

AD-HOC DISCLOSURE ACC. TO ART. 17 MAR

United Internet subsidiaries 1&1 Drillisch and 1&1 Versatel expanding cooperation with Deutsche Telekom; 1&1 Drillisch accepts Telefónica's improved national roaming offer; preliminary figures 2020 and outlook 2021

- Broadband advance services for 1&1 Drillisch in future from a single source via affiliate 1&1 Versatel
- FTTH coverage expanded to include Deutsche Telekom's fiber optic connections
- Purchase of high-performance FTTH/VDSL advance services at attractive terms and conditions with long-term advantages; EUR 130 million one-off, non-cash effective write-off for existing VDSL contingents in 2020
- Improved offer of Telefónica for national roaming and new prices for MBA MVNO advance services accepted with retroactive effect as of July 2020
- Preliminary figures 2020 confirm forecasted sales growth and operating EBITDA
- Guidance 2021: sales: approx. EUR 5.5 billion; EBITDA: approx. EUR 1.22 billion

Montabaur, February 15, 2021.

Broadband advance services / FTTH connections

The United Internet subsidiary 1&1 Drillisch AG is expanding its fiber optic offering and will in future receive VDSL and FTTH advance services (fiber to the home – "FTTH") from its affiliate 1&1 Versatel. For this purpose, 1&1 Drillisch has entered into an agreement with 1&1 Versatel on the long-term purchase of FTTH and VDSL complete packages including Voice and IPTV effective from April 1, 2021.

At the same time, 1&1 Versatel has entered into an agreement with Deutsche Telekom on the use of Deutsche Telekom's FTTH and VDSL connections for households. These enable 1&1 Versatel to provide FTTH/VDSL complete packages for 1&1 Drillisch, as 1&1 Versatel's nationwide transport network is largely connected to the local broadband networks of Deutsche Telekom.

In addition to the existing access to FTTH connections of well-known city carriers, 1&1 Versatel thus gets initial access to approx. 750,000 additional FTTH connections. The number of marketable FTTH connections of Deutsche Telekom is expected to increase by an average of 2 million households per year in the coming years.

FTTH connections for private households enable bandwidths of up to 1Gbit/s. Households not yet equipped with FTTH will be supplied with VDSL connections (up to 250 Mbit/s).

Given the advantages of the new combined VDSL/FTTH agreement, the existing purely VDSL advance service agreement between 1&1 Drillisch and Deutsche Telekom will be terminated before maturity by mutual agreement of the parties. For 1&1 Drillisch, this will result in the write-off of accrued assets for VDSL contingents for existing customers still available until March 31, 2024, that must be written off in the amount of approx. EUR 130 million. The one-off write-off has no cash effect and will be clearly exceeded by the positive effects from the expanded cooperation with Deutsche Telekom in the long-run.

The new FTTH/VDSL agreement with Deutsche Telekom is subject to approval by the Federal Network Agency (“Bundesnetzagentur”) as the competent regulatory authority.

Furthermore, 1&1 Drillisch has decided today to accept bindingly Telefónica Deutschland’s offer – that was improved following review by the EU Commission – for national roaming and the related MBA MVNO advance services. The terms and conditions offered by Telefónica that will apply retroactively from July 2020 are to be based once again on the pricing mechanisms of the first five years of the MBA MVNO agreement. In particular, the offer again includes annually decreasing data prices, which are lower than the fixed prices currently charged by Telefónica.

The conclusion of an agreement, which Telefónica’s offer expects until approx. mid-May 2021, would have a positive earnings effect for 1&1 Drillisch, and thus also for United Internet, of approx. EUR 34 million in the fiscal year 2020, which would be booked as an out-of-period return in the fiscal year 2021. In addition, this would constitute an essential prerequisite for 1&1 Drillisch’s envisaged rollout of a high-performance 5G network.

Preliminary figures 2020

1&1 Drillisch, and thus also United Internet, will recognize the write-off for no longer utilized VDSL contingents in its financial statements as of December 31, 2020. Based on preliminary and unaudited figures, United Internet posted EBITDA – without this one-off special item – of approx. EUR 1.18 billion (prior year: EUR 1.24 billion without sale of virtual minds shares) and thus reached its operating earnings guidance. Taking into account the non-recurring, non-cash effective write-off for no longer utilized VDSL contingents for existing customers, EBITDA amounted to approx. EUR 1.05 billion. The EBITDA 2020 figure includes increased costs for the procurement of mobile advance services due to Telefónica’s mid-2020 price increase, regulatory effects, higher initial costs for the 5G network rollout and negative effects from the coronavirus pandemic. Despite negative impacts of the coronavirus pandemic, sales rose to around EUR 5.36 billion in 2020 (prior year: EUR 5.194 billion). Fee-based customer contracts increased by 910,000 to 25.65 million.

Outlook 2021

For the fiscal year 2021, United Internet anticipates sales growth to approx. EUR 5.5 billion (2020 preliminary: EUR 5.36 billion). Without consideration of the out-of-period income of approx. EUR 34 million in connection with the planned conclusion of the national roaming agreement, EBITDA is expected to increase to approx. EUR 1.22 billion (2020 preliminary: EUR 1.18 billion). This forecast includes negative effects from the coronavirus pandemic on

sales and earnings of approx. EUR 25 million (2020 preliminary: approx. EUR 27 million) as well as high investments in future topics. For example, 1&1 Drillisch plans initial costs for the 5G network rollout of approx. EUR 30 million (2020 preliminary: approx. EUR 14 million) and IONOS an additional approx. EUR 40 million for a product and sales drive. Following the integration of STRATO, World4You and ProfitBricks in the past few years and its successful rebranding, IONOS aims to focus on expanding its cloud business and driving further internationalization. In the current year, IONOS expects to reach sales of approx. EUR 1 billion for the first time. The IPO is scheduled to be held within the next two years.

About United Internet

With over 25 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 over 9,600 employees, of which around 3,000 are engaged in product management, development, and data centers. In addition to the high sales strength of its established brands (such as 1&1, GMX, WEB.DE, IONOS, STRATO, 1&1 Versatel, and the brands of Drillisch Online), United Internet stands for outstanding operational excellence with around 65 million customer accounts worldwide.

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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.