comprehensive income						
Total comprehensive income				**270,179**		
Purchase of treasury shares					1,031,957	-30,356
Disposal of financial assets measured at fair value through other comprehensive income				22,425		
Employee stock ownership program			7,530			
Dividend payments				-10,015		
Profit distributions						
Transactions with shareholders			-16,882			
Balance as of September 30, 2019	**205,000,000**	**205,000**	**2,693,789**	**1,778,743**	**5,734,947**	**-205,214**
Balance as of January 1, 2020	**205,000,000**	**205,000**	**2,643,946**	**1,993,860**	**17,338,513**	**-548,442**
Net income				248,588		
Other comprehensive income						
Total comprehensive income				**248,588**		
Purchase of treasury shares					430,624	-12,235
Redemption of own shares	-11,000,000	-11,000	-336,946		-11,000,000	347,946
Employee stock ownership program			9,972			
Dividend payments				-93,615		
Profit distributions						
Balance as of September 30, 2020	**194,000,000**	**194,000**	**2,316,972**	**2,148,833**	**6,769,137**	**-212,730**

Revaluation reserves	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k
83,023	**-14,314**	**4,298,146**	**223,326**	**4,521,472**
		270,179	87,460	357,639
51,843	864	52,707	426	53,133
51,843	**864**	**322,886**	**87,885**	**410,771**
		-30,356		-30,356
-22,425		0		
		7,530	2,579	10,109
		-10,015		-10,015
		0	-2,557	-2,557
		-16,882	-81,502	-98,384
112,441	**-13,450**	**4,571,309**	**229,731**	**4,801,040**
25,173	**-9,558**	**4,309,977**	**304,753**	**4,614,730**
		248,588	82,548	331,136
-218	-11,048	-11,266	-4,087	-15,353
-218	**-11,048**	**237,322**	**78,461**	**315,783**
		-12,235		-12,235
		0		0
		9,972	3,657	13,629
		-93,615		-93,615
		0	-2,577	-2,577
24,955	**-20,606**	**4,451,423**	**384,294**	**4,835,717**

SEGMENT-REPORTING

From January to September 30, 2020

m€	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate	Reconciliation	United Internet Group
January - September 2020	€m	€m	€m	€m	€m	€m	€m
Segment revenue	2,792.8	366.6	180.9	707.3	0.9	-63.8	3,984.7
- thereof domestic	2,792.8	366.6	177.7	359.8	0.9	-56.0	3,641.8
- thereof foreign	0	0	3.2	347.5	0	-7.8	342.9
Segment revenue from transactions with other segments	1.1	50.0	9.7	3.1	0		63.9
Segment revenue from contracts with customers	2,791.7	316.6	171.2	704.2	0.9		3,984.7
- thereof domestic	2,791.7	316.6	168.1	364.4	0.9	0	3,641.8
- thereof foreign	0	0	3.1	339.8	0		342.9
EBITDA	458.6	114.3	69.5	254.6	-5.4	4.8	896.4
EBIT	345.7	-34.6	54.4	179.0	-7.3	4.4	541.6
Financial result							-28.9
Result from associated companies							-11.0
EBT	257.7	-28.7	36.9	71.1	35.2	3.3	501.7
Income taxes							-170.6
Net income							**331.1**
Investments in intangible assets, property, plant and equipment (without goodwill)	240.5	171.7	8.3	87.60	15.40	-1.2	522.2
Amortization/depreciation	112.9	148.9	15.1	75.6	1.9		354.8
- thereof intangible assets, and property, plant and equipment	28.4	135.2	15.1	51.5	1.9		232.5
- thereof assets capitalized during company acquisitions	84.5	13.7	0	24.1	0		122.3
Number of employees	3,154	1,188	1,005	3,591	627		9,565
- thereof domestic	3,154	1,188	1,001	1,896	627		7,866
- thereof foreign	0	0	4	1,695	0		1,699

From January to September 30, 2019

m€	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate	Reconciliation	United Internet Group
January - September 2019	€m	€m	€m	€m	€m	€m	€m
Segment revenue	2,734.9	352.5	184.5	665.7	0.8	-57.6	3,880.8
- thereof domestic	2,734.9	352.5	178.5	324.0	0.8	-32.1	3,558.6
- thereof foreign	0	0	6.0	341.7	0	-25.5	322.2
Segment revenue from transactions with other segments	1.2	42.0	11.1	3.3	0		57.6
Segment revenue from contracts with customers	2,733.7	310.5	173.4	662.4	0.8		3,880.8
- thereof domestic	2,733.7	310.5	167.4	346.2	0.8		3,558.6
- thereof foreign	0	0	6.0	316.2	0		322.2
EBITDA	508.6	105.0	70.6	236.8	23.0		944.0
EBIT	396.6	-42.9	58.2	156.8	18.9		587.6
Financial result							-24.6
Result from associated companies							-43.8
EBT							519.2
Income taxes							-161.6
Net income							**357.6**
Investments in intangible assets, property, plant and equipment (without goodwill)	1,064.2	137.9	30.2	50.3	16.3	-49	1,250.0
Amortization/depreciation	112.0	148.0	12.3	79.9	4.2	-	356.4
- thereof intangible assets, and property, plant and equipment	18.7	133.2	12.3	50.3	4.2	-	218.7
- thereof assets capitalized during company acquisitions	93.3	14.8	0	29.6	0	-	137.7
Number of employees	3,082	1,176	988	3,382	613	-	9,241
- thereof domestic	3,082	1,176	984	1,772	613	-	7,627
- thereof foreign	0	0	4	1,610	0	-	1,614

FINANCIAL CALENDAR

March 26, 2020	Annual financial statements for fiscal year 2019 Press and analyst conference
May 13, 2020	Interim Statement for the first quarter 2020
May 20, 2020	(Virtual) Annual Shareholders' Meeting
August 13, 2020	6-Month Report 2020 Press and analyst conference
November 10, 2020	Interim Statement for the first 9 months 2020

IMPRINT

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November 2020
Registry court: Montabaur HRB 5762

Notice:

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

Inhouse produced with Firesys

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