Annual Financial Statements 2023

MANAGEMENT REPORT FOR THE GROUP AND PARENT COMPANY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS ACC. TO IFRS

COMBINED MANAGEMENT REPORT

Notice of unaudited sections in the Combined Management Report of United Internet AG for the Company and the Group as of December 31, 2023

In addition to regular management report disclosures, it is possible that reporting may also include non-management report-related disclosures (those not required by law) which are not subject to a substantive audit by the auditor. Moreover, certain information may not be verifiable by the auditor: such "non-auditable information" cannot be assessed by the auditor due to the nature of the disclosures or the absence of suitable criteria.

In the Combined Management Report of United Internet AG for the Company and the Group as of December 31, 2023, the following chapters or disclosures were identified as "non-audited management report disclosures":

- The disclosures made in the subsection "1.4 Main focus areas for products and innovations" are "non-audited management report disclosures", as the content of "non-management report-related disclosures" is not audited.

- The "quarterly development" tables contained in the subsections "2.2 Business development" and "2.3 Position of the Group" with key financial figures on a quarterly basis for the segments and the Group are "non-audited management report disclosures" as United Internet does not subject its Interim Financial Statements to a review or audit. The quarterly figures are marked accordingly as "unaudited".

- The German Corporate Governance Code (the "Code") recommends disclosures on the internal control and risk management system. These go beyond the statutory requirements for the management report and are not included in the auditor's review of the content of the management report ("non-management report-related disclosures"). In chapter 5 "Internal control and risk management system", they are thematically assigned to the main elements of the internal control and risk management system and are separated from the disclosures to be audited by separate paragraphs and marked accordingly as "unaudited".

- The disclosures made in chapter "7. Declaration on Company Management" are "non-audited management report disclosures" as an audit of the disclosures contained in the Declaration on Company Management in accordance with section 317 (2) sentence 6 German Commercial Code ("Handelsgesetzbuch" – HGB) is limited to the fact that the information has been provided and the Corporate Governance Report in chapter 7 constitutes a "non-management report-related disclosure" which is not subject to a substantive audit.

General notes

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

- 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.

- These Annual Financial Statements are available in German and English. Both versions can also be downloaded at www.united-internet.de. In all cases of doubt, the German version shall prevail.

1. GROUP AND COMPANY PROFILE

1.1 Business model

Group structure

Founded in 1998 and based in Montabaur, Germany, United Internet AG is the **parent company** (hereinafter also referred to as "the Company") of the United Internet Group.

Together with its service company United Internet Corporate Services GmbH, United Internet AG focuses mainly on centralized functions in the areas of Finance, Corporate Controlling & Accounting, Tax, Investment Management, Press Relations, Investor Relations, Legal, Corporate Governance, Compliance & Sustainability, Risk Management, Corporate Audit, HR Management, Facility Management, Procurement, and Corporate IT.

Compared to the previous year, the Group structure as of December 31, 2023 is largely unchanged from the previous year.

Operating activities in the **Consumer Access segment** are mainly managed by the companies Drillisch Online GmbH and 1&1 Telecom GmbH under the umbrella of 1&1 AG.

In its **Business Access segment**, United Internet mainly operates via 1&1 Versatel Germany GmbH, held by 1&1 Versatel GmbH.

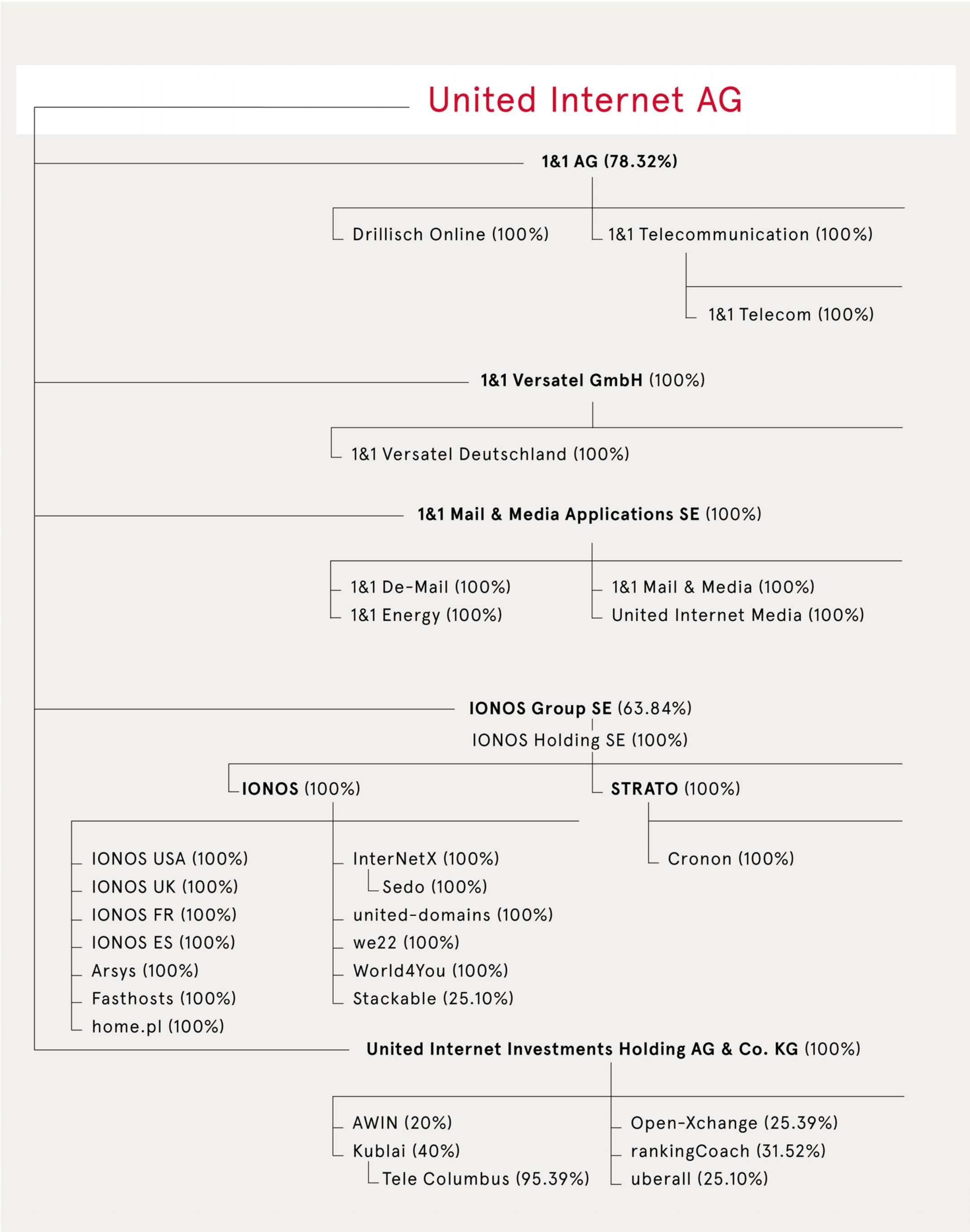
Operating activities in the **Consumer Applications segment** are primarily managed via the companies 1&1 Mail & Media GmbH, 1&1 Mail & Media Inc., and United Internet Media GmbH, pooled together under 1&1 Mail & Media Applications SE.

In its **Business Applications segment**, United Internet is primarily active via its shares in STRATO AG and its subsidiary Cronon GmbH – held by the holding companies IONOS Group SE and IONOS Holding SE – as well as in IONOS SE and its main domestic and foreign subsidiaries. These include – in addition to the foreign subsidiaries IONOS Inc. (USA), IONOS Cloud Ltd. (UK), IONOS S.A.R.L. (France), and IONOS Cloud S.L.U. (Spain) – in particular Arsys Internet S.L.U. (Spain), Fasthosts Internet Ltd. (UK), home.pl S.A. (Poland), InterNetX GmbH, Sedo GmbH, united-domains AG, we22 GmbH, and World4You Internet Services GmbH (Austria).

In addition to these operating and fully consolidated subsidiaries, United Internet held a number of other **investments** as of December 31, 2023. These mainly consist of equity interests – held by United Internet Investments Holding AG & Co. KG – in Kublai GmbH, Frankfurt am Main (40.00%), which in turn holds 95.39% of shares in Tele Columbus AG, Berlin, and investments in the strategic partners Open-Xchange AG, Cologne (25.39%), rankingCoach International GmbH, Cologne (31.52%), uberall GmbH, Berlin (25.10%), and AWIN AG, Berlin (20.00%), as well as the investment in Stackable GmbH, Pinneberg (25.10%) held by IONOS SE.

Further details on these investments and changes in investments are provided in chapter 2.2 "Business development" under "Group investments".

A simplified illustration of the Group structure of United Internet with its significant operating subsidiaries and investments – as of December 31, 2023 – is shown in the following chart.



Business operations

With over 28 million fee-based customer contracts and around 40 million ad-financed free accounts, United Internet is one of Europe's leading internet specialists.

The Group's operating business is divided into the 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".

Consumer Access segment

The Consumer Access segment comprises mobile internet products as well as landline-based broadband products (including the respective applications, such as home networks, online storage, telephony, Smart Home, IPTV, and video-on-demand) of 1&1 AG.

Broadband connections are offered as subscription contracts with fixed monthly fees (and variable, volume-based charges). 1&1 is one of the leading providers in Germany.

The Company uses the fiber-optic transport network of 1&1 Versatel, and for VDSL/vectoring connections and fiber-optic connections (FTTH) it uses city carriers and Deutsche Telekom (mainly Layer-2) for the "last mile". In the case of business with ADSL connections (currently being phased out), further advance service providers are used.

United Internet is also one of the leading providers of **mobile internet products** in Germany.

Since the launch of mobile services on December 8, 2023, 1&1's mobile communications network has been fully operational. Wherever 1&1 does not yet have sufficient mobile coverage during its years of network expansion, it uses national roaming. This is currently provided by Telefónica and as of summer 2024 national roaming services are to be procured from Vodafone. National roaming is a standard procedure used in the rollout of new mobile networks that enables customers to surf and make calls without interruption in areas not yet covered. This is achieved by automatically using the roaming partner's antennas in these areas.

Until 1&1 has migrated its more than 12 million existing customers to its own 1&1 mobile network, it will also use the Telefónica mobile network as a so-called Mobile Bitstream Access Mobile Virtual Network Operator (MBA MVNO), as well as MVNO capacities of Vodafone. As of the beginning of 2024, existing MVNO customers are being gradually migrated to the 1&1 mobile network.

Mobile internet products are marketed via the premium brand 1&1 as well as via discount brands, such as winSIM and sim.de.

Business Access segment

In its Business Access segment, United Internet offers a wide range of telecommunication products and services for business customers via 1&1 Versatel.

The core of this business model is the operation of a modern fiber-optic network with a length of over 61,000 km, which is one of the largest networks in Germany and is constantly being expanded.

1&1 Versatel uses this network to offer telecommunication products – from standardized fiber-optic direct connections to tailored ICT solutions (voice, data and network solutions) – to companies and local authorities. In addition, the 1&1 fiber-optic network is offered for infrastructure services (wholesale) to national and international carriers.

Consumer Applications segment

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 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. Products are offered as fee-based subscriptions (pay accounts) or – for free – in the form of ad-financed accounts (free accounts). Online advertising is marketed by United Internet Media.

With its GMX and WEB.DE brands, United Internet operates 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

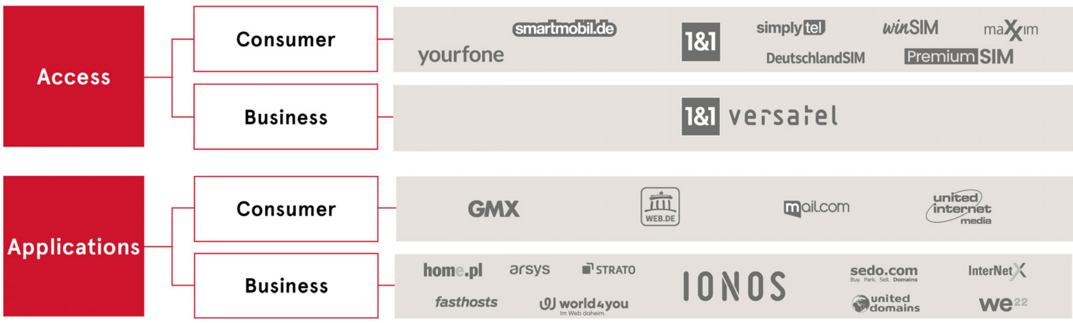
In the Business Applications segment, United Internet opens up online business opportunities for freelancers and SMEs, helping them digitize their processes. This involves offering a broad range of products, such as domains, websites, web hosting, servers and e-shops, group work, online storage (cloud), and office software, which customers use via subscription agreements. In addition, cloud solutions and cloud infrastructure are offered.

The applications are developed at in-house development centers or in cooperation with partner firms and operated on over 100,000 servers at 11 own data centers and 21 co-locations.

In its Business Applications segment, United Internet is also a leading global player with activities in Europe (Germany, France, the UK, Spain, Portugal, Italy, the Netherlands, Austria, Poland, Hungary, Romania, Bulgaria, Czech Republic, Slovakia, and Sweden) as well as in North America (the USA, Canada, Mexico).

Business applications are marketed to specific target groups via differently positioned brands, such as IONOS, Strato, Fasthosts, Arsys, home.pl, InterNetX, united-domains, and World4You. In its after-market business, United Internet also offers customers professional services in the field of active domain management. Moreover, other hosting suppliers are offered a white-label website builder for the creation of high-quality websites via the we22 brand.

Divisions, segments and brands (as of: December 31, 2023)



Management

The **Management Board** of United Internet AG comprised the following members in the fiscal year 2023:

Management Board members as at December 31, 2023

- Ralph Dommermuth, founder and Chief Executive Officer
  (with the Company since 1988)

- Ralf Hartings, Chief Financial Officer (CFO)
  (with the United Internet Group since 2021)

- Markus Huhn, Management Board member responsible for Shared Services
  (with the United Internet Group since 1994)

Departed in the fiscal year 2023

- Martin Mildner, Chief Financial Officer (CFO)
  (with the Company from October 1, 2020 to March 31, 2023)

The **Supervisory Board** of United Internet AG comprised the following members in the fiscal year 2023:

Supervisory Board members as at December 31, 2023

- Philipp von Bismarck, Chairman
  (member since July 2020; Chairman since May 2021; member of the Audit and Risk Committee since May 2021)

- Dr. Manuel Cubero del Castillo-Olivares, Deputy Chairman
  (member since May 2020; Deputy Chairman since May 2021)

- Stefan Rasch
  (member since May 2021; member of the Audit and Risk Committee since May 2021)

- Prof. Dr. Franca Ruhwedel
  (member since May 2023; member of the Audit and Risk Committee since May 2023)

- Prof. Dr. Andreas Söffing
  (member since May 2021; Chairman of the Audit and Risk Committee since May 2021)

- Prof. Dr. Yasmin Mei-Yee Weiß
  (member since July 2020)

Main markets and competitive standing

Germany is the most important **sales market** of the United Internet Group by far and accounted for around 89% of total global sales in the fiscal year 2023.

Besides Germany, the Group's most important sales markets are

- the USA,
- the UK,
- Spain,
- France,
- Poland, and
- Austria.

Competitive standing in the Consumer Access segment

Following the merger with Drillisch AG (now 1&1 AG) in 2017, United Internet is the fourth force in Germany's telecommunications market with landline and mobile products in its purely domestic Consumer Access segment – based on customer contracts and sales revenues – after Deutsche Telekom, Vodafone, and Telefónica Germany.

Competitive standing in the Business Access segment

United Internet is also a leading company in its Business Access segment, whose operations are also limited to Germany. With the fiber-optic network of 1&1 Versatel spanning over 61,000 km, United Internet operates one of Germany's largest fiber-optic networks.

Competitive standing in the Consumer Applications segment

In its Consumer Applications segment, United Internet operates in Germany, Switzerland, and Austria via the GMX and WEB.DE brands, as well as in countries such as the USA, UK, France, and Spain via the international brand mail.com. United Internet is the leading provider of e-mail services and one of the leaders in cloud services in its domestic German market – based on the number of users.

Competitive standing in the Business Applications segment

In the globally aligned Business Applications segment, United Internet is active in a total of 18 countries with its hosting and cloud applications. The Company has long been the market leader in the German hosting business – based on the number of managed country domains – and strengthened its position in 2017 with the takeover of its competitor STRATO. In other European countries, United Internet's hosting applications are now available in all major markets – either locally or from Germany. In addition to the domestic German market, these mainly include the major European economies of France, the UK, Italy, Poland, and Spain. With the exception of Italy, the Company is among the market leaders –

measured by the number of managed country domains – in the aforementioned countries. All in all, therefore, United Internet is also one of the leading European suppliers of hosting applications – based on the number of managed country domains. Further target markets outside Europe are the North American countries Canada, USA, and Mexico. In the most important of these markets, the USA, United Internet is also one of the leading players in this segment – based on the number of managed country domains.

From a global perspective, United Internet is thus also one of the leading companies in the hosting business.

Main locations

As of December 31, 2023, the United Internet Group employed a total of 10,962 people worldwide at around 40 domestic and foreign facilities.

Main locations (by headcount; > 50 employees)

Location	Segment	Main Company
Montabaur (HQ)	Corporate functions	United Internet
	Consumer Access	1&1
Karlsruhe	Corporate functions	United Internet
	Consumer Access	1&1
	Consumer Applications	1&1 Mail & Media Applications
	Business Applications	IONOS
Berlin	Consumer Access	1&1
	Business Access	1&1 Versatel
	Business Applications	IONOS, Strato, we22
Dusseldorf	Consumer Access	1&1
	Business Access	1&1 Versatel
Cebu City (Philippines)	Business Applications	IONOS
Madrid / Logroño / Barcelona / Lugo ... (Spain)	Business Applications	IONOS, Arsys
Essen	Business Access	1&1 Versatel
Zweibrücken	Consumer Access	1&1
	Business Applications	IONOS
Munich	Consumer Access	1&1
	Consumer Applications	1&1 Mail & Media Applications
Szczecin (Poland)	Business Applications	home.pl
Flensburg	Business Access	1&1 Versatel
Gloucester (UK)	Business Applications	IONOS, Fasthosts
Bucharest (Romania)	Business Applications	IONOS
Krefeld	Consumer Access	1&1
Maintal	Consumer Access	1&1
Cologne	Business Applications	Sedo, we22
Regensburg	Business Applications	InterNetX
Chesterbrook / Lenexa (USA)	Business Applications	IONOS
Stuttgart	Business Access	1&1 Versatel
Starnberg	Business Applications	united-domains
Frankfurt am Main	Business Access	1&1 Versatel
Linz / Vienna (Austria)	Business Applications	World4You

1.2 Strategy

United Internet's business model is based predominantly on customer contracts (electronic subscriptions) with fixed monthly amounts and contractually agreed terms. Such a business model ensures generally stable and plannable revenue and cash flows, protects against macroeconomic effects, and provides the financial scope to grasp opportunities in new or extended business fields and new or extended markets – organically, or via acquisitions and investments.

The large number of customer relationships helps the Company to utilize so-called economies of scale: the more customers using the products created by its development teams and operated at its own data centers, and/or transport data via its own networks, the greater the profit will be. These profits can then be invested in new customers, new developments, and new or extended business fields.

From the current perspective, Cloud Applications and Mobile Internet will be the growth markets over the coming years. With its clear positioning in the Access and Applications segments, United Internet is well placed to exploit the expected market potential.

In view of the dynamic market development of Cloud Applications and Mobile Internet, the Company's growth opportunities are clearly apparent: universally accessible, increasingly powerful broadband connections are enabling new and more sophisticated cloud applications. These internet-based programs for private users and companies will also be United Internet's growth drivers in the years ahead – both as stand-alone products in the Applications division, as well as in combination with landline and mobile access products in the Access division.

With its many years of experience as an access and application provider, its expertise in software development and data center operation, marketing, sales and customer support, as well as its strong and well-known brands (such as 1&1, GMX and WEB.DE), and customer relationships with millions of private users, freelancers, and small companies in Germany and abroad (currently over 68 million user accounts worldwide), the Company is excellently positioned.

In order to leverage this positioning for further sustainable growth, United Internet will continue to invest heavily in new customers, new products, and new or extended business fields, as well as in its further internationalization.

In addition to organic growth, United Internet also continuously seeks possibilities for company acquisitions, investments, and partnerships in order to extend its market positions, vertical integration levels, and expertise.

Thanks to its high and plannable level of free cash flow, United Internet has a strong source of internal funding as well as good access to debt financing markets. Further information on the Company's equity strength and external financing is presented in the chapters 2.2 "Business development" and 2.3 "Position of the Group".

Further information on strategy, opportunities and targets is included in the "Risk, Opportunity and Forecast Report" in chapter 4.

1.3 Management systems

The internal management systems help the management team steer and monitor the Group and its segments. The systems consist of planning, actual situation, and forecast calculations based on the Group's annually revised strategic planning. Particular attention is paid to market developments, technological developments, and trends, as well as their impact on the Group's own products and services, and the Group's financial possibilities. The corporate management system's aim is the continuous and sustainable development of United Internet and its subsidiaries.

The Group's reporting system comprises the monthly profit calculations and quarterly IFRS-compliant reports for all consolidated subsidiaries. It presents the financial position and performance of the Group and all divisions. Financial reporting also includes other detailed information which is required for the assessment and control of the operating business.

Quarterly reports on significant risks for the Company represent a further component of the management systems.

The above mentioned reports are discussed at meetings of the Management Board and Supervisory Board and provide the fundamental basis for assessments and decisions.

In order to steer the Group's performance, United Internet AG uses in particular the key figures of the income statement (sales, EBITDA, EBIT, EPS), of the statement of cash flows (free cash flow), and of the statement of financial position (asset items, financial liabilities).

Information on the use and definition of the relevant key financial figures is presented in chapter 2.2 "Business development".

The Management Board of United Internet AG steers the segments mainly on the basis of key performance figures. It measures the success of each segment primarily according to sales, earnings before interest, taxes, depreciation and amortization (EBITDA), and earnings before interest and taxes (EBIT).

The main non-financial key figures used are the number and growth of fee-based customer contracts, as well as ad-financed free accounts.

The performance indicators of the United Internet Group for top management are also presented in "Segment reporting" under note 5 of the Notes to the Consolidated Financial Statements.

The **key performance indicators (KPIs)** used by top management at Group level are sales and operating (i.e., adjusted for special items) EBITDA according to IFRS. These figures are also used in forecast reporting.

Due to its role as the holding company, United Internet AG (parent company) is mainly influenced by its investment result (profit transfers and dividends) and interest result and therefore focuses on its investment result and net income.

The number of customer contracts, the gross and net sales figures, and the related customer acquisition costs in particular – compared to the Company's plans and forecast calculations – serve as an early warning system.

The KPIs used in the fiscal year 2023 were unchanged from the previous year.

A comparison of the KPIs stated in the forecast and the actual figures is provided in this Management Report in chapter 2.2 "Business Development" in the section "Actual and Forecast Development".

1.4 Main focus areas for products and innovations

The disclosures made in the subsection "1.4 Main focus areas for products and innovations" are "non-audited management report disclosures", as the content of "non-management report-related disclosures" is not audited.

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. Also within the context of its own sector, research and development expenditures play a fairly subordinate role. Against this backdrop, United Internet does not disclose key figures for R&D.

At the same time, the United Internet brands stand for high-performance internet access, solutions, and innovative web-based products and applications which are mostly developed in-house. The success of United Internet is rooted in an ability to develop, combine, or adapt innovative products and services, and launch them on major markets.

Thanks to its high-performance development centers (especially in Karlsruhe, Berlin, and Bucharest) with around 3,800 programmers, product managers, and technical administrators (corresponding to around 35% of all employees), United Internet is able to react swiftly and flexibly to new ideas and trends, and to continuously enhance its established products by adapting them to changing market needs – a key success factor in the fast-moving internet market. The Company's expertise in product development, enhancement, and rollout minimizes its reliance on third party development work and supplies in many areas, and thus ensures decisive competitive and time-to-market advantages.

Due to the steady growth in customer figures, the demands placed on reliability and availability are constantly rising. In addition to the further development of existing products and continuous optimization of back-end operations, the Company also focuses on continuously enhancing existing processes in order to raise system reliability, and thus also customer satisfaction.

Focus areas 2023

Consumer Access

- With the launch of mobile services in 1&1's mobile network in December 2023, 1&1 established the key prerequisites for extending its vertical integration in this market segment – as in the landline segment; 1&1 has since been producing advance services for new customers in its own network; wherever 1&1 does not yet have sufficient network coverage during the network rollout, it uses the national roaming advance services of Telefónica and, from summer 2024, of Vodafone; as of the beginning of 2024, existing 1&1 customers on third-party networks are being gradually migrated to the 1&1 mobile network.

- Extension of "1&1 5G at home" with addition of conventional telephony, making it a complete replacement for DSL, cable or fiber-optic home connections

- Simplification of process for multiple orders of mobile products from business customers

- Implementation and start-up of a new omnichannel platform (Customer Operations)

- Process enhancements and implementations in connection with the German Telecommunications Modernization Act (TKMoG)

- Extensive enhancements and improvements to fiber-optic customer communication and optimization of customer processes
- Implementation and launch of 1&1 Cinema as a video-on-demand service; usage via TV app or together with IPTV
- Expansion of products, ordering options and services for business customers
- Standardization of order communication: platform for text-based order communication was revamped and standardized; to improve comprehensibility, customers now receive all order documents in a standardized form and based on the shopping cart display
- Creation of a new platform for landline products at Drillisch Online

Business Access

- Launch of Cloud PBX product "1&1 Business Phone" in cooperation with NFON
- Introduction of "1&1 Fiber Connect Basic" product for smart clusters in business parks
- "1&1 Connected Calls for MS Teams" as a simple telephone system and access to the public telephone network with Microsoft Teams
- Expansion of the "1&1 Business Phone" product to include hospitality as a cloud PBX industry solution for the hospitality and trade sectors
- Launch of an internet product for customer locations abroad
- Implementation of a multichannel order management system for fully digitalized order entry across all sales segments
- Extensive expansion and optimization of customer processes
- Integration of further advance service products to increase the fiber-optic footprint in Germany

Consumer Applications

- Launch of "United Internet Media Ad Manager" to improve internal and external control and creation of online campaigns
- Implementation of a modern Customer Care Suite for the GMX and WEB.DE brands that raises degree of automation in processing and can be flexibly adapted
- Expansion of upselling order lines in mobile applications to effectively support sales campaigns
- Launch of a new e-mail web client (read use case) for GMX and WEB.DE
- Extension of the AI-based categorized mail inbox (One Inbox)

- Launch of "Account Recovery Assistant" that provides customers with highly automated support in the event of access problems
- Implementation of "Effective Settings", a centralized high-load platform for applying business rules to products and advertising across the company, based on consent, contract data, and legal frameworks
- Conversion of the cashback platform from WebCents to EUR cents and addition of a credit card that users can also use offline to collect cents
- Optimization of advertising by using AI to calculate prospecting scores
- Launch of a lead generation system to enable customers to sign up for new newsletters from their inbox

Business Applications

- Extension of "Database-as-a-Service" with MongoDB as document-based NoSQL database
- Replacement of HDD storage with SSD products for higher storage performance, efficiency and packing density
- Extension of Virtual Network Services with Managed NAT Gateway, Managed Network Load Balancer, Managed Application Load Balancer and Cloud DNS
- Launch of IPv6 in native network stack
- Launch of open source solution "Managed Stackable" (by IONOS and Stackable) as first Managed Big Data product
- Launch of STRATO Virtual Dedicated Server based on IONOS Cloud Compute
- Launch of STRATO V-Server based on IONOS Cloud (CoreVPS/Cubes)
- Launch of HiDrive4You as new STRATO cloud storage tariff
- Introduction of AI solutions in website builder and domain search
- Launch of virtual CPUs as new compute type
- Introduction of Red Hat Enterprise Linux as first commercial Linux operating system
- Launch of new platform services: Private Node Pools for Managed Kubernetes, Container Registry Vulnerability Scanning, and Logging-as-a-Service
- Launch of a new managed server generation based on Alma Linux at STRATO
- Introduction of ServerGuard24 for STRATO server products

2. ECONOMIC REPORT

2.1 General economic and sector conditions

General economic development

The International Monetary Fund (IMF) upgraded its forecast for 2023 slightly during the course of the year. In its latest economic outlook (World Economic Outlook, Update January 2024), the IMF reported growth of 3.1% for the **global economy** in 2023, based on preliminary calculations. Growth was thus below the prior-year level (3.5%) but at the same time 0.2 percentage points above the IMF's original outlook of January 2023 (2.9%).

In the United Internet Group's target markets in North America, growth rates varied somewhat. The IMF anticipates growth of 2.5% for the **USA** (prior year: 1.9%), and thus 1.1 percentage points more than in its January outlook for 2023 (1.4%). However, the calculated growth of 1.1% for **Canada** (prior year: 3.8%) is 0.4 percentage points less than originally expected (1.5%). And for **Mexico**, the IMF forecasts an increase in economic output of 3.4% (prior year: 3.9%), and thus 1.7 percentage points more than anticipated at the beginning of the year (1.7%).

The picture is much gloomier in the **eurozone** region, where all countries of importance for United Internet displayed much weaker growth than in 2022. The IMF now expects overall growth of 0.5% (prior year: 3.4%) for the eurozone and thus a further 0.2 percentage points less than it forecast in January (0.7%). Growth of 0.8% was calculated for **France** (prior year: 2.5%), 0.7% for **Italy** (prior year: 3.7%), and 2.4% for **Spain** (prior year: 5.8%). This corresponds to an improvement of 0.1 percentage points each for France and Italy, and 1.3 percentage points for Spain, compared to the January outlook (France: 0.7%; Italy: 0.6%; Spain: 1.1%). And for **Poland**, the IMF **expects growth** of 0.6% (prior year: 5.3%).

For the **UK**, a non-EU country, the IMF expects growth of 0.5% (prior year: 4.3%), and thus 1.1 percentage point more than at the beginning of the year (-0.6%).

The economic development in **Germany** – United Internet's most important market by far (sales share 2023: around 89%) – was much slower than in the previous year and also below the IMF's original expectations. The IMF has calculated that economic output in Germany decreased by -0.3% (prior year: 1.8%) and was thus a further -0.4 percentage points below expectations at the beginning of the year (0.1%).

The IMF's calculations for Germany are therefore in line with the preliminary figures of the country's Federal Statistical Office (Destatis), which – at its "GDP 2023" press conference on January 15, 2024 – also announced a decline in (price-adjusted) gross domestic product (GDP) of -0.3% for 2023. This is 2.1 percentage points less than in 2022 (1.8%). According to the Federal Statistical Office, this was due to further inflation-related high prices throughout the economy, unfavorable borrowing conditions caused by rising interest rates and an overall decline in both domestic and foreign demand.

Changes in growth forecasts made during 2023 for United Internet's key target countries and regions

	January forecast 2023	April forecast 2023	July forecast 2023	October forecast 2023	Actual 2023	Change on January forecast
World	2.9%	2.8%	3.0%	3.0%	3.1%	+0.2%-points
USA	1.4%	1.6%	1.8%	2.1%	2.5%	+1.1%-points
Canada	1.5%	1.5%	1.7%	1.3%	1.1%	-0.4%-points
Mexico	1.7%	1.8%	2.6%	3.2%	3.4%	+1.7%-points
Eurozone	0.7%	0.8%	0.9%	0.7%	0.5%	-0.2%-points
France	0.7%	0.7%	0.8%	1.0%	0.8%	+0.1%-points
Spain	1.1%	1.5%	2.5%	2.5%	2.4%	+1.3%-points
Italy	0.6%	0.7%	1.1%	0.7%	0.7%	+0.1%-points
UK	-0.6%	-0.3%	0.4%	0.5%	0.5%	+1.1%-points
Germany	0.1%	-0.1%	-0.3%	-0.5%	-0.3%	-0.4%-points

Source: International Monetary Fund, World Economic Outlook (Update), January 2023, April 2023, July 2023, October 2023 and January 2024

Multi-period overview: GDP trend in United Internet's key target countries and regions

	2019	2020	2021	2022	2023	YoY change
World	2.8%	-3.1%	6.2%	3.5%	3.1%	-0.4%-points
USA	2.2%	-3.4%	5.9%	1.9%	2.5%	+0.6%-points
Canada	1.9%	-5.2%	5.0%	3.8%	1.1%	-2.7%-points
Mexico	-0.1%	-8.2%	4.7%	3.9%	3.4%	-0.5%-points
Eurozone	1.3%	-6.4%	5.3%	3.4%	0.5%	-2.9%-points
France	1.5%	-8.0%	6.8%	2.5%	0.8%	-1.7%-points
Spain	2.0%	-10.8%	5.5%	5.8%	2.4%	-3.4%-points
Italy	0.3%	-8.9%	6.7%	3.7%	0.7%	-3.0%-points
Poland	4.4%	-2.0%	6.9%	5.3%	0.6%	-4.7%-points
UK	1.4%	-9.4%	7.6%	4.3%	0.5%	-3.8%-points
Germany	0.6%	-4.6%	2.6%	1.8%	-0.3%	-2.1%-points

Source: International Monetary Fund, World Economic Outlook (Update), January 2020, 2021, 2022, 2023 and 2024

Multi-period overview: development of price-adjusted GDP in Germany

	2019	2020	2021	2022	2023	YoY change
GDP	1.1%	-3.8%	3.2%	1.8%	-0.3%	-2.1%-points

Source: Destatis, January 2024

Development of sector / core markets

At its annual press conference on January 10, 2024, the industry association Bitkom assumed growth of 2.0% (prior year: 6.8%) to € 215.0 billion for the German **ICT market** in 2023. At the beginning of 2023, the association was still anticipating revenue growth of 3.8% for 2023. Nevertheless, the digital sector is proving highly robust once again – despite the adverse macroeconomic environment dominated by geopolitical crises, disrupted supply chains, and skilled labor shortages.

The increase in the overall ICT market resulted in particular from growth in sales of **information technology**. According to Bitkom's 2023 forecast, sales in this largest submarket – and of particular importance for United Internet – rose by 2.2% (prior year: 8.7%) to € 142.9 billion, compared to a growth forecast of 6.3% at the beginning of 2023. The various segments of this sub-market made varied progress: software grew by 9.6% (prior year: 15.0%) and IT services by 5.1% (prior year: 8.5%), while IT hardware fell by -5.4% (prior year: 4.8%) following the disproportionately high level of investment during the pandemic.

There was also good progress in the **telecommunications** submarket. For this second core market of United Internet, the industry association expects growth in 2023 of 1.7% (prior year: 3.4%) to € 72.1 billion – compared to its forecast at the beginning of 2022 of 0.9%. Growth in the individual segments of the telecommunications market was also quite varied: whereas the infrastructure business (driven by the 5G network rollout) grew by 4.4% (prior year: 14.2%) and telecommunication services by 1.9% (prior year: 2.1%), sales of user devices fell by -0.7% (prior year: 2.4%).

The smallest sub-market, consumer electronics (of no significance for United Internet), continued its decline and decreased by -2.1% (prior year: -7.2%) to € 8.1 billion.

The most important ICT markets for United Internet's business model are the German telecommunications market (broadband connections and mobile internet) in its mostly subscription-financed Access division, as well as the global cloud computing market, and the German online advertising market for its subscription- and ad-financed Applications division.

(Stationary) broadband market in Germany

In view of the high level of household coverage already achieved and the strong trend toward mobile internet usage, demand for new landline-based broadband connections in Germany has slowed in recent years. With expected growth of 0.2 million, or 0.5%, to 37.0 million in 2023, the number of new connections was again at a moderate level. These figures were calculated by the Association of Telecommunications and Value-Added Service Providers (Verband der Anbieter von Telekommunikations- und Mehrwertdiensten – VATM) and Dialog Consult in their joint "25th TC Market Analysis for Germany 2023" (November 2023). The connections currently of relevance for United Internet in the two technology fields of DSL and FTTB/FTTH (fiber-optic) performed very differently: whereas DSL connections in Germany fell by 0.4 million to 24.3 million, fiber-optic connections grew by 0.8 million to 4.2 million. The number of cable connections also fell by 0.2 million to 8.5 million.

According to estimates of Dialog Consult/VATM, revenues generated in the landline business in 2023 were unchanged from the previous year at € 32.6 billion. In addition to retail sales, these revenue figures also include wholesale, interconnection, and terminal device revenues.

At the same time, however, calculations of Dialog Consult/VATM indicate that the average volume of data used is rising much more strongly than the number of newly activated connections and landline revenues – as an indicator of continued growth in usage of e.g., IPTV and cloud applications – with growth of 16.1% to 320.9 GB (per connection and month).

As a result, demand for more powerful broadband connections also developed strongly. For example, the proportion of switched broadband connections with (downstream) speeds of at least 50 Mbit/s increased by 3.2 percentage points, from 58.7% in the previous year to 61.9% (of all broadband connections) in 2023. There was even stronger growth in fixed-line connections with speeds of at least 250 Mbit/s, which raised their share by 5.1 percentage points to 23.0% (of all broadband connections).

Key market figures: fixed-line in Germany

	2023	2022	Change
Fixed-line revenues (in € billion)	32.6	32.6	0.0%

Source: Dialog Consult / VATM, TC Market Analysis for Germany 2023, November 2023

Mobile internet market in Germany

According to estimates of Dialog Consult / VATM, the number of active SIM cards in the German mobile communications market increased by 12.9 million, or 7.6%, to 181.9 million in 2023. This growth is attributable to so-called M2M SIM cards (machine-to-machine SIM cards), which are used, for example, for the automated exchange of information between machines, vending machines, vehicles, etc. and/or with a central control station, which increased by 12.0 million to 70.3 million. The number of active personal SIMs (active = used in the last three months) rose only slightly by 0.5 million to 104.9 million – thus indicating a largely saturated market, as the figures for the past few years have shown.

Dialog Consult / VATM calculates that total revenues in the German mobile communications market increased by 0.4% from € 27.5 billion to € 27.6 billion in 2023 (including interconnection, wholesale, and user device revenues). Service revenues rose by 1.0% to € 21.1 billion, while other revenues (which include interconnection, wholesale, and user device revenues) decreased by 3.0% to € 6.4 billion.

According to forecasts of Dialog Consult/VATM, the average volume of data used (per connection and month) – as an indicator of the growing use of mobile data services – grew much faster than the number of active personal SIM cards and mobile revenues by 22.1% to 6.57 GB.

Key market figures: mobile communications in Germany

	2023	2022	Change
Mobile revenues (in € billion)	27.6	27.5	+ 0.4%
thereof service sales	21.1	20.9	+ 1.0%
thereof other sales	6.4	6.6	- 3.0%

Source: Dialog Consult / VATM, TC Market Analysis for Germany 2023, November 2023

Global cloud computing market

There was further dynamic growth in the cloud computing market in 2023. In its "Public Cloud Services, Worldwide, 2021-2027, 3Q23 Update" (November 2023), Gartner Inc. forecasts global growth for public cloud services of 17.8% in 2023, from USD 478.32 billion to USD 563.59 billion.

Over the past years, cloud technology has evolved from a useful and competitive business tool to a key enterprise enabler.

In addition to macroeconomic conditions and high inflationary pressure, the coronavirus pandemic in particular has accelerated the digitalization process across numerous sectors since 2020. Most companies now regard new technologies as essential tools for coping with the crises. Within just a short period of time, for example, thousands of employees working from home were connected, new digital channels for sales and support were opened, and a large number of systems and data were moved to the cloud.

As a result, the migration of data, applications, and infrastructure to the cloud has become an integral part of most digital transformation strategies, with the aim of creating more agile and adaptable operations.

Growth is particularly strong at present in the field of IaaS, as companies accelerate their IT modernization initiatives in order to minimize risks and optimize costs. Moving operations to the cloud reduces current capital expenditures by spreading them over the life of a cloud subscription – a key advantage in an environment where liquidity can be critical to maintaining operations.

Key market figures: cloud computing worldwide

in $ billion	2023	2022	Change
Global sales of public cloud services	563.59	478.32	+ 17.8%
thereof Application Infrastructure Services (PaaS)	145.32	119.58	+ 21.5%
thereof Application Services (SaaS)	205.22	174.42	+ 17.7%
thereof Business Process Services (BPaaS)	66.34	61.56	+ 7.8%
thereof Desktop as a Service (DaaS)	2.78	2.43	+ 14.6%
thereof System Infrastructure Services (IaaS)	143.93	120.33	+ 19.6%

Source: Gartner, Public Cloud Services, Worldwide, 2021-2027, 3Q23 Update, November 2023

German online advertising market

In its study "German Entertainment and Media Outlook 2023 - 2027" (September 2023), the auditing and consultancy company PricewaterhouseCoopers (PwC) forecasts an increase in total revenues (paid search, display, video, affiliate / classifieds) of the German online advertising market (mobile advertising and desktop advertising) of 7.0% from € 12.58 billion to € 13.47 billion for 2023 – following growth of 6.0% in 2022.

Key market figures: total online advertising market in Germany (mobile advertising & desktop advertising) – acc. to PWC

in € billion	2023	2022	Change
Online advertising revenues	13.47	12.58	+ 7.0%

Source: PricewaterhouseCoopers, German Entertainment and Media Outlook 2023 – 2027, September 2023

The Online Marketing Group (OVK) of the German Association for the Digital Economy (BVDW) is somewhat more cautious than PwC in its assessment of the situation in the German online advertising market. The OVK only takes net revenues into account in its market figures and focuses on the most important sub-market for United Internet, the display advertising market (mobile and desktop). The definition of the display advertising market comprises in-page advertising, including out-stream advertising and in-stream video advertising. Keyword-based paid search, affiliate or newsletter marketing, advertising for apps in the app store, and in-game advertising, by contrast, are not included in the OVK model.

Based on its updated forecast in September 2023, the OVK anticipates – in its OVK Report 2023/02 – an increase in net revenues of the display advertising market from € 5.18 billion in the previous year to € 5.47 billion. This represents an increase of 5.6%, compared to growth of 1.1% in the previous year. In spring 2023, the Online Marketing Group (OVK) had forecast an increase in net revenues of 4.6%.

Key market figures: display advertising market in Germany (mobile advertising & desktop advertising) – acc. to OVK

in € billion	2023	2022	Change
Display advertising revenues	5.47	5.18	+ 5.6%

Source: Online-Vermarkterkreis (OVK), OVK-Report 2023/02, September 2023

Legal conditions / significant events

The legal parameters for United Internet's business activities remained largely unchanged from the previous year in 2023 and had no significant influence on the development of the United Internet Group.

Legal conditions

One of the factors determining the future success of United Internet subsidiary 1&1 as a mobile network operator is the future allocation of mobile communication frequencies (spectrum). As part of the German Federal Network Agency's spectrum auction in 2019, 1&1 acquired 5G spectrum in the 2 GHz and 3.6 GHz bands. The frequency blocks in the 3.6 GHz band are already available and are being used for mobile network operations, while the frequencies in the 2 GHz band will be available from 2026. In order to bridge this period, 1&1 has leased further spectrum in the 2.6 GHz band from Telefónica.

In order to be able to operate its mobile network competitively and efficiently, 1&1 – as well as all other mobile network operators – not only requires high-frequency spectrum but also so-called low-band frequencies, which are essential for indoor coverage. Around 80% of data traffic is handled in this band.

In September 2023, the Federal Network Agency once again addressed the topic of awarding low-band frequencies in the 800 MHz spectrum, which are due to expire in 2025. In a so-called consultation paper, it advocated a prolongation of the frequencies to the three incumbent network operators. In the past, spectrum was awarded exclusively via non-discriminatory auctions in Germany, and such a prolongation would be a novelty. In the event of such an award, 1&1 would not receive access to the low-band frequencies.

The German Federal Cartel Office also commented on the spectrum award situation in November 2023. In a position paper, the Federal Cartel Office stated that an extension of the frequencies without taking 1&1 into account would expose 1&1, as a market newcomer, to serious competitive disadvantages compared to the established mobile network operators. In its position paper, the Federal Cartel Office also points out, with reference to other European countries, that the available spectrum is sufficient for four mobile network operators.

Various studies published by 1&1 on the spectrum situation in Germany came to the same conclusion. They argue that the low-band frequencies are not always being used efficiently by the three other mobile network operators and that there is no discernible correlation between a high level of spectrum held by individual mobile network operators and the performance of their mobile networks, meaning that low-band frequencies could be allocated to all four mobile network operators without any loss of quality.

In an expert opinion commissioned by 1&1, the former Federal Constitutional Court judge and renowned legal expert, Prof. Udo Di Fabio, also clearly stated that the auctioning of the first 5G spectrum to a market newcomer in 2019 resulted in additional regulatory responsibility. Prolonging the spectrum usage rights of established network operators without taking 1&1 into account as a newcomer would violate the protection of legitimate expectations principle and the equality principle and would even be unconstitutional from several points of view.

The Federal Network Agency is expected to provide further information on the exact award modalities in 2024.

Significant events

IPO of IONOS

On January 17, 2023, IONOS Group SE announced concrete plans for the IPO of IONOS as part of an "intention to float" (ITF) and completed its IPO on February 8, 2023. The shares of IONOS Group SE have since been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) under ISIN: DE000A3E00M1, WKN: A3E00M, ticker symbol: IOS. United Internet received gross proceeds of around € 292 million from the sale of shares, while the entire placement volume amounted to around € 389 million. Following the IPO of IONOS Group SE, United Internet holds 63.8% and Warburg Pincus 21.2% of IONOS shares. 15.0% of shares are in free float.

Acquisition of fiber-optic city networks from BT

In early July 2023, 1&1 Versatel acquired four fiber-optic city networks from BT. The acquisition of the BT city networks in Munich, Frankfurt, Düsseldorf, and Stuttgart with a total length of 1,590 km is in line with 1&1 Versatel's strategy of steadily expanding its own fiber-optic network. The purchase price amounted to around € 42 million.

Conclusion of binding heads of terms for a long-term exclusive national roaming partnership with Vodafone

In August 2023, 1&1 concluded binding heads of terms with Vodafone for a long-term exclusive national roaming partnership.

The national roaming cooperation includes the non- discriminatory provision of national roaming services in areas not yet covered by the new 1&1 mobile network and comprises in particular access to Vodafone's 5G network including the mobile standards 2G and 4G, as well as future mobile standards and technologies.

The starting date for the Vodafone national roaming services will be one year after concluding the final national roaming cooperation, however no later than October 1, 2024. The basic term of the national roaming cooperation will be 5 years from that point on. 1&1 Mobilfunk will have the right to prolong the term of the national roaming cooperation up to twice by five further years each time – i.e., by up to an additional 10 years. The end of the contract term will be followed by a transition period of three years.

The calculation basis is a so-called capacity model, under which 1&1 will pay a fixed price per percentage point for the percentage share of the Vodafone network used by its customers. This fixed price changes from time to time in line with the percentage cost development of the Vodafone network. The conditions are thus geared to future market developments and enable 1&1 to make competitive offers over the long term.

Addition of 5G to national roaming agreement with Telefónica

In November 2023, 1&1 expanded the national roaming agreement it concluded with Telefónica Germany in May 2021 with the addition of 5G.

Wherever the 5G network currently under construction does not yet have its own coverage, 1&1 customers will automatically have access to Telefónica Germany’s 2G/4G/5G network as part of the national roaming agreement expanded to include 5G. From October 2024 at the latest, 1&1 will use national roaming from Vodafone as planned and gradually reduce its advance services from Telefónica Germany.

1&1 O-RAN: launch of mobile services in Europe’s most modern 5G network

Following the launch of “1&1 5G at home” in December 2022, 1&1 activated its mobile services on December 8, 2023. Germany’s fourth mobile network is thus now fully functional and can also be used with smartphones on the move.

A condition for the activation of mobile services was the previously completed provision of 5G national roaming by Telefónica Germany. This means that 1&1 customers can now access Telefónica's 5G network wherever the 1&1 network, which is currently being set up, does not yet have its own coverage – automatically and without interruption. Vodafone is scheduled to provide 5G national roaming from summer 2024.

1&1 is the first network operator in Europe to rely entirely on the new Open RAN technology. At the heart of the 1&1 network (“1&1 O-RAN”) is a private cloud operated in hundreds of cities through decentralized edge data centers. All network functions are controlled by software running on conventional servers. 1&1 plans to use Gigabit antennas at all antenna locations, which are connected via fiber-optic cable to the 1&1 edge data centers. This network architecture enables minimal latency, which is essential for future real-time applications.

Unlike traditional networks based on proprietary technology from specialized network suppliers, such as Huawei, the 1&1 O-RAN has a large number of standardized interfaces. This means that software and hardware components from the most innovative and secure providers can be flexibly combined. At the same time, it also eliminates 1&1’s dependence on individual suppliers.

Partial repayment of the shareholder loan by IONOS Group SE

In December 2023, IONOS Group SE concluded a loan of € 800 million with a banking syndicate to partially refinance its existing shareholder loan with United Internet AG. The refinancing is at a fixed annual interest rate of 4.67%. The syndicated loan has a term until December 15, 2026 and is due at maturity. Following the partial repayment, the shareholder loan with United Internet amounts to € 350 million and is subordinated. The shareholder loan continues to have a fixed annual interest rate of 6.75%, a term until December 15, 2026, and is to be gradually repaid before this date.

There were no other significant events in fiscal 2023 which had a material effect on the development of business.

2.2 Business development

Segment reporting changed from "controlling view" to "accounting view"

In the course of preparing the Interim Financial Statements as at March 31, 2023, the Management Board decided to make a significant adjustment to its internal reporting system. As a consequence, this change also led to a revision of segment reporting with a shift in focus from the previous "controlling view" to the "accounting view". This decision was intended to strengthen the harmonization of the Company's internal controlling and external reporting. The change resulted in reconciliation effects/shifts in key sales and earnings figures among the segments.

- Reconciliation effects on sales: certain intercompany sales are no longer consolidated at segment level (as previously in the controlling view), but only at Group level (accounting view).

- Reconciliation effects on EBITDA and EBIT: depreciation allocations and profit margins for intercompany services are no longer "netted" between segments (as was previously the case for internal service charging in the controlling view) but are disclosed (accounting view) – as if "booked" at segment level.

Overall, the change has no effect on the Group's sales and earnings figures, as reporting at Group level was already based on the "accounting view".

By making this change at segment level, United Internet is also taking account of the increasing independence of its segments (subgroups) and aligning segment reporting with the reporting of its listed and thus also reportable subgroups 1&1 AG (Consumer Access segment) and IONOS Group SE (Business Applications segment).

A reconciliation of sales, as well as operating EBITDA and EBIT, for the preceding quarters Q1 2022 - Q4 2022 and the fiscal years 2019 - 2022 is presented in the Notes on the Interim Statement Q1 2023 (page 28 et seq.).

Use and definition of relevant financial performance measures

In order to ensure the clear and transparent presentation of United Internet's business trend, the Group's Annual Financial Statements and Interim Financial Statements include key financial performance measures – 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.

United Internet defines these measures as follows:

- **EBIT:** Earnings before interest and taxes represents the operating result disclosed in the statement of comprehensive income.

- **EBIT margin:** Presents the ratio of EBIT to sales.

- **EBITDA:** Earnings before interest, taxes, depreciation, and amortization are calculated as EBIT/operating result plus the depreciation and amortization (disclosed in the Consolidated Financial Statements) of intangible assets and property, plant, and equipment, as well as assets capitalized in the course of company acquisitions.

- **EBITDA margin:** Presents the ratio of EBITDA to sales.

- **Free cash flow:** Calculated as cash flow from operating activities (disclosed in the consolidated financial statement), less capital expenditure for intangible assets and property, plant, and equipment, plus payments from the disposal of intangible assets and property, plant, and equipment.

Insofar as necessary for a clear and transparent presentation, these indicators are adjusted for special items and disclosed as "key operating figures" (e.g., operating EBITDA, operating EBIT, and operating EPS). A reconciliation of EBITDA, EBIT, EBT, net income, and EPS (according to the consolidated statement of comprehensive income) with figures adjusted for special items can be found in chapter 2.3 "Position of the Group".

Such special items usually refer solely to those effects capable of restricting the validity of the key financial performance measures with regard to the Group'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.

By contrast, expenses for the 1&1 network rollout or start-up costs for new business fields of 1&1 Versatel are not adjusted but disclosed – should there be any – in the respective sections.

Currency-adjusted sales and earnings figures are calculated by converting sales and earnings figures with the average exchange rates of the comparative period, instead of the current period.

The most important key financial figures for managing the Group are sales and operating EBITDA according to IFRS.

Actual and forecast development 2023

United Internet AG maintained its growth trajectory in the fiscal year 2023 and reached its guidance for the fiscal year 2023, as issued in March 2023 and updated in November 2023.

Forecast development

In an ad-hoc announcement on March 29, 2023, United Internet published its guidance for the fiscal year 2023 and updated it during the year as follows:

	Forecast 2023 (March 2023)	Specification (November 2023)
Sales	approx. € 6.2 billion (2022: € 5.915 billion)	approx. € 6.2 billion (2022: € 5.915 billion)
EBITDA	at the previous year's level(1) (2022: € 1.272 billion)	slight increase(1) (2022: € 1.272 billion)

(1) This includes around € -120 million (2022: € -52.4 million) for the expansion of the 1&1 mobile network

Actual development

In the fiscal year 2023, **consolidated sales** rose by 5.0%, from € 5.915 billion in the previous year to € 6.213 billion and were thus slightly above the sales forecast (March 2023: approx. € 6.2 billion).

Without consideration of non-cash valuation effects from derivatives (€ -0.5 million in the previous year; € -6.3 million in 2023) and additionally adjusted for IPO costs in connection with the IPO of Group subsidiary IONOS Group SE (€ -8.8 million in the previous year; € -1.7 million in 2023), **operating EBITDA for the Group** in the fiscal year 2023 amounted to € 1.300 billion and was thus 2.2% above the comparable prior-year figure (€ 1.272 billion). As a result, EBITDA was above the original EBITDA forecast ("on a par with the previous year") and within the range of the EBITDA update ("slight increase") – despite higher expenses (€ -132.4 million) for the rollout of 1&1's mobile network than originally anticipated (approx. € -120 million).

Summary: actual and forecast development of business in 2023

	Forecast 2023 (March 2023)	Specification (November 2023)	Actual 2023
Sales	approx. € 6.2 billion (2022: € 5.915 billion)	approx. € 6.2 billion (2022: € 5.915 billion)	€ 6.213 billion
EBITDA	at the previous year's level(1) (2022: € 1.272 billion)	slight increase(1) (2022: € 1.272 billion)	€ 1.300 billion(2)

(1) This includes around € -120 million (2022: € -52.4 million) for the expansion of the 1&1 mobile network
(2) This includes € -132.4 million (2022: € -52.4 million) for the expansion of the 1&1 mobile network

Net income of United Internet AG (parent company) for the fiscal year 2023 amounted to € 274.0 million (including a special item of € 219.1 million from income from the disposal of financial assets as a result of the sale of shares in Group subsidiary IONOS Group SE as part of the IONOS IPO). Without this special item, the parent company's net income for the year was "in the mid-double-digit million range" as forecast.

Development of divisions and segments

The Group’s operating activities are divided into the 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.

Details on the business models of the individual segments are presented in chapter 1.1 “Business model”.

Consumer Access segment

In addition to preparations for the launch of mobile services in the 1&1 mobile network, the Consumer Access segment once again focused on adding further valuable broadband and mobile internet contracts in the fiscal year 2023.

The total number of **fee-based contracts** in the Consumer Access segment rose by 480,000 contracts to 16.26 million in 2023. As expected, the number of broadband connections decreased by -90,000 to 4.01 million, but stabilized in the fourth quarter of 2023. In the reporting period, mobile internet contracts increased by 570,000 to 12.25 million.

Development of Consumer Access contracts in the fiscal year 2023

in million	Dec. 31, 2023	Dec. 31, 2022	Change
Consumer Access, total contracts	16.26	15.78	+ 0.48
thereof Mobile Internet	12.25	11.68	+ 0.57
thereof broadband connections	4.01	4.10	- 0.09

Development of Consumer Access contracts in the fourth quarter of 2023

in million	Dec. 31, 2023	Sept. 30, 2023	Change
Consumer Access, total contracts	16.26	16.11	+ 0.15
thereof Mobile Internet	12.25	12.10	+ 0.15
thereof broadband connections	4.01	4.01	0.00

Sales of the Consumer Access segment rose by 3.4% in the fiscal year 2023, from € 3,963.7 million in the previous year to € 4,096.7 million.

Due to good contract growth on the whole, high-margin **service revenues** – which represent the core business of the segment – rose by 2.1% from € 3,175.4 million in the previous year to € 3,243.2 million in 2023. Low-margin **hardware sales** rose by 8.3%, or € 65.2 million, from € 788.3 million to € 853.5 million. Hardware sales 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 the case, however, it would have no significant impact on the segment’s EBITDA trend.

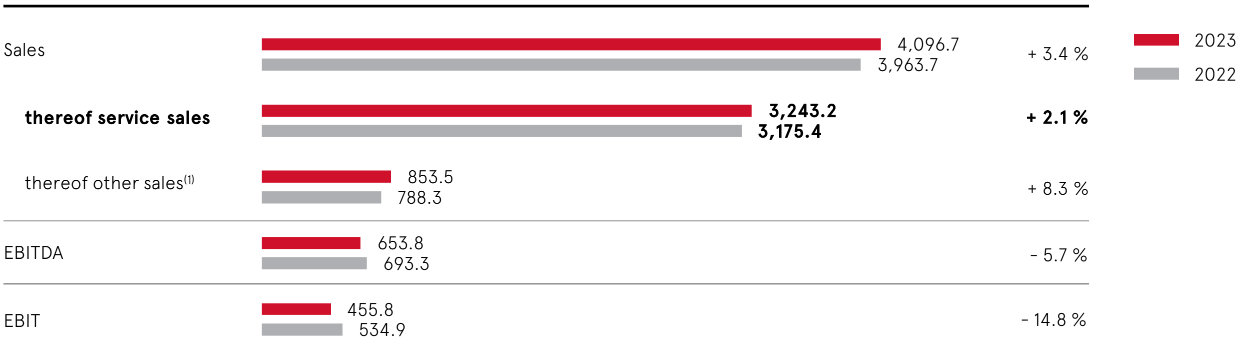
Mainly as a result of the planned increase in costs for the rollout of 1&1’s mobile communications network, **segment EBITDA** of € 653.8 million was 5.7% or € 39.5 million down on the previous year (€ 693.3 million). The expenses for network rollout included in this calculation amounted to € -132.4 million, compared to € -52.4 million in the previous year – corresponding to a year-on-year increase of € -80.0 million.

In addition, **segment EBIT** was impacted by increased depreciation due to investments in the rollout of the 1&1 mobile network (€ -46.2 million). On the whole, segment EBIT of € 455.8 million was 14.8%, or € 79.1 million, below the prior-year figure (€ 534.9 million). Since the beginning of 2024, the increase in depreciation on investments – mainly due to the operational launch of 1&1's mobile network – is being offset by steadily increasing cost savings on advance services.

There was a corresponding decline in the **EBITDA margin** and **EBIT margin** from 17.5% in the previous year to 16.0% and from 13.5% in the previous year to 11.1%, respectively.

The number of **employees** increased by 5.0% in 2023 to 3,320 (prior year: 3,163).

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



(1) Mainly hardware sales

Quarterly development; change over prior-year quarter[1]

in € million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2022	Change
Sales	1,021.0	972.1	1,038.7	1,064.9	1,013.4	+ 5.1%
thereof service sales	**788.9**	**795.7**	**834.3**	**824.3**	**788.7**	**+ 4.5%**
thereof other sales[2]	232.1	176.4	204.4	240.6	224.7	+ 7.1%
EBITDA	182.1	169.9	159.1	142.7	144.3	- 1.1%
EBIT	133.4	120.7	109.6	92.1	106.1	- 13.2%

(1) Unaudited; see note "unaudited disclosures" on page 3
(2) Mainly hardware sales

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

in € million	2019	2020	2021	2022	2023
Sales	3,674.9	3,786.8	3,909.7	3,963.7	4,096.7
thereof service sales	**2,943.0**	**3,020.0**	**3,123.4**	**3,175.4**	**3,243.2**
thereof other sales[1]	731.9	766.8	786.3	788.3	853.5
EBITDA	683.5	637.8[2]	671.9[3]	693.3	653.8
EBITDA margin	18.6%	16.8%	17.2%	17.5%	16.0%
EBIT	528.5	482.4[2]	507.3[3]	534.9	455.8
EBIT margin	14.4%	12.7%	13.0%	13.5%	11.1%

(1) Mainly hardware sales
(2) Including the non-period positive effect on earnings in 2021 attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million); excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(3) Excluding the non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million)

Besides the segment's operating business, the main focus during the year was on preparations for the launch of mobile services in the 1&1 network in December 2023. Among other things, the network was connected with all national and international networks and the functionality of mobile services was checked with external customer groups.

In August 2023, 1&1 also agreed a long-term national roaming partnership with Vodafone. On the basis of this agreement, the national roaming services currently provided by Telefónica are to be gradually replaced from summer 2024. National roaming is required to provide coverage for over twelve million 1&1 mobile customers during the construction phase of the network in those areas where 1&1 does not yet have its own network coverage.

The 1&1 network is based on innovative OpenRAN technology. Hardware, software and services from a variety of partner companies are used in the 1&1 O-RAN. This makes 1&1 independent of dominant manufacturers such as Huawei. And unlike conventional networks, the 1&1 network is operated in a private cloud that is spread across hundreds of far edge data centers throughout Germany. 112 regional far edge data centers are already in operation, as are 23 decentralized edge data centers and two core data centers. All network functions are controlled by software running on market-standard servers. Gigabit antennas are used at all locations and connected to the regional far edge data centers via fiber-optic cable. This architecture enables minimal latency, which is essential for future real-time applications.

1&1 is also making good progress with the construction of its antenna locations: the initial backlog caused by delivery shortfalls of its main supplier is now being gradually made up in cooperation with additionally commissioned expansion partners. At the end of 2023, 1&1 had 1,062 antenna locations (passive architecture). By the end of 2024, this figure is set to rise to approx. 3,000 locations for the installation of 5G high-performance antennas and connection to fiber-optic cable.

Business Access segment

Sales in the Business Access segment rose by 3.8% from € 534.4 million in the previous year to € 564.0 million in the fiscal year 2023.

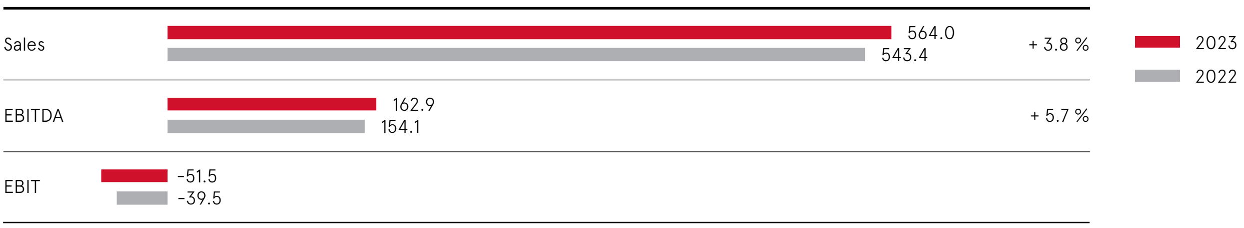
Despite start-up costs for new business fields, **segment EBITDA** improved by 5.7% from € 154.1 million in the previous year to € 162.9 million in 2023. As a result, the **EBITDA margin** rose from 28.4% to 28.9%.

In the new "5G" business field, 1&1 Versatel is responsible for setting up data centers and fiber-optic connections for the antenna locations of 1&1's mobile network and providing them to 1&1 on a rental basis as part of an intercompany agreement. In its second new business field "Expansion of business parks", 1&1 Versatel uses newly constructed regional expansion clusters to provide fiber-optic connections for companies in business parks. In the fiscal year 2023, total start-up costs for the new business fields amounted to € -21.5 million (prior year: € -10.8 million) for EBITDA and € -65.2 million (prior year: € -20.6 million) for EBIT.

As a result of the aforementioned start-up costs for new business fields, as well as increased depreciation for the associated investments in network infrastructure, **segment EBIT** decreased from € -39.5 million in the previous year to € -51.5 million. Without consideration of the new business fields, segment EBIT improved from € -18.9 million in the previous year to € 13.7 million in 2023.

The number of **employees** increased by 13.9% in 2023 to 1,522 (prior year: 1,336).

Key sales and earnings figures in the Business Access segment



Quarterly development; change over prior-year quarter[1]

in € million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2022	Change
Sales	136.1	134.7	142.6	150.6	144.2	+ 4.4%
EBITDA	34.8	42.4	41.0	44.7	41.9	+ 6.7%
EBIT	-15.4	-8.8	-12.7	-14.6	-8.1	

(1) Unaudited; see note "unaudited disclosures" on page 3

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

in € million	2019	2020	2021	2022	2023
Sales	476.6	493.3	514.4	543.4	564.0
EBITDA	146.5	148.6	158.8	154.1	162.9
EBITDA margin	30.7%	30.1%	30.9%	28.4%	28.9%
EBIT	-51.3	-48.2	-22.9	-39.5	-51.5
EBIT margin	-	-	-	-	-

In addition to its operating business, 1&1 Versatel acquired four fiber-optic city networks from BT in early July 2023 – in Munich, Frankfurt, Düsseldorf, and Stuttgart – with a total length of 1,590 km. The acquisition of these city networks is in line with 1&1 Versatel's strategy of steadily expanding its own fiber-optic network. The purchase price amounted to around € 42 million.

Consumer Applications segment

The number of fee-based pay accounts (contracts) rose by 200,000 to 2.84 million in the fiscal year 2023. Ad-financed free accounts were 0.9% or 380,000 accounts down on December 31, 2022, due in particular to the successful conversion to fee-based customer relationships (200,000). As a result, the total number of **Consumer Applications accounts** decreased slightly by 0.4% or 180,000 accounts to 42.77 million in 2023.

Development of Consumer Applications accounts in the fiscal year 2023

in million	Dec. 31, 2023	Dec. 31, 2022	Change
Consumer Applications, total accounts	42.77	42.95	- 0.18
thereof with Premium Mail subscription (contracts)	2.05	1.89	+ 0.16
thereof with Value-Added subscription (contracts)	0.79	0.75	+ 0.04
thereof free accounts	39.93	40.31	- 0.38

Development of Consumer Applications accounts in the fourth quarter of 2023

in million	Dec. 31, 2023	Sept. 30, 2023	Change
Consumer Applications, total accounts	42.77	42.55	+ 0.22
thereof with Premium Mail subscription (contracts)	2.05	2.00	+ 0.05
thereof with Value-Added subscription (contracts)	0.79	0.78	+ 0.01
thereof free accounts	39.93	39.77	+ 0.16

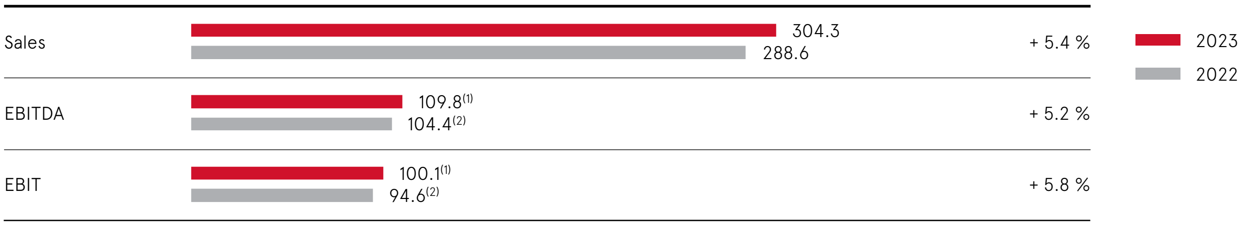
Rising advertising revenue and the growth in pay contracts led to a year-on-year increase in sales of the **Consumer Applications segment** of 5.4% to € 304.3 million (prior year: € 288.6 million).

There was also growth in the segment's key earnings figures: adjusted for non-cash valuation effects from derivatives of € -0.5 million in the previous year and € -6.3 million in 2023, **operating segment EBITDA** rose by 5.2% from € 104.4 million in the previous year to € 109.8 million in 2023 and **operating segment EBIT** by 5.8% from € 94.6 million to € 100.1 million.

The **operating EBITDA margin** and **operating EBIT margin** remained largely unchanged at 36.1% (prior year: 36.2%) and 32.9% (prior year: 32.8%), respectively.

The number of **employees** increased by 3.5% in 2023 to 1,072 (prior year: 1,036).

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



(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -6.3 million)
(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -0.5 million)

Quarterly development; change over prior-year quarter[1]

in € million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2022	Change
Sales	70.0	71.0	74.3	89.0	77.0	+ 15.6%
EBITDA	20.1[2]	27.6[2]	26.1[2]	36.0[2]	34.0[2]	+ 5.9%
EBIT	17.8[2]	25.1[2]	23.6[2]	33.6[2]	31.7[2]	+ 6.0%

(1) Unaudited; see note "unaudited disclosures" on page 3
(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -12.7 million in Q4 2022; € -4.5 million in Q1 2023; € +0.1 million in Q2 2023; € -0.9 million in Q3 2023; € -1.0 million in Q4 2023)

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

in € million	2019	2020	2021	2022	2023
Sales	260.3	257.5	285.2	288.6	304.3
EBITDA	89.4	85.5	102.4[1]	104.4[2]	109.8[3]
EBITDA margin	34.3%	33.2%	35.9%	36.2%	36.1%
EBIT	83.9	77.8	93.3[1]	94.6[2]	100.1[3]
EBIT margin	32.2%	30.2%	32.7%	32.8%	32.9%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +4.9 million) and the intercompany disposal of AWIN AG (EBITDA and EBIT effect: € +50.1 million)
(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -0.5 million)
(3) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -6.3 million)

Business Applications segment

Fee-based Business Applications contracts grew by 350,000 in the fiscal year 2023. This growth resulted from 160,000 contracts in Germany and 190,000 contracts abroad. As a result, the total number of contracts rose to 9.39 million.

Development of Business Applications contracts in the fiscal year 2023

in million	Dec. 31, 2023	Dec. 31, 2022	Change
Business Applications, total contracts	9.39	9.04	+ 0.35
thereof in Germany	4.59	4.43	+ 0.16
thereof abroad	4.80	4.61	+ 0.19

Development of Business Applications contracts in the fourth quarter of 2023

in million	Dec. 31, 2023	Sept. 30, 2023	Change
Business Applications, total contracts	9.39	9.30	+ 0.09
thereof in Germany	4.59	4.56	+ 0.03
thereof abroad	4.80	4.74	+ 0.06

As a result of customer growth, successful up- and cross-selling, and good after-market business, **sales of the Business Applications segment** rose by 10.1% in the fiscal year 2023, from € 1,293.0 million in the previous year to € 1,423.7 million.

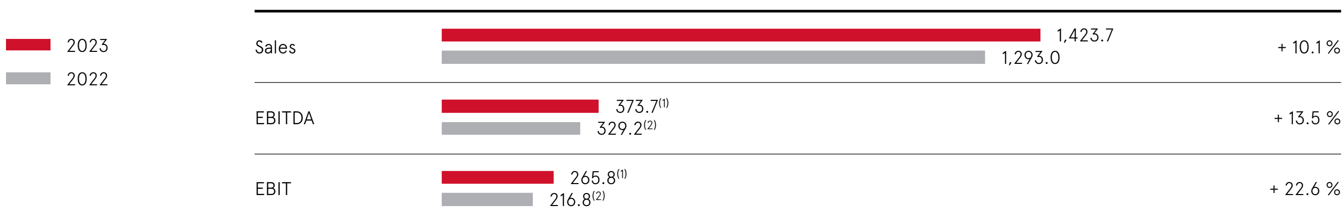
Segment earnings in both 2022 and 2023 were impacted by special items in connection with the IPO of IONOS Group SE. Whereas IPO costs of € -8.8 million were incurred by the segment in the previous year, there was total net income of € +11.7 million in 2023. IPO costs in the reporting period 2023 were offset by income from the contractually agreed assumption of total IPO costs by the IONOS shareholders United Internet and Warburg Pincus.

Adjusted for these special items, **operating segment EBITDA** increased by 13.5% from € 329.2 million in the previous year to € 373.7 million in 2023. Due to lower PPA writedowns, there was an even stronger increase in **operating segment EBIT** of 22.6%, from € 216.8 million to € 265.8 million.

The **operating EBITDA margin** improved accordingly from 25.5% to 26.2% and the **operating EBIT margin** from 16.8% to 18.7%.

The number of **employees** increased by 2.8% in 2023 to 4,364 (prior year: 4,247).

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



(1) Excluding IPO costs (EBITDA and EBIT effect: € +11.7 million net (IPO costs and offsetting assumption of costs by IONOS shareholders))
(2) Excluding IPO costs (EBITDA and EBIT effect: € -8.8 million)

Quarterly development; change over prior-year quarter[1]

in € million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2022	Change
Sales	353.8	354.8	350.1	365.0	339.3	+ 7.6%
EBITDA	81.5[2]	110.8[2]	101.4	80.0	67.1[2]	+ 19.2%
EBIT	54.6[2]	84.1[2]	74.5	52.6	39.5[2]	+ 33.2%

(1) Unaudited; see note "unaudited disclosures" on page 3
(2) Excluding IPO costs (EBITDA and EBIT effect: € -5.6 million in Q4 2022; € +11.3 million net (IPO costs and offsetting assumption of costs by IONOS shareholders) in Q1 2023; € +0.4 million net in Q2 2023)

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

in € million	2019	2020	2021	2022	2023
Sales	924.1	988.2	1,103.3	1,293.0	1,423.7
EBITDA	319.5	340.4	329.3[2]	329.2[3]	373.7[4]
EBITDA margin	34.6%	34.4%	29.8%	25.5%	26.2%
EBIT	202.3[1]	229.5	216.7[2]	216.8[3]	265.8[4]
EBIT margin	21.9%	23.2%	19.6%	16.8%	18.7%

(1) Excluding trademark writeups Strato (EBIT effect: € +19.4 million)
(2) Excluding IPO costs (EBITDA and EBIT effect: € -3.0 million)
(3) Excluding IPO costs (EBITDA and EBIT effect: € -8.8 million)
(4) Excluding IPO costs (EBITDA and EBIT effect: € +11.7 million net (IPO costs and offsetting assumption of costs by IONOS shareholders))

Concrete plans for the IONOS IPO were announced on January 17, 2023 as part of an "intention to float" (ITF) and the IPO was completed on February 8, 2023.

The shares of IONOS Group SE have since been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) under ISIN: DE000A3E00M1, WKN: A3E00M, ticker symbol: IOS.

United Internet received gross proceeds of around € 292 million from the sale of shares, while the entire placement volume amounted to around € 389 million.

Following the IPO of IONOS Group SE, United Internet holds 63.8% and Warburg Pincus 21.2% of IONOS shares. 15.0% of shares are in free float.

Group investments

Significant changes in investments

Investment in Kublai
As the former anchor investor in Tele Columbus AG, United Internet AG announced on December 21, 2020 that, together with Morgan Stanley Infrastructure Partners, it would provide sustained support for the implementation of Tele Columbus's Fiber Champion strategy.

In a first step, Kublai GmbH (a bidding company backed by Morgan Stanley) submitted a voluntary public takeover offer for Tele Columbus shares. After the successful completion of the takeover bid, United Internet contributed its Tele Columbus shares to Kublai in April 2021 and raised its stake in Kublai to 40%. The remaining 60% of shares are held by Morgan Stanley Infrastructure Partners.

Kublai currently holds 95.39% of Tele Columbus shares.

In addition to Kublai GmbH and its other (fully consolidated) core operating companies, United Internet held the following other minority shareholdings as of December 31, 2023, which are included in its result from associated companies.

Minority holdings in partner companies

In July 2013, United Internet acquired a stake in **Open-Xchange AG** (main activity: e-mail and collaboration solutions). United Internet has already been working successfully with the company for many years in its Applications business. As of December 31, 2023, United Internet's share of voting rights amounted to 25.39%. United Internet expects Open-Xchange to post increased revenues and a slightly negative EBITDA for the fiscal year 2023.

In April 2014, United Internet acquired a stake in **uberall GmbH** (main activity: online listings). In addition, uberall and IONOS agreed a long-term cooperation contract for the use of uberall solutions. As of December 31, 2023, the share of voting rights held by United Internet amounted to 25.10%. For 2023, United Internet anticipates increased sales of uberall with a slightly positive EBITDA result.

In April 2017, United Internet acquired a stake in **rankingCoach International GmbH** (main activity: online marketing solutions). In addition to the equity stake, rankingCoach and IONOS signed a long-term cooperation agreement for IONOS SE to use the online marketing solutions of rankingCoach as part of its hosting and cloud products marketed in Europe and North America. As of December 31, 2023, the share of voting rights amounted to 31.52%. United Internet expects rankingCoach to achieve sales growth in 2023 and a slightly positive EBITDA result.

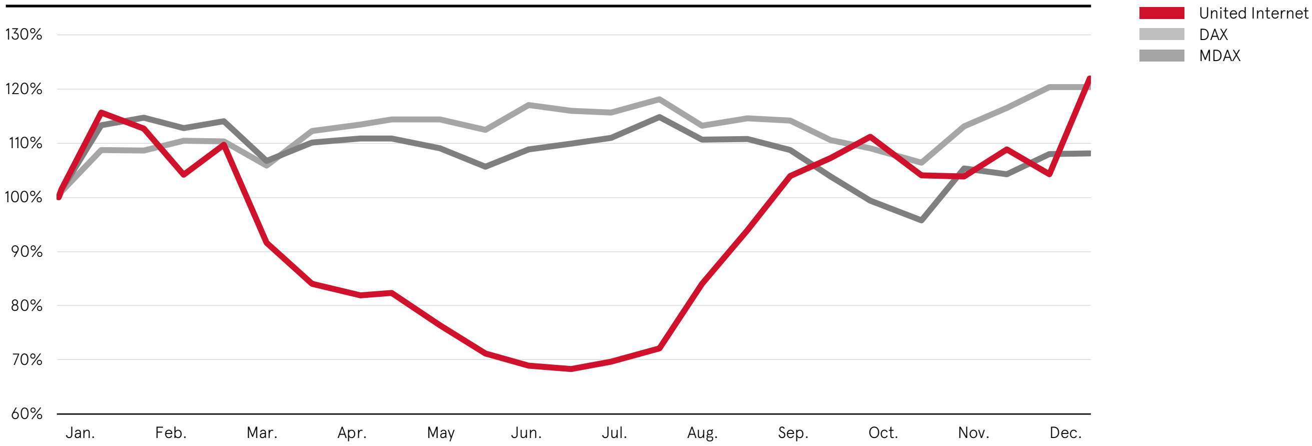
Following the contribution of affilinet GmbH to AWIN in October 2017, United Internet also holds a stake in **AWIN AG** (main activity: affiliate marketing). Several United Internet subsidiaries are currently working together with AWIN and using the company's affiliate network as part of their marketing mix. As of December 31, 2023, United Internet's share of voting rights amounted to 20.00%. United Internet expects further strong sales growth for AWIN in its fiscal year 2023 and a strongly positive EBITDA result.

Share and dividend

Share

In the fiscal year 2023, the United Internet share price rose strongly by 22.0% to € 23.04 as of December 31, 2023 (December 31, 2022: € 18.89). The share thus outperformed its comparative indices, which also rose year on year (DAX 20.3%; MDAX 8.0%).

Share performance 2023, indexed



There was a corresponding increase in the **market capitalization** of United Internet AG from around € 3.66 billion in the previous year to around € 4.42 billion as of December 31, 2023.

In the fiscal year 2023, average daily trading via the XETRA electronic computer trading system amounted to around 410,000 shares (prior year: around 220,000) with an average value of € 7.1 million (prior year: € 5.8 million).

Multi-period overview: share performance
(as of: December 31, 2023; in €; all stock exchange figures based on Xetra trading)

	2019	2020	2021	2022	2023
Closing price	29.28	34.43	34.94	18.89	23.04
Performance	-23.4%	+ 17.6%	+ 1.5%	-45.9%	+ 22.0%
Year-high	40.42	43.88	39.34	35.45	23.06
Year-low	24.21	20.76	31.63	18.14	12.54
Average daily turnover	16,415,087	13,355,218	8,149,290	5,777,474	7,078,087
Average daily turnover (units)	522,809	414,786	233,717	221,596	413,556
Number of shares (units)	205 million	194 million	194 million	194 million	192 million
Market value	6.00 billion	6.68 billion	6.78 billion	3.66 billion	4.42 billion
EPS[1]	2.13	1.55	2.23	1.97	1.35
Adjusted EPS[2]	1.88	1.87	2.11	2.00	1.41

(1) EPS from continued operations
(2) EPS from continued operations and without special items

Share data

Share type	Registered common stock
Notional share of capital stock	€ 1.00
German Securities Identification Number (WKN)	508903
International Securities Identification Number (ISIN)	DE0005089031
Ticker symbol Xetra	UTDI
Reuters ticker symbol	UTDI.DE
Bloomberg ticker symbol	UTDI.GR
Segment	Prime Standard
Index	MDAX, TecDAX
Sector	Software

Shareholder structure
(as of: December 31, 2023)

Shareholder	Shareholding
Ralph Dommermuth - Ralph Dommermuth GmbH & Co. KG Beteiligungsgesellschaft (45.91%) - Ralph Dommermuth GmbH (1.98%) - RD Holding GmbH & Co. KG (1.04%)	48.94%
United Internet (treasury stock)	9.99%
Bank of America	4.93%
Wellington	3.01%
Free float	33.13%

Presentation of the total positions shown above based on the most recent notification of voting rights in accordance with sections 33 et seq. 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.

The treasury shares held by United Internet do not carry voting or dividend rights. Due to the non-voting nature of treasury shares, the proportion of shares with voting rights held by companies controlled by Mr. Dommermuth in relation to the total number of voting rights of United Internet AG amounts to 54.37%, the proportion of shares with voting rights held by Bank of America to 5.48%, the proportion of shares with voting rights held by Wellington to 3.35%, and the proportion of shares with voting rights in free float to 36.80%.

Dividend

United Internet’s **dividend policy** aims to pay a dividend to shareholders of approx. 20-40% of adjusted consolidated net income after minority interests (adjusted consolidated net income attributable to the “shareholders of United Internet AG” – according to the consolidated statement of comprehensive income), provided that funds are not needed for further Company development.

At the Annual Shareholders' Meeting of United Internet AG held on May 17, 2023, 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 2022, was approved with a majority of 99.93% of votes cast. As a consequence, a total of € 86.4 million (prior year: € 93.4 million) was distributed on May 23, 2023. The **payout ratio** was thus 23.5% of the adjusted consolidated net income after minority interests for 2022 (€ 374.1 million) and – in view of the investments already made and still due to be made in the Company’s own mobile communications network and in the expansion of its own fiber-optic network – therefore within the range targeted by the dividend policy.

For the fiscal year 2023, the Management Board of United Internet AG will propose to the Supervisory Board a dividend of € 0.50 per share (prior year: € 0.50). The Management Board and Supervisory Board will discuss this **dividend proposal** at the Supervisory Board meeting on March 20, 2024 (and thus after the preparation deadline for this Management Report). The Annual Shareholders' Meeting of United Internet AG on May 17, 2024 will then vote on whether to adopt the joint proposal of the Management Board and Supervisory Board.

On the basis of around 172.8 million shares with dividend entitlement (as of December 31, 2023), the total **dividend payment** for fiscal year 2023 would amount to € 86.4 million. The **dividend payout ratio** would therefore be 35.6% of adjusted consolidated net income after minority interests for 2023 (€ 243.0 million) and thus lie – despite the investments already made and still due to be made in the Company's own mobile communications network and in the expansion of its own fiber-optic network – within the upper range of the dividend policy. Based on the closing price of the United Internet share on December 31, 2023, the **dividend yield** would be 2.2%.

Multi-period overview: dividend development

	For 2019	For 2020	For 2021	For 2022	For 2023(1)
Dividend per share (in €)	0.50	0.50	0.50	0.50	0.50
Dividend payment (in € million)	93.9	93.6	93.4	86.4	86.4
Payout ratio	22.2%	32.2%	22.4%	23.5%	37.1%
Adjusted payout ratio(2)	23.6%	26.7%	23.7%	23.1%	35.6%
Dividend yield(3)	1.7%	1.5%	1.4%	2.6%	2.2%

(1) Subject to approval of Supervisory Board and Annual Shareholders' Meeting 2024
(2) Without special items
(3) As of: December 31

Annual Shareholders' Meeting 2023

The Annual Shareholders' Meeting of United Internet AG was held in Frankfurt am Main on May 17, 2023.

Of the Company's registered capital stock of € 192,000,000.00, divided into192,000,000 no-par value shares, of which 19,183,705 treasury shares without voting rights, a total of 135,921,273 no-par value shares with the same number of voting rights were represented. Including the postal votes received for 956,726 no-par value shares, this corresponded to a total of 136,877,999 no-par value shares or 71.29% of the registered capital stock, or 79.20% of the registered capital stock less treasury shares.

The shareholders adopted all resolutions on the agenda requiring voting with large majorities.

Capital stock and treasury shares

As at the balance sheet date of December 31, 2022, United Internet AG held 7,284,109 treasury shares. This corresponded to approx. 3.75% of the capital stock at the time of 194,000,000 shares.

On February 14, 2023, the Management Board of United Internet AG decided, with the approval of the Supervisory Board and on the basis of the authorization granted by the Annual Shareholders' Meeting of May 20, 2020 regarding the acquisition and use of treasury shares, to initially cancel two million treasury shares and to reduce the **capital stock** of United Internet AG by € 2 million from € 194 million to € 192 million. The number of shares issued decreased accordingly by two million shares, from 194 million shares to 192 million shares. The pro-rata amount of capital stock per issued share remained unchanged at € 1 per share. The cancellation of the treasury shares serves to increase the proportionate participation of United Internet shareholders. Following the cancellation of the aforementioned two million shares, United Internet AG initially held 5,284,109 treasury shares. This corresponded to approx. 2.75% of the Company's current capital stock.

Furthermore, the Management Board of United Internet AG also decided on February 14, 2023, with the approval of the Supervisory Board, to make **a public share buyback offer** to the shareholders of United Internet AG for a total of up to 13.9 million shares at a price of € 21.00 per share. The total volume of the share buyback offer therefore amounted to up to € 291.9 million. With the public share buyback offer, United Internet AG made use of the authorization granted by the Annual Shareholders' Meeting of the Company on May 20, 2020, under which up to 10% of the Company's capital stock could be bought back by August 31, 2023. The shares bought back may be used for all of the purposes permitted under the authorization granted by the Annual Shareholders' Meeting of May 20, 2020. The shares may also be canceled.

In the course of the public share buyback offer, a total of 27,553,147 shares were tendered to the Company by the end of the offer period. The offer was based on the buyback of up to 13.9 million shares in total. As the total number of shares for which the offer was accepted exceeded this maximum amount, the declarations of acceptance were considered on a pro rata basis, i.e., corresponding to the ratio of the maximum number of United Internet shares to be purchased pursuant to this offer, i.e., 13.9 million United Internet shares, to the aggregate number of United Internet shares tendered by United Internet shareholders for buyback.

Upon completion of the above mentioned capital reduction by cancellation of 2 million treasury shares and the buyback of 13,899,596 shares (without fractional amounts) as part of the public share buyback offer to the shareholders of United Internet AG, United Internet holds 19,183,705 **treasury shares** as of December 31, 2023, corresponding to 9.99% of the current capital stock of 192 million shares. In view of the offer price of € 21.00 per United Internet share, the purchase price for the buyback of 13,899,596 shares in total amounted to € 291.9 million. For further details, please refer to note 39 of the Notes to the Consolidated Financial Statements.

Investor Relations

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 fiscal year 2023. The capital market was informed via the quarterly statements, half-year financial report and annual report, press and analyst conferences, as well as via various webcasts. The Company's management and Investor Relations department explained the Company's strategy and financial results in numerous one-on-one discussions at the Company's offices in Montabaur, as well as at roadshows and conferences in Europe and North America. In addition, over 15 national and international investment banks are in contact with the Company's Investor Relations department and regularly publish studies and comments on the Company's progress and share performance.

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 at https://www.united-internet.de/investor-relations/finanzkalender.html. Online versions of the Annual Report and Sustainability Report are also provided on the corporate website.

Personnel report

As a telecommunications and internet company, United Internet is subject to the defining characteristics of the industry: rapid change, short innovation cycles, and fierce competition. United Internet AG has risen to these challenges with great success over many years now. One of the key factors for the success and growth of the United Internet Group are its dedicated and highly competent employees and executives with their entrepreneurial and autonomous approach to work. The Company therefore attaches great importance to a sustainable and balanced strategy across all aspects of its HR activities: from employee recruitment, to targeted entry-level and vocational training formats, tailored skills training programs, support with individual career paths, through to sustainable management development programs, and the long-term retention of executives, high potentials, and top performers.

United Internet AG was once again recognized as a top employer in 2023. Based on an independent study of the “Top Employers Institute”, United Internet received the “TOP Employers Germany” award – as in the preceding years. Certification is only awarded to organizations which offer staff attractive working conditions. Assessment is based on career opportunities, employer benefits, and working conditions, as well as training and development opportunities.

Headcount and personnel expenses

In the highly competitive market for skilled workers in the ICT sector, United Internet once again succeeded in recruiting top staff for its key positions and thus meeting the needs of its growing business. In addition to targeted employer branding, partnerships with education and training providers, and the positive impact of the Company’s product brands, our successful recruitment efforts center around a candidate-friendly, highly competitive acquisition and selection process.

In the fiscal year 2023, the number of employees increased year on year by 4.7%, or 488 employees, to 10,962 (prior year: 10,474). This increase was in line with the development of business and resulted mainly from the Consumer Access and Business Access segments due to the strong increase in headcount for the rollout of 1&1’s mobile network and the expansion of 1&1 Versatel’s fiber-optic network.

Headcount in Germany rose by 5.0% or 431 employees, to 8,981 as of December 31, 2023 (prior year: 8,550). The number of employees at the Group’s non-German subsidiaries grew by 3.0%, or 57 employees, to 1,981 (prior year: 1,924).

Multi-period overview: headcount development by location(1); year-on-year change

	2019	2020	2021	2022	2023	Change
Employees, total	9,374	9,638	9,975	10,474	10,962	+ 4.7%
thereof in Germany	7,761	7,929	8,199	8,550	8,981	+ 5.0%
thereof abroad	1,613	1,709	1,776	1,924	1,981	+ 3.0%

(1) Active employees as December 31 of the respective fiscal year

From the segment perspective, there were 3,320 employees in the Consumer Access segment (prior year: 3,163), 1,522 in the Business Access segment (prior year: 1,336), 1,072 in the Consumer Applications segment (prior year: 1,036), and 4,364 in the Business Applications segment (prior year: 4,247). A further 684 people (prior year: 692) were employed at the Group’s headquarters (Corporate/HQ).

Multi-period overview: headcount development by segment[1] ; year-on-year change

	2019	2020	2021	2022	2023	Change
Employees, total	9,374	9,638	9,975	10,474	10,962	+ 4.7%
thereof Consumer Access	3,163	3,191	3,167	3,163	3,320	+ 5.0%
thereof Business Access	1,184	1,188	1,238	1,336	1,522	+ 13.9%
thereof Consumer Applications	1,007	1,005	1,004	1,036	1,072	+ 3.5%
thereof Business Applications	3,416	3,631	3,998	4,247	4,364	+ 2.8%
thereof Corporate/Shared Services	604	623	568	692	684	- 1.2%

(1) Active employees as December 31 of the respective fiscal year

Due to the rise in headcount, as well as salary adjustments to compensate for high inflation, **personnel expenses** rose by 12.5% to € 760.0 million in the fiscal year 2023 (prior year: € 675.5 million). As a result, the **personnel expense ratio** increased to 12.2%.

Multi-period overview: development of personnel expenses; year-on-year change

in € million	2019	2020	2021	2022	2023	Change
Personnel expenses	552.8	592.3	645.4	675.5	760.0	+ 12.5%
Personnel expense ratio	10.6%	11.0%	11.4%	11.4%	12.2%	

Sales per employee, based on annual average headcount, amounted to approx. € 580k in fiscal year 2023 (prior year: approx. € 579k).

Diversity

Respect for diversity is a core aspect of United Internet's corporate culture. The reason for this is simple: only a workforce that mirrors the many different facets of society offers the best possible conditions for creativity and productivity, and makes employees – and the organization itself – unique. This unique diversity creates an incomparable wealth of potential ideas and innovations, increasing the Company's competitiveness and providing opportunities for all.

All United Internet employees are to be treated with respect and should receive the same opportunities, regardless of their nationality, ethnic origin, religion, ideological beliefs, gender and gender identity, age, disability, or sexual orientation and identity. Each employee should be able to find the area of activity and function in which they can make the most of their individual potential and talents.

Multi-period overview: employees by gender[1]

	2019	2020	2021	2022	2023
Women	32%	32%	33%	32%	33%
Men	68%	68%	67%	68%	67%

(1) Active employees as December 31 of the respective fiscal year

The average age of the United Internet Group's employees at the end of fiscal year 2023 was around 40 (prior year: 39).

Multi-period overview: employee age profile[1]

	2019	2020	2021	2022	2023
< 30	23%	23%	22%	23%	20%
30 – 39	34%	33%	33%	31%	32%
40 – 49	27%	27%	27%	27%	28%
≥ 50	16%	17%	18%	19%	20%

(1) Active employees as December 31 of the respective fiscal year

Employees of United Internet AG work in an international environment at around 40 sites around the world.

Multi-period overview: employees by country[1]

	2019	2020	2021	2022	2023
Employees, total	9,374	9,638	9,975	10,474	10,962
thereof Germany	7,761	7,929	8,199	8,550	8,981
thereof France	3	3	4	7	8
thereof UK	233	251	251	246	273
thereof Austria	43	44	65	67	72
thereof Philippines	360	395	392	468	464
thereof Poland	309	299	333	352	339
thereof Romania	195	217	229	242	261
thereof Spain	330	340	381	422	445
thereof USA	140	160	121	120	119

(1) Active employees as December 31 of the respective fiscal year

For further information on topics such as "Working Conditions and HR Strategy", "Training and Education", "Recruiting and Retaining Young Talent", "Diversity and Equal Opportunities", and "Occupational Health and Safety, and Health Management", please refer to the chapter "Social Responsibility" in the Sustainability Report 2023 of United Internet AG, which will be published in late March 2024 (at https://www.united-internet.de/en/investor-relations/publications/reports.html).

Liquidity and finance

The Group’s financial strategy is primarily geared to the strategic business plans of its operating business units. In order to provide sufficient flexibility for further growth, United Internet therefore constantly monitors trends in funding opportunities arising on the financial markets. Various options for funding and potential for optimizing existing financial instruments are regularly reviewed. The main focus is on ensuring sufficient liquidity and the financial independence of the Group at all times. In addition to its own financial strength, the Group maintains sufficient liquidity reserves with core banks. The flexible use of these liquidity reserves enables efficient management of Group liquidity, as well as optimal debt management to reduce interest costs.

A euro cash pooling agreement (zero balancing) has been in place between United Internet AG and certain subsidiaries since July 2012. Under the agreement, credit and debit balances of the participating Group subsidiaries are pooled and netted via several cascades in a central bank account of United Internet AG and available each banking day.

At the end of the reporting period on December 31, 2023, the Group’s **bank liabilities** amounted to € 2,464.3 million (prior year: € 2,155.5 million) and mainly comprise promissory note loans, syndicated loans, and bilateral credit agreements / credit facilities.

Promissory note loans

In the fiscal year 2023, United Internet AG successfully placed a promissory note loan (“Schuldscheindarlehen”) – as in the years 2017 and 2021 – with an amount of € 300 million. The proceeds from this transaction are used for general company funding. There are no covenants attached to the new promissory note loan.

Moreover, two promissory note loan tranches totaling € 238.0 million were redeemed on schedule in the fiscal year 2023.

At the end of the reporting period on December 31, 2023, total liabilities from the promissory note loans 2017, 2021, and 2023 with maximum terms until May 2030 therefore amounted to € 1,162.0 million (prior year: € 1,100.0 million).

Partial repayment of the shareholder loan by IONOS Group SE

In December 2023, IONOS Group SE concluded a loan of € 800 million with a banking syndicate to partially refinance its existing shareholder loan with United Internet AG. The refinancing is at a fixed annual interest rate of 4.67%. The syndicated loan has a term until December 15, 2026 and is due at maturity.

Following the partial repayment, the shareholder loan with United Internet amounts to € 350 million and is subordinated. The shareholder loan continues to have a fixed annual interest rate of 6.75%, a term until December 15, 2026, and is to be gradually repaid before this date.

Syndicated loan facilities & syndicated loans

On December 21, 2018, a banking syndicate granted United Internet AG a revolving syndicated loan facility totaling € 810 million until January 2025. In the fiscal year 2020, the Company made use of a contractually agreed prolongation option and extended the term of the revolving syndicated loan facility for the period from January 2025 to January 2026. A credit facility of € 690 million was agreed for this prolongation period.

As of the balance sheet date on December 31, 2023, € 150 million of the revolving syndicated loan facility had been drawn (prior year: € 550 million). As a result, funds of € 660 million (prior year: € 260 million) were still available to be drawn from the credit facility as at the balance sheet date.

Bilateral credit agreements / bilateral credit facilities

The Company also has bilateral credit agreements with several banks totaling € 50 million (prior year: € 200 million). The term expires at the latest on August 12, 2024. As of the balance sheet date on December 31, 2023, these bilateral credit agreements were used in full (as in the previous year).

In addition, various bilateral credit facilities amounting to € 475 million (prior year: € 400 million) are available to the Company. These have been granted in part until further notice and in part have terms until March 31, 2025. Drawings of € 295 million (prior year: € 300 million) had been made from these credit facilities as at the end of the reporting period on December 31, 2023.

United Internet therefore had **free credit lines** from syndicated loan facilities and bilateral credit agreements totaling € 840 million (prior year: € 360 million) as at the end of the reporting period on December 31, 2023.

In addition to the above mentioned credit lines, the Group has guaranty credit facilities of € 105.0 million (prior year: € 105.0 million) as at the end of the reporting period, which in some cases can also be used by other Group companies. The guaranty credit facilities are available in particular for the provision of operational bank guarantees.

Further disclosures on the various financial instruments, drawings, interest rates, and maturities are provided under note 31 of the Notes to the Consolidated Financial Statements.

As of the reporting date, there are purchase obligations for property, plant and equipment (especially for network infrastructure) totaling € 591.4 million (prior year: € 370.8 million). In addition, there are purchase commitments for intangible assets (especially software) totaling € 68.0 million (prior year: € 143.9 million).

For further details on significant investment obligations, please refer to notes 26 and 27 of the Notes to the Consolidated Financial Statements.

2.3 Position of the Group

There were **no significant acquisition or divestment effects** on consolidated and segment sales and EBITDA in the fiscal year 2023. There were also only **minor negative currency effects** at Group and segment level (mainly Business Applications segment) amounting to € 9.6 million for sales and € 2.5 million for EBITDA. The same applies to the Group's asset position, for which there were no significant effects from currency fluctuations.

Group's earnings position

In the fiscal year 2023, the total number of **fee-based customer contracts** in the United Internet Group was raised by a total of 1.03 million contracts, from 27.46 million to 28.49 million contracts.

Consolidated sales increased by 5.0% in the fiscal year 2023, from € 5,915.1 million in the previous year to € 6,213.2 million. **Sales outside Germany** improved by 5.0% from € 625.5 million to € 656.9 million (despite negative currency effects of € 9.6 million).

The **cost of sales** increased from € 3,906.3 million to € 4,145.1 million in the reporting period. Consequently, the cost of sales ratio rose from 66.0% (of sales) in the previous year to 66.7% (of sales) in 2023. This was due in part to a strong year-on-year increase in low-margin hardware sales in the Consumer Access segment. As a result, the **gross margin** fell from 34.0% to 33.3% and consequently the growth in **gross profit** of 3.0% from € 2,008.7 million to € 2,068.1 million fell short of sales growth (5.0%).

The rise in **sales and marketing expenses** was slightly below that of sales, from € 907.2 million (15.3% of sales) in the previous year to € 943.2 million (15.2% of sales), while the increase in **administrative expenses** from € 248.5 million (4.2% of sales) to € 275.9 million (4.4% of sales) was slightly in excess of sales growth.

This disproportionately strong rise in some of the above mentioned cost items results in part from increased expenditure for the rollout of 1&1's mobile communications network, higher depreciation and amortization due to investments in the expansion of the fiber-optic network and mobile network, and strong increases in personnel expenses following an expansion of headcount as well as significant salary adjustments to keep pace with high inflation.

Multi-period overview: Development of key cost items

in € million	2019	2020	2021	2022	2023
Cost of sales	3,427.0	3,769.3	3,684.9[1]	3,906.3	4,145.1
Cost of sales ratio	66.0%	70.2%	65.3%	66.0%	66.7%
Gross margin	34.0%	29.8%	34.7%	34.0%	33.3%
Selling expenses	741.8	767.9	835.7	907.2	943.2
Selling expenses ratio	14.3%	14.3%	14.8%	15.3%	15.2%
Administrative expenses	205.9	206.0	243.0	248.5	275.9
Administrative expenses ratio	4.0%	3.8%	4.3%	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)

Other operating expenses decreased from € 46.5 million in the previous year to € 33.3 million in 2023 and **other operating income** from € 92.3 million to € 60.6 million. Due to an increase in payment defaults, **impairment losses on receivables and contract assets** rose from € 117.4 million in the previous year to € 122.3 million in 2023.

Key earnings figures were influenced by two **special items** in the fiscal years 2023 and 2022:

- The special item **"IPO costs IONOS"** results from one-off costs in connection with the IPO of IONOS Group SE, as well as – with an opposing effect in 2023 – the partial assumption of costs by IONOS co-owner Warburg Pincus, and had an overall **negative** impact on EBITDA, EBIT, EBT, net income, and EPS in the fiscal years 2023 and 2022.
- The special item **"non-cash valuation effect from derivatives"** results from quarterly revaluations of derivatives and had a **negative** impact on EBITDA, EBIT, EBT, net income, and EPS in the fiscal years 2023 and 2022.

Reconciliation of EBITDA, EBIT, EBT, net income, and EPS with figures adjusted for special items (operating)

in € million; EPS in €	Fiscal year 2023	Fiscal year 2022
EBITDA	1,292.1	1,262.5
IPO costs IONOS	1.7	8.8
Non-cash valuation effect from derivatives	6.3	0.5
EBITDA adjusted for special items (operating)	**1,300.1**	**1,271.8**
EBIT	754.0	781.4
IPO costs IONOS	1.7	8.8
Non-cash valuation effect from derivatives	6.3	0.5
EBIT adjusted for special items (operating)	**762.0**	**790.7**
EBT	597.6	711.5
IPO costs IONOS	1.7	8.8
Non-cash valuation effect from derivatives	6.3	0.5
EBT adjusted for special items (operating)	**605.6**	**720.8**
Net income	362.2	464.7
IPO costs IONOS	1.7	8.7
Non-cash valuation effect from derivatives	4.4	0.4
Net income adjusted for special items (operating)	**368.3**	**473.8**
Net income "Shareholders United Internet"	232.7	367.2
IPO costs IONOS	5.9	6.5
Non-cash valuation effect from derivatives	4.4	0.4
Net income "Shareholders United Internet" adjusted for special items (operating)	**243.0**	**374.1**
EPS	1.35	1.97
IPO costs IONOS	0.03	0.03
Non-cash valuation effect from derivatives	0.03	0.00
EPS adjusted for special items (operating)	**1.41**	**2.00**

Adjusted for the above mentioned special items, the key performance measures EBITDA, EBIT, EBT, net income, and EPS for the fiscal year 2023 developed as follows:

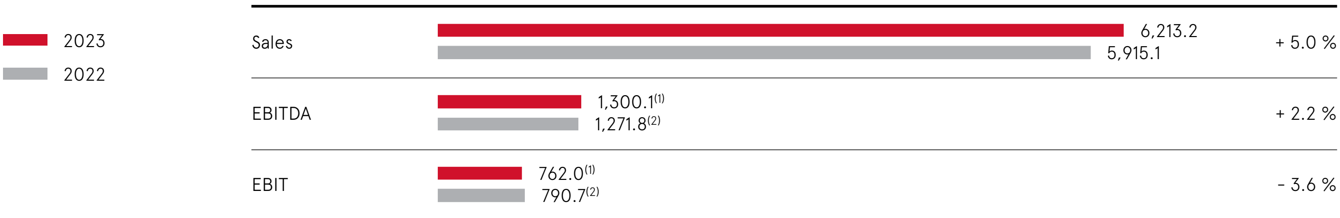
Consolidated operating EBITDA rose by € 28.2 million (2.2%), from € 1,271.8 million in the previous year to € 1,300.1 million. This at first glance only moderate EBITDA growth was due in particular to planned increased costs for the construction of 1&1's mobile communications network. In 2023, these rose to € -132.4 million, after € -52.4 million in the previous year.

Consolidated operating EBIT was additionally burdened by increased depreciation, especially for investments in the fiber-optic network and the mobile network (€ -71.3 million). As a result, it fell by € -28.7 million (-3.6%) from € 790.7 million to € 762.0 million. Since the beginning of 2024, the increase in depreciation on investments – mainly due to the operational launch of 1&1's mobile network – is being offset by steadily increasing cost savings on advance mobile services.

There was a corresponding fall in the **operating EBITDA margin** and the **operating EBIT margin** from 21.5% to 20.9% and from 13.4% to 12.3%, respectively.

The number of Group **employees** rose by 4.7% to 10,962 in 2023 (prior year: 10,474).

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



(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -6.3 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -1.7 million net (IPO costs and offsetting pro rata assumption of costs by the IONOS co-shareholder))
(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -0.5 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -8.8 million)

Quarterly development; change over prior-year quarter[1]

in € million	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2022	Change
Sales	1,538.3	1,489.8	1,560.8	1,624.3	1,530.8	+ 6.1%
EBITDA[2]	319.0	351.1	325.8	304.2	285.3	+ 6.6%
EBIT[2]	188.9	219.6	191.0	162.5	165.5	- 1.8%

(1) Unaudited; see note "unaudited disclosures" on page 3
(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -12.7 million in Q4 2022; € -4.5 million in Q1 2023; € +0.1 million in Q2 2023; € -0.9 million in Q3 2023; € -1.0 million in Q4 2023) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -5.6 million in Q4 2022; € +0.5 million net (IPO costs and offsetting pro rata assumption of costs by the IONOS co-shareholder) in Q1 2023; € -2.1 million net in Q2 2023; € -0.1 million net in Q4 2023)

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

in € million	2019	2020	2021	2022	2023
Sales	5,194.1	5,367.2	5,646.2	5,915.1	6,213.2
EBITDA	1,244.2 (1)	1,218.2 (2)	1,262.4 (3)	1,271.8 (4)	1,300.1 (5)
EBITDA margin	24.0%	22.7%	22.4%	21.5%	20.9%
EBIT	770.2 (1)	744.2 (2)	788.6 (3)	790.7 (4)	762.0 (5)
EBIT margin	14.8%	13.9%	14.0%	13.4%	12.3%

(1) Excluding extraordinary income from the sale of virtual minds shares (EBITDA and EBIT effect: € +21.5 million) and excluding trademark writeups Strato (EBIT effect: € +19.4 million)
(2) Including the non-period positive effect on earnings in 2021 attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million) and excluding write-off of VDSL contingents that are still available (EBITDA and EBIT effect: € -129.9 million)
(3) Excluding the non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million), excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +4.9 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € - 3.0 million)
(4) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -0.5 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -8.8 million)
(5) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € -6.3 million) and excluding IPO costs IONOS (EBITDA and EBIT effect: € -1.7 million net (IPO costs and offsetting pro rata assumption of costs by the IONOS co-shareholder))

Due to the decline in operating EBIT as explained above, **operating earnings before taxes (EBT)** of € 605.6 million were also down on the previous year (€ 720.8 million). Likewise, **operating consolidated net income** and **operating consolidated net income attributable to shareholders of United Internet AG** fell from € 473.8 million to € 368.3 million and from € 374.1 million to € 243.0 million, respectively. In addition to the lower EBIT result (€ -28.7 million), this decline in the key operating figures was mainly due to a year-on-year decrease in the result from associated companies (€ -26.4 million) and the financial result (€ -60.0 million). The latter was impacted by the increase in interest rates.

Without consideration of the valuation effects from derivatives and the IONOS IPO costs (total EPS effect: € -0.06; prior year: € -0.03), operating EPS in the fiscal year 2023 declined from € 2.00 in the prior-year period to € 1.41. In addition to the decrease in EBIT (EPS effect: € -0.13), this was also due to a lower result from associated companies (EPS effect: € -0.16), and the lower financial result (EPS effect: € -0.30).

Group's financial position

Despite the decline in net income, **operative cash flow** rose slightly from € 1,010.7 million[1] in the previous year to € 1,018.0 million in the fiscal year 2023.

Cash flow from operating activities increased to € 828.5 million (prior year: € 616.4 million[1] – incl. phasing effects of € -97.2 million from Q4 2021). The increase mainly results from the change in trade accounts payable.

Cash flow from investing activities in the reporting period led to a net outflow of € -798.2 million (prior year: € -701.6 million[1]). This resulted mainly from capital expenditures of € -797.9 million (prior year: € -681.4 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. **Free cash flow** in the fiscal year 2023 amounted to € 36.4 million (prior year: € -60.5 million[1] – incl. phasing effects). After deducting the cash flow item "Redemption of lease liabilities" – disclosed in cash flow from financing activities since the initial application of the accounting standard IFRS 16 – **free cash flow (after leasing)** amounted to € -85.0 million (prior year: € -173.2 million[1]).

Cash flow from financing activities in the fiscal year 2023 was dominated by the purchase of treasury shares (€ -291.9 million; prior year: € 0), the net assumption of loans (€ +305.2 million; prior year: € +328.6 million[1]), payments for interest (€ -91.0 million; prior year: € -30,2 million[1]), the redemption of lease liabilities (€ -121.3 million; prior year: € -112.6 million), dividend payments (€ -86.4 million; prior year: € -93.4 million), and payments received from minority shareholders (€ 305.0 million; prior year: € -15.2 million disbursement) in connection with the IPO of IONOS Group SE as well as from purchase price payments made by Warburg Pincus.

As of December 31, 2023, **cash and cash equivalents** amounted to € 27.7 million – compared to € 40.5 million on the same date last year.

Development of key cash flow figures

in € million	2023	2022[1]	Change
Operative cash flow	1,018.0	1,010.7	+ 7.3
Cash flow from operating activities	828.5	616.4	+ 212.1
Cash flow from investing activities	-798.2	-701.6	- 96.6
Free cash flow[2]	-85.0[3]	-173.2[4]	+ 88.2
Cash flow from financing activities	-43.6	14.2	- 57.8
Cash and cash equivalents on December 31	27.7	40.5	- 12.8

(1) With regard to the changes in the presentation of the cash flow statement, reference is made to the explanations in the notes to the consolidated financial statements under note 46
(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
(2) 2023 including the repayment portion of lease liabilities (€ 121.3 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)
(4) 2022 including the repayment portion of lease liabilities (€ 112.6 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

For further details on guarantees, leases, and other financial obligations, please refer to chapter 2.2 "Business development", "Liquidity and finance", as well as note 45 of the Notes to the Consolidated Financial Statements.

Group's asset position

The **balance sheet total** increased from € 10.358 billion as of December 31, 2022 to € 11.246 billion on December 31, 2023.

Development of current assets

in € million	Dec. 31, 2023	Dec. 31, 2022	Change
Cash and cash equivalents	27.7	40.5	- 12.8
Trade accounts receivable	508.9	418.8	+ 90.1
Contract assets	676.1	648.4	+ 27.7
Inventories	178.1	120.6	+ 57.5
Prepaid expenses	303.8	282.1	+ 21.7
Other financial assets	96.9	106.6	- 9.7
Income tax claims	34.8	34.7	+ 0.0
Other non-financial assets	13.8	19.7	- 5.9
Total current assets	**1,840.1**	**1,671.4**	**+ 168.7**

Current assets rose from € 1,671.4 million as of December 31, 2022 to € 1,840.1 million on December 31, 2023. However, **cash and cash equivalents** disclosed under current assets decreased from € 40.5 million to € 27.7 million due to closing-date effects. Likewise, **trade accounts receivable** fell from € 418.8 million to € 508.9 million due to closing-date effects. As a result of customer growth, the item current **contract assets** rose from € 648.4 million to € 676.1 million and includes current claims against customers due to accelerated revenue recognition from the application of IFRS 15. In order to avoid supply bottlenecks, **inventories** were raised from € 120.6 million to € 178.1 million. Due to prepayments made to advance service providers and closing-date effects, **current prepaid expenses** increased from € 282.1 million to € 303.8 million and mainly comprise the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. The items current **other financial assets**, **income tax claims**, and **other non-financial assets** were largely unchanged.

Development of non-current assets

in € million	Dec. 31, 2023	Dec. 31, 2022	Change
Shares in associated companies	373.2	429.3	- 56.1
Other financial assets	8.3	10.7	- 2.4
Property, plant and equipment	2,405.3	1,851.0	+ 554.3
Intangible assets	2,001.6	2,029.3	- 27.7
Goodwill	3,628.8	3,623.4	+ 5.4
Trade accounts receivable	34.8	41.4	- 6.6
Contract assets	206.6	216.7	- 10.1
Prepaid expenses	679.8	429.0	+ 250.8
Deferred tax assets	67.1	56.3	+ 10.8
Total non-current assets	**9,405.6**	**8,687.1**	**+ 718.5**

Non-current assets rose strongly from € 8,687.1 million as of December 31, 2022 to € 9,405.6 million on December 31, 2023. Due in particular to the deterioration in the pro rata result of investments (mainly Kublai / Tele Columbus), **shares in associated companies** fell from € 429.3 million to € 373.2 million. Capital expenditures in the reporting period (especially for the 5G network rollout and expansion of the fiber-optic network in the Consumer Access and Business Access segments) led to a strong increase in **property, plant and equipment** from € 1,851.0 million to € 2,405.3 million, while **intangible assets** declined from € 2,029.3 million to € 2,001.6 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 € 429.0 million to € 679.8 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	Dec. 31, 2023	Dec. 31, 2022	Change
Trade accounts payable	699.2	561.5	+ 137.7
Liabilities due to banks	582.4	656.7	- 74.3
Income tax liabilities	88.0	52.7	+ 35.3
Contract liabilities	175.0	157.1	+ 17.9
Other accrued liabilities	26.4	5.1	+ 21.3
Other financial liabilities	322.0	333.6	- 11.6
Other non-financial liabilities	129.6	69.0	+ 60.7
Total current liabilities	**2,022.7**	**1,835.6**	**+ 187.1**

Current liabilities increased from € 1,835.6 million as of December 31, 2022 to € 2,022.7 million on December 31, 2023. Due to closing-date effects, current **trade accounts payable** increased from € 561.5 million to € 699.2 million. There was a decrease in current **liabilities due to banks** from € 656.7 million to € 582.4 million as a result of the reduction of short-term liabilities. Current **other non-financial liabilities** increased from € 69.0 million to € 129.6 million and mainly include liabilities due to tax authorities as of the respective balance sheet date. The items **income tax liabilities** and current **contract liabilities** (which mainly include 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 all virtually unchanged.

Development of non-current liabilities

in € million	Dec. 31, 2023	Dec. 31, 2022	Change
Liabilities due to banks	1,881.9	1,498.8	+ 383.0
Deferred tax liabilities	293.0	309.7	- 16.7
Trade accounts payable	3.4	4.3	- 0.9
Contract liabilities	32.7	31.3	+ 1.4
Other accrued liabilities	68.7	67.1	+ 1.6
Other financial liabilities	1,388.3	1,313.3	+ 75.0
Total non-current liabilities	**3,667.9**	**3,224.5**	**+ 443.4**

Non-current liabilities increased from € 3,224.5 million as of December 31, 2022 to € 3,667.9 million on December 31, 2023. This was mainly due to non-current **liabilities due to banks**, which rose from € 1,498.8 million to € 1,881.9 million, largely as a result of the assumption of a promissory note loan totaling € 300 million. As a result of higher leasing additions (IFRS 16), **other financial liabilities** rose from € 1,313.3 million to € 1,388.3 million. The items **deferred tax liabilities**, non-current **trade accounts payable**, non-current **contract liabilities**, as well as non-current **other accrued liabilities** were largely unchanged.

Development of equity

in € million	Dec. 31, 2023	Dec. 31, 2022	Change
Capital stock	192.0	194.0	- 2.0
Capital reserves	2,197.7	1,966.2	+ 231.6
Accumulated profit	2,980.5	2,835.8	+ 144.7
Treasury shares	-459.8	-231.5	- 228.3
Revaluation reserves	0.1	1.3	- 1.2
Currency translation adjustment	-12.5	-15.7	+ 3.2
Equity attributable to shareholders of the parent company	**4,898.0**	**4,750.1**	**+ 147.9**
Non-controlling interests	657.0	548.3	+ 108.7
Total equity	**5,555.1**	**5,298.4**	**+ 256.7**

Consolidated **equity capital** rose from € 5,298.4 million as of December 31, 2022 to € 5,555.1 million on December 31, 2023. The Group's **accumulated profit** – comprising the past profits of the consolidated companies, insofar as they were not distributed – rose from € 2,835.8 million to € 2,980.5 million in the fiscal year 2023. At the same time, capital reserves rose from € 1,966.2 million to € 2,197.7 million due to the sale of shares during the IONOS IPO with an opposing effect from the cancellation of treasury shares. As a result of the share buyback explained below, there was an increase in the value of treasury shares from € -231.5 million to € -459.8 million. Treasury shares are deducted from equity capital. The consolidated **equity ratio** fell slightly from 51.2% to 49.4%.

As of December 31, 2022, United Internet AG held a total of 7,284,109 treasury shares, corresponding to approx. 3.75% of the capital stock at the time of 194,000,000 shares. On February 14, 2023, the Management Board of United Internet AG decided, with the approval of the Supervisory Board and on the basis of the authorization granted by the Annual Shareholders' Meeting of May 20, 2020 regarding the acquisition and use of treasury shares, to initially cancel two million treasury shares and to reduce the **capital stock** of United Internet AG from € 194 million to € 192 million. The number of shares issued decreased accordingly from 194 million shares to 192 million shares. The pro-rata amount of capital stock per issued share remained unchanged at € 1. The cancellation of the treasury shares serves to increase the proportionate participation of United Internet shareholders. Following the cancellation of the aforementioned two million shares, United Internet AG initially held 5,284,109 treasury shares. This corresponded to approx. 2.75% of the Company's current capital stock.

Furthermore, the Management Board of United Internet AG also decided on February 14, 2023, with the approval of the Supervisory Board, to make a **public share buyback offer** to the shareholders of United Internet AG for a total of up to 13.9 million shares at a price of € 21.00 per share. The total volume of the share buyback offer therefore amounted to up to € 291.9 million. With the public share buyback offer, United Internet AG made use of the authorization granted by the Annual Shareholders' Meeting of the Company on May 20, 2020, under which up to 10% of the Company's capital stock could be bought back by August 31, 2023. The shares bought back may be used for all of the purposes permitted under the authorization granted by the Annual Shareholders' Meeting of May 20, 2020. The shares may also be canceled.

In the course of the public share buyback offer, a total of 27,553,147 shares were tendered to the Company by the end of the offer period. The offer was based on the buyback of up to 13.9 million shares in total. As the total number of shares for which the offer was accepted exceeded this maximum amount, the declarations of acceptance were considered on a pro rata basis, i.e., corresponding to the ratio of the maximum number of United Internet shares to be purchased pursuant to this offer, i.e., 13.9

million United Internet shares, to the aggregate number of United Internet shares tendered by United Internet shareholders for buyback.

Upon completion of the above mentioned capital reduction by means of canceling two million treasury shares, and the buyback of 13,899,596 shares (without fractional amounts) as part of the public share buyback offer to the shareholders of United Internet AG, United Internet holds 19,183,705 **treasury shares** as of December 31, 2023, corresponding to 9.99% of the current capital stock of 192 million shares. In view of the offer price of € 21.00 per United Internet share, the purchase price for the buyback of 13,899,596 shares in total amounted to € 291.9 million and thus corresponded approximately to the sales proceeds of United Internet from the IONOS IPO.

Due mainly to investments in intangible assets and property, plant and equipment (€ -797.9 million, of which € -41.9 million for the acquisition of the BT city networks), as well as the contingent payment for advance services to Deutsche Telekom (€ -276.5 million), and the dividend payment (€ -86.4 million), **net bank liabilities** (i.e., the balance of bank liabilities and cash and cash equivalents) increased from € 2,115.0 million as of December 31, 2022 to € 2,436.6 million on December 31, 2023.

In the second quarter of 2023, United Internet AG successfully placed a promissory note loan totaling € 300 million. The proceeds from this transaction are used for general company funding. Moreover, in December 2023, the subsidiary IONOS Group SE concluded a loan of € 800 million with a banking syndicate to partially refinance its existing shareholder loan with United Internet AG. Following the partial repayment, the shareholder loan with United Internet amounts to € 350 million.

Multi-period overview: development of relative indebtedness

	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Net bank liabilities[1] / EBITDA	1.28	1.27	1.31	1.68	1.89

(1) Net bank liabilities = balance of bank liabilities and cash and cash equivalents

Further details on the objectives and methods of the Group's financial risk management are provided under note 43 of the Notes to the Consolidated Financial Statements.

Multi-period overview: development of key balance sheet items

in € million	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Total assets	9,128.8	9,230.8	9,669.1	10,358.5	11,245.6
Cash and cash equivalents	117.6	131.3	110.1	40.5	27.7
Shares in associated companies	196.0	89.6[1]	431.6[1]	429.3	373.2
Other financial assets	90.4	9.9[2]	11.6	10.7	8.3
Property, plant and equipment	1,160.6	1,271.6	1,379.6	1,851.0	2,405.3
Intangible assets	2,167.4	2,197.8	2,059.4	2,029.3	2,001.6
Goodwill	3,616.5	3,609.4	3,627.8	3,623.4	3,628.8
Liabilities due to banks	1,738.4	1,466.1	1,822.7	2,155.5	2,464.3
Capital stock	205.0	194.0[3]	194.0	194.0	192.0[3]
Equity	4,614.7	4,911.2	4,923.2	5,298.4	5,555.1
Equity ratio	50.6%	53.2%	50.9%	51.2%	49.4%

(1) Decrease due to reclassification Tele Columbus (2020); increase due to stake in Kublai (2021)
(2) Decrease due to sale of Afilias shares (2020)
(3) Decrease due to withdrawal of treasury shares (2020 and 2023)

Management Board's overall assessment of the Group's business situation

The International Monetary Fund (IMF) upgraded its forecast for 2023 slightly during the course of the year. In its latest economic outlook, the IMF reported growth of 3.1% for the global economy in 2023, based on preliminary calculations. Growth was thus below the prior-year level (3.5%) but at the same time 0.2 percentage points above the IMF's original outlook in January 2023 (2.9%).

The IMF's calculations for Germany are in line with the preliminary figures of the country's Federal Statistical Office (Destatis), which – at its "GDP 2023" press conference on January 15, 2024 – announced a decline in (price-adjusted) gross domestic product (GDP) of -0.3% for 2023. This is 2.1 percentage points less than in 2022 (1.8%). According to the Federal Statistical Office, this was due to further inflation-related high prices throughout the economy, unfavorable borrowing conditions caused by rising interest rates and an overall decline in both domestic and foreign demand.

Thanks to its stable and largely non-cyclical business model, United Internet made good progress again in the fiscal year 2023 – despite the aforementioned adverse macroeconomic conditions. The Company was able to achieve the sales and earnings targets it set itself, continuing its successful development with an increase in fee-based customer contracts of over 1 million to 28.49 million and sales growth of 5.0% to € 6.213 billion. At the same time, there was a further improvement in operating EBITDA – despite heavy investment in future topics – with an increase of 2.2% to around € 1.300 billion. This at first glance only moderate EBITDA growth was due in particular to planned increased costs for the construction of 1&1's mobile communications network. These rose to € -132.4 million, compared to € -52.4 million in the previous year – a year-on-year increase of € -80.0 million.

The positive performance once again highlights the benefits of United Internet's business model based predominantly on electronic subscriptions with fixed monthly payments. This ensures stable and predictable revenues and cash flows, offers protection against cyclical influences and provides the financial scope to win new customers, expand existing customer relationships, and grasp opportunities in new business fields and new markets – organically or via investments and acquisitions.

In the fiscal year 2023, the Company once again invested heavily in gaining and expanding customer relationships, as well as in developing new products – thus laying the basis for future growth.

As of the reporting date for the Annual Financial Statements 2023, and at the time of preparing this Management Report, the Management Board believes that the United Internet Group as a whole is well placed for its further development. It regards the financial position and performance – subject to possible special items – as positive and is optimistic about the Group's future prospects.

2.4 Position of the Company

Earnings of United Internet AG

As a pure holding company, the earnings position of United Internet AG is usually dominated by its investment and financial result. In the fiscal year 2023, **sales** of the parent company amounted to € 1.1 million (prior year: € 0.7 million) and result mainly from services rendered to the Group's subsidiaries.

Other operating income amounted to € 221.4 million (prior year: € 4.2 million). In addition to minimal income from internal charges to Group companies and the release of accruals, this mainly resulted from the disposal of financial investments of € 219.1 million from the sale of shares in Group subsidiary IONOS Group SE in the course of the IONOS IPO.

Other operating expenses amounted to € 31.3 million (prior year: € 20.2 million) and mainly include expenses relating to internal charges for services rendered to Group companies, legal, auditing, and consulting fees, as well as non-period expenses.

Income from profit transfer agreements of € 101.9 million (prior year: € 90.6 million) resulted from profit transfers of 1&1 Mail & Media Applications SE amounting to € 98.9 million (prior year: € 87.1 million), United Internet Corporate Services GmbH amounting to € 2.8 million (prior year: € 3.4 million), and United Internet Service SE amounting to € 0.1 million (prior year: € 0.1 million).

Income from investments amounted to € 0 (prior year: € 13.8 million). In the previous year, this item mainly comprised the dividends of 1&1 AG for 2021 and – due to the requirement at the time for same-period profit recognition – for 2022.

Expenses for loss assumptions of € 19.2 million (prior year: € 6.2 million) related to the compensation expense of United Internet Investments Holding SE, United Internet Management Holding SE, and United Internet Corporate Holding SE.

Including the special items from the above mentioned sale of IONOS shares, the parent company's **result before taxes** amounted to € 318.1 million (prior year: € 170.4 million).

Income taxes amounted to € 44.1 million (prior year: € 49.7 million).

Net income in the separate financial statements of United Internet AG for the fiscal year 2023 – including special items (IONOS IPO) – amounted to € 274.0 million (prior year: € 120.7 million).

Assets and financial position of United Internet AG

The parent company's **balance sheet total** decreased from € 6,563.9 million as of December 31, 2022 to € 5,865.6 million on December 31, 2023.

Non-current assets of the parent company amounting to € 4,832.2 million (prior year: € 5,816.9 million) were dominated by **financial assets**. Due to the sale of IONOS shares, **shares in affiliated companies** fell to € 4,132.2 million (prior year: € 4,221.9 million). **Loans to affiliated companies** declined to € 700.0 million (prior year: € 1,595.0 million), due in particular to the partial refinancing of the existing shareholder loan between United Internet AG and IONOS by means of a syndicated loan amounting to € 800 million. After consideration of further repayments during the fiscal year 2023 totaling € 95 million, the outstanding loan as at December 31, 2023 amounted to € 350 million.

Current assets of the parent company amounting to € 1,033.4 million (prior year: € 746.9 million) comprise receivables due from affiliated companies and other assets. The **receivables due from affiliated companies** increased to € 1,010.6 million (prior year: € 724.8 million). Contrary to the previous year (comparable amount: € 618.0 million), these receivables are disclosed net in the balance sheet as of the fiscal year 2023. They mainly comprise receivables from sales tax grouping as part of the cash management system, as well as from profit transfer agreements. The rise in receivables due from affiliated companies is mainly the result of receivables due from the subsidiary 1&1 Versatel GmbH from cash management and reflects the company's increased investments in the fiber-optic network. **Other assets** amounting to € 22.7 million (prior year: € 19.3 million) consist mainly of receivables due from the tax office relating to audits of previous years.

Shareholders' equity of the parent company amounted to € 3,517.4 million as of December 31, 2023 (prior year: € 3,621.7 million). The decrease in equity during the reporting period is mainly due to the dividend payout of € 86.4 million and the purchase of treasury shares amounting to € 291.9 million, which are deducted from equity. There was an opposing effect from net income of € 274.0 million. The equity ratio rose from 55.2% in the previous year to 60.0% as of December 31, 2023.

The parent company's **accruals** of € 7.7 million (prior year: € 8.1 million) mainly comprise **accrued taxes** amounting to € 5.0 million (prior year: € 3.8 million), as well as **other accrued liabilities** for employee stock ownership plans, legal, auditing and consulting fees, bonuses, and other items totaling € 2.6 million (prior year: € 4.3 million).

The **liabilities of the parent company** are shaped in particular by liabilities due to banks and to affiliated companies. In the fiscal year 2023, **liabilities to banks** decreased to € 1,668.3 million (prior year: € 2,157.2 million). Bank liabilities mainly comprise three promissory note loans totaling € 1,162 million, syndicated loans totaling € 150 million, drawings from bilateral credit agreements of € 50 million, drawings from bilateral credit facilities of € 295 million, and interest of € 11.4 million. **Liabilities to affiliated companies** fell to € 564.0 million (prior year: € 757.6 million). As of the fiscal year 2023, these liabilities are disclosed net in the balance sheet. They mainly comprise liabilities from balances within the United Internet Group's cash pooling system, from sales tax grouping, and from profit and loss transfer agreements. **Other liabilities** of € 89.8 million (prior year: € 3.4 million) are mainly sales tax liabilities.

Cash flow of the parent company's financial statements is dominated by cash flows from the profit transfer agreements, as well as the dividends of investments.

Management Board's overall assessment of the current business situation of the parent company

Due to its role as the Group's holding company, the economic position of United Internet AG at parent company level is mainly influenced by its investment and financial result. The above statements on the Group's economic position therefore also apply qualitatively for United Internet AG itself.

2.5 Corporate Responsibility

United Internet AG's Management Board and Supervisory Board consider it their responsibility to ensure the Company's continued existence and create sustainable value through responsible corporate management that takes a long-term perspective. For United Internet, running a business involves more than pursuing economic goals – it also has an obligation to society, the environment, employees, and other stakeholders.

United Internet AG fulfills its disclosure obligations pursuant to the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz – CSR-RUG) (sections 315b and 315c in conjunction with section 289c of the German Commercial Code ("Handelsgesetzbuch" – HGB)) and publishes a separate non-financial Group report as part of a separate sustainability report. In this Sustainability Report, the Company also complies with its reporting obligation under the EU Taxonomy Regulation 2020/852 of the European Parliament and discloses its proportion of environmentally sustainable business activities accordingly.

The Company's Sustainability Report 2023 will be published in late March 2024 (at https://www.united-internet.de/en/investor-relations/publications/reports.html) and thus fulfills the disclosure requirements of the CSR-RUG and the transparency requirements of stakeholders.

The separate non-financial Group report contains the statutory disclosures for the aspects "environmental matters" (chapter: Environmental Responsibility), "employee-related matters" and "social matters" (chapter: Social Responsibility), and "respect for human rights" and "anti-corruption and bribery matters" (chapter: Corporate Responsibility). This list of the minimum aspects required by the CSR-RUG has been supplemented by the chapter "Digital Responsibility", which is a material aspect for United Internet and also particularly relevant for the sector.

In addition to the CSR-RUG, reporting is based on the internationally recognized Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) with the option: "With reference to the GRI Standards". Both the CSR-RUG and the GRI Standards expect information to be presented on how the material topics and their impacts are managed, and in particular the associated goals and measures, and the procedures used for risk identification and mitigation. In addition, the European Commission's Guidelines on non-financial reporting are applied, which build on Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups – the European Directive underlying the CSR-RUG.

When defining the content, the materiality principle was applied. In 2022, a double materiality analysis was carried out to determine the material topics. Both the business relevance for United Internet and the potential and specific impact of the Company's activities on the environment and society were taken into account.

In the reporting period, the main focus was on preparing for the first CSRD reporting for the fiscal year 2024. A Group-wide project was driven forward in order to meet the reporting requirements of the new EU reporting obligation. The materiality matrix from the fiscal year 2023 formed the basis for the development of the future reporting strategy. A reconciliation to the CSRD requirements and a comprehensive gap analysis of the future quantitative and qualitative reporting obligations were conducted. The necessary transformation of the reporting system was initiated. As part of an evaluation project, the necessary processes, IT concepts and software solutions were reviewed in order to facilitate future data collection for all parties involved.

The Company's Supervisory Board is responsible for examining the content of sustainability reporting. The Supervisory Board is supported in this by a "limited assurance" review of the separate non-financial Group report by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

3. SUBSEQUENT EVENTS

There were no significant events subsequent to the end of the reporting period on December 31, 2023 which had a material effect on the financial position and performance or the accounting and reporting of the parent company or the Group.

Information on the economic position of the Group and Company at the time of preparing this Management Report are provided in chapter 4.3 "Forecast report".

4. RISK, OPPORTUNITY AND FORECAST REPORT

The risk and opportunity policy of the United Internet Group is based on the objective of maintaining and sustainably enhancing the Company's values by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. A risk and opportunity management system which is "lived" ensures that the United Internet Group ("United Internet") can exercise its business activities in a controlled company environment. The risk and opportunity management system regulates the responsible handling of those uncertainties which are always involved with economic activity.

4.1 Risk report

Risk management

The concept, organization, and task of United Internet's risk management system are defined by the Management Board and Supervisory Board of United Internet AG, and documented in a risk management strategy and risk management manual which is valid for and available to all members of the Group. These requirements are regularly adapted to changing legal conditions and continuously developed. Corporate Risk Management coordinates the implementation and ongoing development of the risk management system and is responsible for the centrally managed risk management process on behalf of the Management Board. The risk management system covers only the Group's risks, while responsibility for the early and ongoing identification, evaluation, and management of opportunities lies directly with the Group Management Board and the operating management levels of the respective segments.

Corporate Risk Management is supported by the risk management teams of the respective segments (Company Risk Management). In order to support Company Risk Management, additional local risk managers have been installed in business fields of particular importance for the Company's business success (such as the areas "Technology & Development"). In order to facilitate the Group-wide exchange and comparison of risk information, regular Risk Manager Meetings are held between the various risk managers and also with the Company-wide, cross-functional managers.

The Corporate Audit department regularly examines the functioning and efficiency of the risk management system. As part of his statutory auditing obligations for the Annual Financial Statements and Consolidated Financial Statements, the external auditor also examines whether the risk early recognition system is generally suitable for the early identification of risks and developments which might endanger the Company so that suitable countermeasures can be swiftly introduced. The system complies with statutory requirements regarding risk early recognition systems, as well as with the version of the German Corporate Governance Code valid at the time of the last Declaration of Conformity of United Internet AG. Its design is based on the specifications of the ISO standard 31000:2018. In accordance with the regulations of the German Stock Corporation Act, the Supervisory Board also examines the efficacy of the risk management system.

Methods and objectives of risk management

The risk management system comprises those measures which enable United Internet to identify, classify in terms of money and scenario, steer, and monitor from an early stage all possible risks for the attainment of its corporate objectives with the aid of assessments and early warning systems. The aim of the Group-wide and IT-supported risk management system is to provide maximum transparency for management regarding the actual risk situation, its changes, and the available options for action so that a conscious decision can be taken to accept or avoid such risks. Risks endangering the Company must be avoided as a matter of principle. There is always an established indirect connection to central Group-wide risk management via the regular reporting channels throughout the Group and a direct connection for all major divisions. This ensures the completeness of registered risks in the risk management system.

The current status of the main risks is communicated to the Management Board and Supervisory Board four times per year.

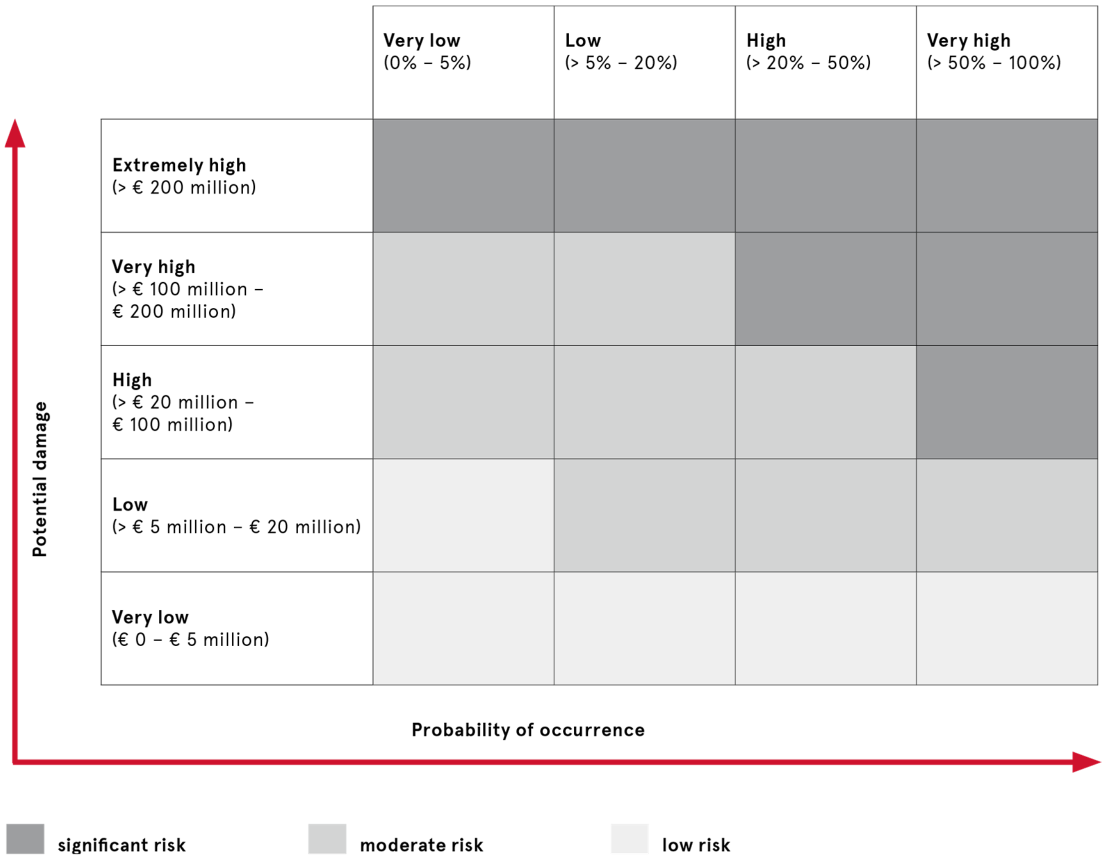
Identified significant risks with an immediate impact and changes in the risk situation trigger an ad-hoc reporting obligation. The respective risk is then communicated immediately to the CFO of United Internet AG, who in turn reports it to the Supervisory Board where necessary. In this way, significant risks can be addressed as quickly as possible.

Risks are assessed with their net impact, i.e., effects from mitigating measures are only considered in the risk assessment after their implementation.

Risks for the United Internet Group

The assessment of the overall risk situation is the result of a consolidated examination of all known material risks. Of the total risks identified for the Group, the following sections describe the main risk categories from the Company's point of view.

The starting point for assessing the materiality of risks is provided by the characteristics "probability of occurrence" and "potential damage". The potential damage comprises all negative influences on earnings. Based on the combination of probability of occurrence and potential damage, the risks are assigned as follows to one of three risk categories: "Significant", "Moderate", and "Low" risks.



Specific assessments of the Company's Management Board regarding the Group's risk situation, as well as the probability of occurrence, potential damage, and resulting categorization of the risks described below are provided at the end of this Risk Report.

Strategy

Shareholdings & investments
The acquisition and holding of shares in other companies and the making of strategic investments represent a key success factor for United Internet AG. In addition to improved access to existing and new growth markets, as well as to new technologies and know-how, investments also serve to exploit synergy and growth potential. However, these opportunities involve risks. For example, there is a risk that the targeted potential cannot be exploited as forecast or that acquired shareholdings will not develop as expected (non-scheduled write-downs/impairments, disposal losses, absence of dividend, or reduction of hidden reserves).

All investments are therefore subject to a continuous monitoring process by the Investment Management and are supported promptly if required. This risk is largely without relevance for EBITDA as, in the event of an incident, predominantly non-cash-effective impairments are incurred. The value of investments is continuously monitored by management and the Controlling division.

Business development & innovations
A further important success factor for United Internet is the development of new and constantly improved products and services in order to enhance sales and earnings, attract new customers, and expand existing customer relationships. There is always a risk, however, that new developments might be launched too late on the market or not be accepted by the target group as expected.

United Internet counters such risks by constantly and closely observing market, product, and competition trends, as well as by undertaking product development which constantly responds to customer feedback.

As part of its efforts to diversify the business model or expand its value chain, United Internet occasionally enters new markets, or upstream and downstream markets. For example, the management board of 1&1 AG, a subsidiary of United Internet AG, decided with the approval of its supervisory board to establish and operate a high-performance 5G mobile network on the basis of the spectrum in the 2 GHz and 3.6 GHz bands it acquired in 2019. By establishing and operating its own network, the Company plans to further expand its value added in mobile communications, to tap new business fields, and to reduce its dependence on procuring wholesale services from other network operators.

1&1 has enlisted in particular the services of the Japanese technology group and acclaimed OpenRAN expert Rakuten as general contractor for the rollout of its mobile communications network. Together with Rakuten, 1&1 is building a fully virtualized mobile network based on the innovative OpenRAN technology. The use of OpenRAN technology will reduce 1&1's dependence on network equipment suppliers. There are risks that the network rollout will not progress at the expected speed. Supply problems for the necessary hardware or delays in the search for sites are potential risks.

In selecting partners for the rollout of its network, 1&1 placed great importance on minimizing such risks. The general contractor and partner for active network technology Rakuten, for example, was the world's first and only network equipment supplier to establish a mobile communications network on the basis of the new OpenRAN technology in Japan. As a result, 1&1 can benefit from the experience and learning curve Rakuten gained during this time. The partners for passive technology are established and leading companies in Europe for radio tower infrastructure, enabling 1&1 to benefit from their existing infrastructure.

Nevertheless, initial delays in the construction of antenna locations already occurred in 2022 and 2023. These delays were due to supply problems of advance service providers. Delays in network rollout may mean that more advance services have to be procured externally than planned in the period up to completion of the mobile network rollout, which would have a negative impact on value added.

In order to counter this risk appropriately, 1&1 entered into further partnerships for the acquisition of antenna locations and for its own construction of antenna locations, thus reducing the risk position.

Cooperation & outsourcing
Some operating divisions of United Internet work together with specialized cooperation and outsourcing partners in certain areas of the Company. The focus here is on objectives such as focusing on the actual core business, reducing costs, or leveraging the expertise of partners. These opportunities also involve risks in the form of dependencies on external service providers, as well as contractual and default risks.

In order to reduce these risks, detailed market analyses and due diligence reviews are carried out before major contracts are concluded with external service providers, and close and cooperative relationships are maintained with the cooperation and outsourcing partners after the contracts have been concluded.

Organizational structure & decision-making
The choice of the appropriate organizational structure is essential for the efficiency and success of the Company. In addition to the organizational structure, business success depends to a large extent on making the right decisions. The basis for such decisions can be negatively influenced by various factors, such as limited flexibility offered by existing business processes and structures, or misunderstandings caused by ambiguities in the definition of key figures. If efficiency is jeopardized by one or several factors, this represents a strategic risk for United Internet which should be avoided wherever it makes economic sense.

Due to the high degree of agility within the organization, United Internet considers itself to be generally well positioned in this respect and undertakes a number of measures to standardize and optimize processes, structures, and key figures.

United Internet is not aware of any significant risks in this field at present.

Personnel development & retention
Highly skilled and well trained employees form the basis for the economic success of United Internet. In addition to the successful recruitment of qualified personnel (see also the "personnel recruitment" risk), personnel development and the long-term retention of top performers within the Company are strategically important. If the Company fails to develop and retain executives and employees with specialist or technological knowledge, there is the danger that United Internet may not be able to effectively conduct its business and achieve its growth targets. The concentrated accumulation of strategic knowledge and skills (so-called head monopoly) can have a considerable impact on the performance of the Company if the corresponding employee is no longer available.

United Internet counteracts this risk by continuously nurturing employee and management skills. For example, it offers targeted measures for professional development, mentoring and coaching programs, as well as special offers for high potentials geared to talent development and retention and leadership skills.

For further information on topics such as "HR Strategy and HR Organization", "Training and Education", "Diversity and Equal Opportunities", as well as "Occupational Health and Safety", please refer to the chapter "United Internet as an Employer" in the Sustainability Report 2023 of United Internet AG, which will be published in late March 2024 (at https://www.united-internet.de/en/investor-relations/publications/reports.html).

Market

Sales market and competition
The markets in which United Internet operates are characterized by strong and sustained competition. Depending on the strategy of the parties involved in the market, different effects may occur which may lead also involve adjustments to the Company’s own business models or pricing policy. The entry of new competitors might also jeopardize market shares, growth targets, or margins. In addition, United Internet itself occasionally enters new, additional markets with large competitors. Such an entrepreneurial decision is always associated with new risks.

United Internet attempts to minimize these risks by means of detailed planning based on internal experience and external market studies, as well as by constantly monitoring the market and the competition.

Procurement market
A gap in the procurement or delivery of resources required for business operations may also lead to bottlenecks or outages at United Internet. This applies both to the purchase of hardware and the purchase of wholesale services. Increases in the price of purchased products and services represent a risk for the targeted margins. Planned positive effects from contractually fixed price adjustment rounds can become a risk for the achievement of the Company's periodic targets due to time delays.

United Internet counters these risks by cooperating with several long-term service providers and suppliers, contractual obligations, and – where it makes economic sense – by expanding its own value chain. Although significant and unforeseeable developments on the procurement market as a result of events such as the Ukraine war cannot be fully offset, they can be countered by taking preventive measures such as rapidly restocking inventories.

Financial market
United Internet’s activities are fundamentally exposed to risks on the financial market. In particular, these include risks from changes in interest rates and exchange rates.

- **Interest**
  The Company is exposed to interest risks as the major share of its borrowing bears variable interest rates with varying terms. As part of its liquidity planning, the Company constantly monitors the various investment possibilities and debt conditions. Any borrowing requirements are met by using suitable instruments to manage liquidity. Surplus cash is invested on the money market to achieve the best possible return. Due to developments on the global finance markets, i.e., adjustments to central bank interest rates around the world, there was a slight increase in the interest rate risk, but at the same time opportunities from more attractive investment options. Market interest rate changes might have an adverse effect on the interest result and are included in our calculation of sensitive factors affecting earnings. In order to present market risks, United Internet has developed a sensitivity analysis which shows the impact of hypothetical changes to relevant risk variables on pre-tax earnings. The reporting period effects are illustrated by applying these hypothetical changes in risk variables to the stock of financial instruments as of the balance sheet date. The Company regularly reviews the possibility of interest rate hedging in order to mitigate the negative effects of rising interest rates.

- **Currency**
  The currency risk predominantly results from operations (if revenue and/or expenses are in a currency other than the Group’s functional currency) and its net investments in foreign subsidiaries.

Personnel recruitment market
It is essential for United Internet that human resources are effectively controlled so that the Company can ensure its short- and long-term needs for staff and the requisite expertise. If it is unable to attract managers and employees with specialist and technological knowledge, United Internet would not be able to effectively conduct its business and achieve its growth targets.

In recent years, the shortage of skilled workers has become an increasingly important issue. As an attractive employer, however, United Internet believes it is well placed to hire highly skilled specialists and managers with the potential to drive its business success in the future. This was confirmed in the past years by the Top Employers Institute, which awarded United Internet the accolade “Top Employer 2023”.

For further information on topics such as “HR Strategy and HR Organization“, “Training and Education”, “Diversity and Equal Opportunities”, as well as “Occupational Health and Safety”, please refer to the chapter “United Internet as an Employer” in the Sustainability Report 2023 of United Internet AG, which will be published in late March 2024 (at https://www.united-internet.de/en/investor-relations/publications/reports.html).

Provision of services

Work processes
In view of the ever-increasing complexity and interoperability of the products offered, there are steadily growing demands placed on the development of internal work processes. This also involves an ever-higher degree of coordination The particular challenge is to ensure quality standards especially in view of fast-changing market events – and on numerous differing domestic and foreign markets.

The Company counters these risks by continuously developing and enhancing its internal processes, pooling and retaining its experts and key personnel, and continuously optimizing its organizational structures.

Information security
United Internet generates its commercial success largely in the telecommunications market and within the environment of the internet. In order to provide products and services, the Company uses information and telecommunication technologies (data centers, transmission systems, connection nodes, etc.) in its business processes which are closely networked with the internet and whose availability may be endangered by threats from the internet.

In order to continue to deal with such risks quickly, the existing monitoring, building access, and alarm system, together with the necessary processes and documentation, is continuously optimized.

There is also the risk of hacker attacks with the aim of stealing or deleting customer data, or using services fraudulently. In the fiscal year 2023, an increasing professionalization of the attackers and their attack methods was observed once again. According to the German Federal Office for Information Security (BSI), the number of new malicious program variants detected daily reached an average of 250,000 in the period July 1, 2022 to June 30, 2023. In connection with the war in Ukraine, pro-Russian hacktivist attacks were seen as a threat, although they did not cause any lasting damage and were regarded more as a propaganda tool.

United Internet counters this risk with the aid of virus scanners, firewalling concepts, self-initiated tests, and various technical monitoring mechanisms.

The threat potential of the internet is one of the largest threat groups for United Internet with regard to its effects, which are all monitored and reduced by numerous technical and organizational measures. Of particular relevance in this respect are the operation and continuous improvement of the security management system and the steady enhancement of system resilience.

Capacity bottlenecks
Due to temporary or permanent shortages of technical resources, e.g., due to the temporary overloading of systems or a lack of resources to operate data centers, existing capacities might be exceeded and consequently the planned provision of services could be jeopardized, threatening a corresponding loss of sales. Risks from the procurement of resources, such as products or services on the market, are not taken into account here.

In order to counter these marginally increased risks, several internal stores are maintained which are continuously adapted to delivery times on the global market. In addition, the Company is in close contact with energy suppliers, for example, in order to coordinate emergency concepts regarding the data centers. In the case of outages, these can be compensated for at short notice by implementing the aforementioned measures.

Projects
The classic project objectives of quality, time, and budget are defined before or at the start of a project and are thus the subject of entrepreneurial planning. If potential risks already become apparent in the course of planning or project design or if negative deviations from these plans become apparent in the course of a project's implementation, these are recorded as risks. Moreover, projects may also involve risks that do not affect the project itself but arise after the project has been completed (e.g., security vulnerabilities in new software code).

1&1 faces a variety of technical project risks as part of the construction and operation of its mobile network. The challenge is to migrate all customers to the company's own network within the next two years. If this does not succeed as planned, it could lead to dissatisfaction among the customers affected and ultimately to customer losses. 1&1 launched its customer migration projects at an early stage and developed concepts together with its partners to ensure the success of the customer migration.

Active project management ensures that risk-reducing measures are already implemented during the project. In addition to maintaining the current professional project management, the Company reduces the aforementioned risks by holding regular specialist project management training courses, in order to improve such aspects as security or data privacy requirements. Project objectives are also closely monitored by management and the Controlling division.

Technical plant operation
United Internet's products and related business processes are based on a complex technical infrastructure and a number of success-critical software systems (servers, customer relationship databases, and statistics systems, etc.). Constantly adapting this infrastructure to changing customer needs leads to greater complexity and regular changes. In addition to major events, like the migration of databases, this may lead to various disruptions or defects. Should this affect our business systems or their databases, for example, daily account debiting may be delayed or no longer possible. Should this affect our performance systems, for example, United Internet may not be able to provide its customers with the promised service, on a temporary or longer-term basis.

The Company meets these risks by making targeted adjustments to the architecture, introducing quality assurance measures, and establishing spatially separated (geo-redundant) core functionalities.

For the operation of systems, there is a risk of targeted attacks from inside and outside the Company, e.g., from hackers or manipulation by staff with access rights, which may result in non-availability or a deterioration of services.

In order to counter this risk, the Company takes a wide variety of software- and hardware-based safety precautions to protect the infrastructure and its availability. By dividing responsibilities, the Company has made sure that activities or business transactions involving risks are not carried out by single employees but on the basis of the "double-check principle". Manual and technical access restrictions also ensure that employees may only operate within their particular area of responsibility. As an additional precautionary measure against data loss, all data are regularly backed up and stored in separate, i.e., geo-redundant, data centers.

Compliance

Data privacy
It can never be fully ruled out that data privacy regulations may be contravened, e.g., by human error or technical weaknesses. In such cases, United Internet faces fines and the loss of customer confidence.

United Internet stores the data of its customers on servers according to international security standards at its own and at rented data centers. The handling of these data is subject to extensive legal regulations.

The Company is aware of this great responsibility and attaches a high degree of importance and care to data privacy. By using state-of-the-art technologies, continuously monitoring all data-privacy and other legal regulations, providing extensive staff training, and involving data protection aspects and requirements as early as possible in product development, United Internet continuously invests in improving the standard of its data privacy.

Misconduct & irregularities
Non-compliance with legal regulations may result in legal consequences and fines. In order to ensure compliance with legal regulations and internal guidelines, the Management Board of United Internet AG has set up a Group-wide risk-oriented Compliance Management System (CMS).

In the reporting period, the CMS was further developed, particularly in terms of its organizational structure, and Corporate Compliance at the level of the Group's parent company was more closely integrated with the segment compliance units at the level of the four segments Consumer Access, Business Access, Consumer Applications, and Business Applications. This led to a reduction in risk.

Legislation & regulation
Changes in existing legislation, the enactment of new laws, and changes in government regulation issues may have unexpected negative effects on the business models pursued by United Internet and their further development. The decisions of the Federal Network Agency and the Federal Cartel Office have an influence on network access and the pricing of internet access tariffs. As United Internet purchases advance services for its own customers, regulatory changes may have a negative impact on the profitability of its own tariffs. In the same way, there is also the possibility that a lack of regulation may lead to a deterioration of market circumstances for United Internet.

1&1's frequency acquisition in 2019 was tied to the fulfillment of certain regulatory requirements. Among other things, 1&1 was obliged to put 1,000 5G base stations into operation by the end of 2022, distributed proportionately across Germany's federal states. Due to delivery difficulties of the upstream providers commissioned by 1&1 to provide the antenna locations, 1&1 had fallen well short of this target by the end of 2022. Compliance with the frequency requirements is closely monitored by the Federal Network Agency. Non-compliance may result in a fine and, in the worst case, the revocation of frequency usage rights. As a result of the failure to meet the rollout target by the end of 2022, the Federal Network Agency is currently considering a corresponding sanction in the form of a fine. Moreover, there are requirements that the mobile communications network must cover 25 percent of households by 2025 and 50 percent by 2030. Failure to meet these targets could also result in fines or, in the worst case, the withdrawal of frequencies.

In connection with the construction of a high-performance 5G mobile network, 1&1 is dependent on the allocation of relevant frequencies by the Federal Network Agency. Low-band frequencies are expected to be reallocated in 2026. There is a risk that 1&1 will not be included in the allocation of these frequencies and that instead the frequency allocation to the established network operators will be prolonged. In this case, 1&1 would be forced to purchase a higher volume of advance services, which would have a negative impact on its value creation. Due to their physical properties, low-band frequencies have a greater range and better penetration capacity than high-band frequencies and thus enable cost-effective coverage in rural areas with mobile phone masts located far apart from each other while also ensuring good reception inside buildings. Without access to these low-band frequencies with a greater range, the risk of failing to meet the Federal Network Agency's expansion obligations by the end of 2025 would also increase considerably.

United Internet attempts to counter this tendency toward an increasing regulation risk by cooperating with various pre-service providers and by actively participating in the activities of industry associations.

Litigation

United Internet is currently involved in various legal disputes and arbitration proceedings arising from its normal business activities. The outcome is by definition uncertain and thus represents a risk. Insofar as the prospects of success are negative in specific cases and the size of the obligation can be reliably estimated, accruals are formed for such risks from litigation.

In 2019, an advance service provider filed claims against 1&1 in the low three-digit million range (for the purposes of internal classification, amounts of up to € 333 million are defined as being in the low three-digit million range, and the claims filed do not exceed this amount in total). 1&1 considers the claims of the respective counterparty to be unfounded and regards an outflow of resources as unlikely.

Tax risks

As an internationally operating company, United Internet is subject to the tax laws applicable in the respective countries. Risks may arise from changes in tax laws and double taxation agreements, or case law, as well as from differences in the interpretation of existing regulations. Compared to December 31, 2022, there has been an increase in this risk field. This is due to new knowledge regarding sales and income tax risks, among other things, and the associated revaluation of the risk assessment.

United Internet counters these risks by continuously expanding its existing tax management system.

Finance

Financing

The main financial liabilities incurred by United Internet AG for the financing of its activities include bank loans, overdraft facilities, and other financial liabilities. Some of the bank loans are subject to financial covenants. Non-compliance with these covenants can have a negative impact on the financing of the United Internet Group. In extreme cases, a loan might be terminated. As of the balance sheet date, the Company almost exclusively held primary financial instruments.

The aim of financial risk management is to limit risks through ongoing operating and financial activities.

Fraud & credit default

In order to meet the requirements of dynamic customer growth and provide services as quickly as possible in the interests of its customers, United Internet has largely automated its order and provision processes – as have many other companies in such mass market businesses. The nature of such automated processes provides possibilities for attacks from fraudsters. Due to the strong appeal of the products and services offered, not only the number of customers is increasing but also the number of non-payers and fraudsters. Consequently, the amount of credit default has risen.

United Internet attempts to prevent such fraud attacks – or at least to recognize and end them at an early stage – by permanently expanding its fraud management capabilities, working closely with pre-service providers, and taking account of such risks in the design of its products.

Liquidity

The general liquidity risk of United Internet AG consists of the possibility that the Company may not be able to meet its financial obligations, such as the redemption of financial debts. The Company's objective is to continuously cover its financial needs and secure flexibility, for example by using overdraft facilities and loans.

Group-wide cash requirements and surpluses are managed centrally by the cash management system. By netting these cash requirements and surpluses within the Group, the amount of external bank transactions can be minimized. This is managed, e.g., by using cash pooling processes. The Company has established standardized processes and systems to manage its bank accounts and internal netting accounts, as well as for the execution of automated payment transactions. In addition to operating liquidity, United Internet AG also holds other liquidity reserves, which are available at short notice.

Acts of God

External events such as natural disasters (earthquakes, floods, tsunamis, etc.), personnel crises (pandemics, strikes, etc.), infrastructure crises (power outages, road damage, etc.), or violent incidents (rampage, terrorist attacks, war, etc.) may affect United Internet's operations.

United Internet counters these risks as far as possible with a variety of measures. Examples include the establishment of building access restrictions, the operation of georedundant data centers, or hygiene precautions, location-independent workplaces, the use of modern communication media to avoid travel, and the elaboration of emergency concepts.

The latter has become more important as a result of the growing geopolitical tensions. The United Internet Group has taken this as an opportunity to revise its existing security measures and concepts and, if necessary, to adapt them to the higher threat levels.

Additional disclosures on risks, financial instruments, and financial risk management

Further details on risks, financial instruments, and financial risk management are provided in note 43 "Objectives and methods of financial risk management" in the Notes to the Consolidated Financial Statements.

Additional disclosures on sustainability risks

Information on sustainability risks can be found in the Sustainability Report 2023, which will be published at the end of March 2024 (at https://www.united-internet.de/investor-relations/publikationen/berichte.html).

Management Board's overall assessment of the Group's risk 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", "Information security", and "Technical plant operation".
- The risk assessment of the risk field "Personnel recruitment" rose from Low to Moderate. The background to this change is the difficulty of attracting the required IT specialists.
- There was also an increase from Low to Moderate for the risk field "Capacity bottlenecks". This was due to a slightly increased risk in the Business Applications segment.
- And there was an increase in the risk field "Tax risks" from Low to Moderate. The reason for this increase is enhanced risk awareness, which has led to an increased identification of risks in this field.
- The risk assessment of the risk field "Business development & innovations" could be reduced from Moderate to Low. The background to this reduction is an improved risk position in the Consumer Access segment.
- Thanks to the implementation of measures and the closure of risks, the risk field "Misconduct & irregularities" has also fallen from Moderate to Low.
- Otherwise, the risk classifications of the risk fields of United Internet AG as at December 31, 2023 were unchanged from December 31, 2022.

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

Compared to the previous year, there was an increase in the overall risk. In addition to the aforementioned risk fields "Tax risks", "Personnel recruitment", and "Capacity bottlenecks", the main risk increases were in the fields of "Litigation" and "Procurement market", although the increase in the latter two risk areas did not lead to an overall increase in the risk classification.

In the assessment of the overall risk situation, the existing opportunities in the United Internet Group were not taken into consideration. There were no risks which directly jeopardized the continued existence of the United Internet Group in the fiscal year 2023, nor as of the preparation date for this Management Report, neither from individual risk positions nor from the overall risk situation.

Probability of occurrence, potential damage, and the classification of risks from the Group's perspective and their relevance for the various segments/divisions:

	Main segment relevance	Probability of occurrence	Potential damage	Risk classification	Change over previous year
Risks in the field of "Strategy"					
Shareholdings & investments	Holding / Corporate	Low	Low	Moderate	Unchanged
Business development & innovations	Business Applications	Low	Very low	Low	Improved
Cooperation & outsourcing	Business Applications	Low	Low	Moderate	Unchanged
Organizational structure & decision-making	Currently no significant risks			Low	Unchanged
Personnel development & retention	Business Applications	High	Low	Moderate	Unchanged
Risks in the field of "Market"					
Sales market & competition	Business Applications	Low	High	Moderate	Unchanged
Procurement market	Business Access Business Applications	High	High	Moderate	Unchanged
Financial market	Business Applications	Very high	Very low	Low	Unchanged
Personnel recruitment	Holding / Corporate	High	Low	Moderate	Deteriorated
Risks in the field of "Service Provision"					
Work processes	Business Applications	Low	Low	Moderate	Unchanged
Information security	Business Applications	Very low	Extremely high	Significant	Unchanged
Capacity bottlenecks	Business Applications	Low	Low	Moderate	Deteriorated
Projects	Consumer Access	Low	High	Moderate	Unchanged
Technical plant operation	Business Applications	Very low	Extremely high	Significant	Unchanged
Risks in the field of "Compliance"					
Data privacy	Consumer Applications	Low	Very high	Moderate	Unchanged
Misconduct & irregularities	Consumer Applications	Very low	Very low	Low	Improved
Legislation & regulation	Consumer Access	Low	Extremely high	Significant	Unchanged
Litigation	Consumer Access	Low	Extremely high	Significant	Unchanged
Tax risks	Consumer Access Business Applications	High	High	Moderate	Deteriorated
Risks in the field of "Finance"					
Financing	Business Applications	Very low	Very low	Low	Unchanged
Fraud & credit default	Business Applications	High	Low	Moderate	Unchanged
Liquidity	Business Applications	High	Very low	Low	Unchanged
Risks in the field of "Acts of God"					
Acts of God	Business Access Business Applications	Very low	High	Moderate	Unchanged

Society, politics and the economy are currently facing complex macroeconomic challenges resulting from a combination of high interest rates, subdued growth expectations, a tense financing framework, falling trade growth and declining confidence among companies and consumers. In addition to the destabilizing effects of the war in Ukraine, conflict in the Middle East is also contributing to greater uncertainty about the economic future. The United Internet Group is responding to this by actively accepting the current challenges and integrating them into its business decisions, in particular by developing strategies to minimize risk, such as reducing the proportion of variable-interest debt or through diversified procurement strategies to ensure a secure and fair energy supply.

Although the United Internet Group has no business activities in the countries involved in the wars, it is still confronted with the indirect effects. In view of the uncertain security situation caused by the war in the Middle East and the war in Ukraine, especially surrounding the entrance and passage of the Suez Canal, and the potential indirect effects on global business activities, United Internet has developed proactive risk management and mitigation strategies:

- Cybersecurity risks: due to the increased cybersecurity threats associated with the wars in the Middle East and Ukraine, the Company is stepping up its investment in cybersecurity measures. These include the use of advanced monitoring technologies, conducting regular security audits and training employees to improve their resistance to cyberattacks.

- Hardware bottlenecks: the Company is adapting its logistics and procurement strategies in order to overcome potential hardware bottlenecks that could be caused by the uncertain security situation surrounding the entrance and passage of the Suez Canal, exacerbated by the war in the Middle East. Among other things, this is being done by increasing the stock of hardware in order to cushion potential supply disruptions.

The Management Board and the operational managers will closely monitor further developments and initiate any appropriate countermeasures (if possible).

4.2 Opportunity report

Opportunity management

Opportunity management is based on strategic planning and the resulting measures for the development of products and their positioning for various target groups, markets, and countries during the product life cycle.

The Group Management Board, as well as the operative management level of the respective business segments, have the direct responsibility for the early and continuous identification, assessment, and steering of opportunities.

The management team of United Internet AG makes extensive use of detailed evaluations, models, and scenarios on current and future trends regarding sectors, technologies, products, markets/market potential, and competitors in the Group's fields of activity. The potential opportunities identified during these strategic analyses are then examined with regard to the critical success factors and existing external conditions and possibilities of United Internet AG in planning discussions between the Management Board, Supervisory Board, and operational managers before being implemented in the form of specific measures, targets, and milestones.

The progress and success of these measures is continuously monitored by operational management, as well as the managing directors and management board members of the respective companies.

Opportunities for United Internet

United Internet's stable and largely non-cyclical business model ensures predictable revenues and cash flows, thus providing the financial flexibility to grasp opportunities in new business fields and markets – organically or via investments and acquisitions.

Broad strategic positioning in growth markets

In view of its broad positioning in current growth markets, the Company's purely strategic growth opportunities are clearly apparent: universally accessible, permanently available, and increasingly powerful broadband connections are enabling new and more sophisticated cloud applications. From the current perspective, these internet-based programs for home users, freelancers, and small companies are likely to be United Internet's growth drivers over the coming years – both as stand-alone products in the Consumer Applications and Business Applications segments, as well as in combination with landline and mobile access products in our Consumer Access segment.

Participation in market growth

Despite the uncertain macroeconomic conditions, United Internet – as well as many of the sector's leading analysts – expects further progress in those markets of importance to the Company. United Internet is one of the leading players in these markets. At home and abroad. With its highly competitive Access products, its growing portfolio of cloud applications, its strong and specialized brands, its high sales strength, and already established business relationships with millions of private and business customers (cross-selling and up-selling potential), United Internet is also well positioned to participate in the expected market growth of both its business divisions.

Expansion of market positions

United Internet AG is now one of the leaders in many of its business fields. Based on its existing technological know-how, its high level of product and service quality, the widespread popularity of Group brands such as 1&1, GMX or WEB.DE, its business relationships with millions of private and business customers, and its high customer retention ratio, United Internet sees good opportunities to build on its current market shares.

Entry into new business fields

One of United Internet's core competencies is to recognize customer wishes, trends, and thus new markets at an early stage. With its broadly based value chain (from product development and data center operation, to effective marketing, powerful sales organization, and active customer support), United Internet is often faster at placing innovations on the market and – thanks to the high level of cash generation in its existing business fields – capable of providing them with strong marketing support.

Use of artificial intelligence (AI)

The potential of AI applications is immense, particularly in the IT sector. United Internet uses AI to optimize processes and increase efficiency, for example by automating routine tasks in software development, customer service and marketing as well as for the analysis of large data volumes.

However, there are also many opportunities at product level for companies such as United Internet to use AI to optimize existing products for their customers or to develop new products in the field of AI in order to acquire new customers and increase customer loyalty. For example, IONOS helps its customers build their websites with the aid of an AI website generator. This enables customers to independently generate website suggestions in a matter of seconds based on just a few details (such as sector and relevant keywords) – AI takes care of the design, images, texts, and search engine optimization.

Extending vertical integration: own landline infrastructure

Since its acquisition of 1&1 Versatel (2014), United Internet operates its own telecommunications network, which is being constantly expanded. With a current length of over 61,000 km, it is one of Germany's largest fiber-optic networks. This network infrastructure gives United Internet the opportunity to extend its vertical integration and also gradually reduce its purchases of wholesale broadband services for the B2C segment.

In addition, having its own network also offers United Internet the opportunity to systematically expand its B2B data and infrastructure business with SMEs and large corporations. The scale of this opportunity is underlined by the considerable pent-up demand for direct fiber-optic connections in Germany. According to the latest survey of the OECD (Organization for Economic Co-operation and Development) in December 2022, only 9.2% (end of 2021: 7.1%) of all broadband connections in Germany are fiber-optic connections. Germany therefore still lags well behind in 36^{th} place among the 38 OECD countries surveyed, and is well below the leaders Korea (88.0%), Japan (84.8%), and Spain (83.1%), as well as below the OECD average of 37.7% (end of 2021: 34.3%).

Extending vertical integration: rollout of own mobile communications network

With the launch of mobile services in 1&1's mobile network in December 2023, United Internet's subsidiary 1&1 established the key prerequisites for extending its vertical integration in this market segment – as in the landline segment. 1&1 has since been producing advance services for new customers in its own network. Wherever 1&1 does not yet have sufficient network coverage during the network rollout, it uses the national roaming advance services of Telefónica. As of summer 2024, these national roaming advance services are to be provided by Vodafone. National roaming is a standard procedure used in the rollout of new mobile networks that enables customers to surf and make calls without interruption in areas not yet covered during the construction phase of the new network. This is achieved by automatically using the roaming partner's antennas in these areas.

Until the launch of mobile services on its own network, 1&1 had extensive access to Telefónica's mobile network in Germany (as a so-called MBA MVNO) and also used capacities from other advance service providers such as Vodafone. As of the beginning of 2024, 1&1's existing customers on these third-party networks are being gradually migrated to the 1&1 mobile network in order to increasingly replace the purchase of advance services from third parties and instead use internally produced advance services.

Despite the initial delay in the rollout of antenna locations, 1&1 is still pursuing its goal of covering a quarter of German households by the end of 2025 and half by the end of 2030. To this end, additional partners have been acquired for the network rollout. The company therefore expects to make up for the delays in the course of the rollout phase.

High degree of vertical integration for applications

In its Applications segment, United Internet covers the entire value creation chain. Applications are developed at the Company's own "Internet Factories" or in cooperation with partner firms and operated on over 100,000 servers at the Company's 11 own data centers and 21 co-locations. This enables United Internet to maintain high quality standards and to respond quickly to customer needs and changing market situations in order to win new customers and retain existing ones.

Internationalization

Cloud applications can be used anywhere in the world and work on the same principle in Frankfurt as they do in London, Rome, or New York. In the past, United Internet has already successfully adapted cloud products many times to various languages and country-specific features and gradually rolled them out in different nations.

Thanks to the high degree of exportability which these products offer, United Internet is already active in its Applications segment in numerous European countries (Germany, France, the UK, Italy, Spain, Portugal, the Netherlands, Austria, Poland, Hungary, Romania, Bulgaria, the Czech Republic, Slovakia and Sweden), as well as in North America (USA, Canada, and Mexico). Further countries and product rollouts will gradually follow.

Acquisitions and investments

In addition to organic growth, United Internet also constantly examines the possibility of company acquisitions and strategic investments. Thanks to its high and plannable level of free cash flow, United Internet also has a strong source of internal funding and good access to debt financing markets in order to utilize opportunities in the form of acquisitions and investments.

United Internet has enhanced its market standing in Germany and abroad, for example, by making several acquisitions and strategic investments while gaining considerable expertise in the field of mergers and acquisitions (M&A) and company integration. The most important M&A activities of the past include the acquisition of WEB.DE's portal business (in 2005), the acquisitions of Fasthosts (2006) and united-domains (2008), the acquisition of freenet's broadband business (2009), and the acquisitions of mail.com (2010), Arsys (2013), Versatel (2014; now 1&1 Versatel), home.pl (2015), STRATO (2017), ProfitBricks (2017; now IONOS Cloud), Drillisch (2017; now 1&1), World4You (2018), and we22 (2021). The most important strategic investments include the investments in Open-Xchange (2013), uberall (2014), Tele Columbus (2016), rankingCoach (2017), AWIN (2017; via the contribution of affilinet), and Stackable (2021).

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

In view of its broad positioning in current growth markets, the Company's growth opportunities are clearly apparent: universally accessible, permanently available, and increasingly powerful broadband connections are enabling new and more sophisticated cloud applications. From the current perspective, these internet-based programs for home users, freelancers, and small companies are likely to be United Internet's growth drivers over the coming years – both as stand-alone products in the Consumer Applications and Business Applications segments, as well as in combination with landline and mobile access products in the Consumer Access segment. Based predominantly on electronic subscriptions with fixed monthly amounts and contractually agreed terms, United Internet's business model ensures stable and plannable revenue and cash flows. Against this backdrop, the Company's Management Board is convinced that it will continue to be in a position to deal successfully with challenges and seize opportunities.

4.3 Forecast report

Expectations for the economy

In its global economic outlook published on January 30, 2024, the International Monetary Fund (IMF) updated its forecasts for the development of the global economies in 2024 and 2025. In view of the current fall in inflation and the recent upturn in growth, the IMF raised the forecast for the **global economy** in its update from 2.9% to 3.1% for 2024 (after 3.1% in 2023). Nevertheless, global economic growth will once again fall well short of the average figure for recent years of 3.8%. For 2025, the IMF forecasts global economic growth of 3.2%.

According to the IMF, there are risks associated with geopolitical tensions, particularly in the Middle East, which have already led to a significant increase in prices for freight shipments between Asia and Europe.

The latest IMF forecasts for United Internet's target markets in North America (the USA, Canada, and Mexico) are as follows: the **US economy** is expected to grow by 2.1% in 2024 and 1.7% in 2025 (after 2.5% in 2023); in **Canada**, economic growth of 1.4% and 2.3% is anticipated for 2024 and 2025, respectively (after 1.1% in 2023); and the **Mexican** economy is expected to grow by 2.7% in 2024 and 1.5% in 2025 (after 3.4% in 2023).

The IMF anticipates growth of 0.9% and 1.7% in the **eurozone** for 2024 and 2025, respectively (after 0.5% in 2023).

Likewise, the IMF expects no more than minor economic growth in United Internet's main EU markets (France, Spain, and Italy): the economists anticipate growth of 1.0% in 2024 and 1.7% in 2025 for **France** (after 0.8% in 2023); growth in **Spain** is expected to reach 1.5% and 2.1% in 2024 and 2025, respectively (after 2.4% in 2023); and for **Italy**, the IMF forecasts growth of 0.7% and 1.1% in 2024 and 2025, respectively (after 0.6% in 2023).

For the non-EU country the **UK**, the IMF expects an increase in economic output of 0.6% in 2024 and growth of 1.6% in 2025 (after 0.5% in 2023).

For United Internet's most important market, **Germany**, the IMF forecasts economic growth of 0.5% in 2024 and 1.6% in 2025 (after -0.3% in 2023). According to the outlooks, Germany is likely to have the lowest growth of all G7 states again in 2024.

With expected growth of 0.5% in 2024, the IMF is above the forecast of the German government, which, in its 2024 Annual Economic Report on February 21, 2024, forecast growth for price-adjusted gross domestic product of just 0.2% in 2024.

The German government cites the ongoing geopolitical crises, the impact of the energy price crisis, the overall distinct weakness of the global economy and the increasingly noticeable effects of restrictive monetary policy as the reasons for this estimate.

Market forecast: GDP development of most important economies for United Internet

	2025e	2024e	2023
World	3.2%	3.1%	3.1%
USA	1.7%	2.1%	2.5%
Canada	2.3%	1.4%	1.1%
Mexico	1.5%	2.7%	3.4%
Eurozone	1.7%	0.9%	0.5%
France	1.7%	1.0%	0.8%
Spain	2.1%	1.5%	2.4%
Italy	1.1%	0.7%	0.7%
Poland	3.2%	2.8%	0.6%
UK	1.6%	0.6%	0.5%
Germany	1.6%	0.5%	-0.3%

Source: International Monetary Fund, World Economic Outlook (Update), January 2024

Sector/market expectations

Despite the challenges posed by the adverse macroeconomic conditions, disrupted supply chains, and the shortage of skilled workers, the industry association Bitkom expects the **German ICT market** as a whole to grow by 4.4% (prior year: 2.0%) to € 224.3 billion in 2024.

According to Bitkom calculations, the **IT market** is expected to grow again – after a brief dip in growth in 2023 – by 6.1% (prior year: 2.2%) to € 151.5 billion in 2024. Driven in particular by cloud and AI technologies, software is likely to be the fastest-growing segment again with a strong increase of 9.4% (prior year: 9.6%) to € 45.5 billion. Growth of 4.8% (prior year: 5.1%) to € 51.7 billion is expected for the IT services business, which also includes IT consulting. And sales of IT hardware are also set for a return to significant growth with an expected increase of 4.6% (prior year: -5.4%) to € 54.5 billion. The strongest growth driver is still Infrastructure-as-Service, i.e., rented servers, network and storage capacities.

By contrast, the **consumer electronics** market will remain under pressure. According to a Bitkom forecast, sales are likely to decline again in 2024 by an estimated -3.4% (prior year: -2.1%) to € 7.8 billion.

The most important ICT markets for United Internet’s business model are the German telecommunications market (broadband connections and mobile internet) for its mostly subscription-financed Access division, and the global cloud computing and German online advertising markets for its subscription- and ad-financed Applications division.

Telecommunications market in Germany

The industry association Bitkom expects the German telecommunications market to grow in total by 1.0% (prior year: 1.7%) to € 72.8 billion. The strongest growth in this segment is expected to come from business with telecommunications services, which is set to grow by 1.6% (prior year: 1.9%) to € 52.6 billion. Total spending on telecommunications infrastructure is expected to decrease slightly by -1.0% (prior year: 4.4%) to € 8.4 billion. Sales of end-user devices are likely to be on a par with the previous year with a slight decline of -0.2% (prior year: -0.7%) to € 11.8 billion.

Market forecast: telecommunications market in Germany

in € billion	2024e	2023	Change
Sales	72.8	72.1	+ 1.0%

Source: Bitkom, January 2024

Global cloud computing market

Following the very strong growth of 2023 (17.8%), Gartner forecasts global growth for public cloud services of 20.4% to USD 678.79 billion in 2024.

Market forecast: global cloud computing

in $ billion	2024e	2023	Change
Global sales of public cloud services	678.79	563.59	+ 20.4%
thereof Application Infrastructure Services (PaaS)	176.49	145.32	+ 21.5%
thereof Application Services (SaaS)	243.99	205.22	+ 18.9%
thereof Business Process Services (BPaaS)	72.92	66.34	+ 9.9%
thereof Desktop as a Service (DaaS)	3.16	2.78	+ 13.5%
thereof System Infrastructure Services (IaaS)	182.22	143.93	+ 26.6%

Source: Gartner, Public Cloud Services, Worldwide, 2021-2027, 3Q23 Update, November 2023

Online advertising market in Germany

After a 7.0% increase in online advertising in 2023, PricewaterhouseCoopers expects further growth in 2024 with an increase in total market volume (mobile advertising and desktop advertising) of 5.3% to € 14.18 billion.

Market forecast: total online advertising market in Germany (mobile advertising & desktop advertising) – acc. to PwC

in € billion	2024e	2023	Change
Online advertising revenues	14.18	13.47	+ 5.3%

Source: PricewaterhouseCoopers, German Entertainment and Media Outlook 2023 – 2027, September 2023

Expectations for the Company in 2024

Forecast for the fiscal year 2024

- United Internet AG expects an increase in consolidated sales (acc. to IFRS) to approx. € 6.5 billion for its fiscal year 2024 (2023: € 6.213 billion).

- Operating EBITDA (acc. to IFRS) is expected to grow to € 1.42 billion in 2024 (2023: € 1.300 billion).

The Company will continue to invest heavily in 2024, especially in the expansion of its fiber-optic network and mobile communications network. Cash capital expenditures are likely to be 10 - 20% above the prior-year figure (2023: € 756 million).

Due to its role as a holding company, the earnings of United Internet AG at **parent company level** are mainly influenced by its investment result (profit transfers and dividends) and the interest result. From the current perspective (subject to possible special items), the Management Board expects a balanced net income for the fiscal year 2024 (2023: € 274.0 million including special items of € 219.1 million from the IONOS IPO).

United Internet AG intends to maintain its shareholder-friendly **dividend policy** based on continuity in the coming years. Dividend payouts will continue to represent approx. 20 - 40% of adjusted net income from continued operations after minority interests (adjusted net income attributable to "shareholders of United Internet AG" – according to the consolidated statement of comprehensive income) in the future. The prerequisite is that funds are not required for further Company development.

Management Board's overall statement on the anticipated development

The Management Board of United Internet AG is 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 further internationalization, as well as via acquisitions and investments, the Company has broadened the foundations for further growth.

United Internet will continue to pursue this sustainable business policy in the coming years. The segments will focus on the following topics:

- In addition to the rollout of the 1&1 mobile network, the Consumer Access segment will focus in particular on marketing mobile internet products and winning high-quality customer relationships in the fiscal year 2024.

- In the Business Access segment, the fiber-optic network is to be expanded further in 2024 with the connection of new locations. In addition, the business customer and wholesale business will continue to be developed.

- In fiscal year 2024, the key topics in the Consumer Applications segment will again be the further expansion of data-driven business models and a focus on fee-based premium products.

- The Business Applications segment will continue to focus on expanding business with existing customers and gaining new high-quality customer relationships in 2023. In addition, the segment will expand its cloud business in particular.

Following a successful start to the year, the Company's Management Board believes that (at the time of preparing this Management Report) the Company is on track to reach the forecast presented above in the section "Forecast for the fiscal year 2024".

Forward-looking statements

This Management 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 report.

5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM

The German Corporate Governance Code (the "Code") recommends disclosures on the internal control and risk management system. These go beyond the statutory requirements for the management report and are not included in the auditor's review of the content of the management report ("non-management report-related disclosures"). In chapter 5 "Internal control system and risk management system", they are thematically assigned to the main elements of the internal control and risk management system and are separated from the disclosures to be audited by separate paragraphs and marked accordingly as "unaudited".

Internal control system (unaudited)

The internal control system (ICS) of United Internet AG covers the entire organization and serves to maintain the functionality and efficiency of business processes, the reliability of operational information, the safeguarding of assets, and compliance with regulations. To this end, the controls carried out include adherence to planned processes, the "four-eye principle", and the separation of functions. The controls are defined on the basis of uniform categorizations for each process and are carried out both centrally in some cases and decentrally throughout the Group. Defined processes, which involve those responsible in the specialist areas as well as process experts, ensure that process and organizational risks are countered in a preventive manner. Together and in cooperation with Risk Management, all units of the Group assess if there are any organizational and process risks and whether these could have an impact on the ICS. The ICS is regularly enhanced, also with the involvement of experts. Monitoring is based on the three pillars of Risk Management, Corporate Audit and external auditors. Corporate Audit evaluates and improves governance processes and risk management and also assesses the appropriateness and effectiveness of the ICS by conducting regular spot checks.

Accounting-related internal control system and risk management system

In accordance with section 289 (4) and section 315 (4) German Commercial Code (HGB), United Internet AG is obliged to describe the main features of its accounting-related internal control system and risk management system in its Management Report.

United Internet AG regards risk management as part of its internal control system (ICS). The ICS is understood as an ongoing process comprising organizational, controlling, and monitoring structures to ensure permanent compliance with legal and corporate requirements.

The Management Board of United Internet AG is responsible for the scope and structure of its ICS and takes account of the Company's specific requirements. The monitoring of the ICS's effectiveness is one of the duties of the Supervisory Board of United Internet AG, which is regularly informed by the Management Board about the status of the ICS and the findings of the Company's Internal Audit system. Within the United Internet Group, the Corporate Audit department is responsible for independently auditing the appropriateness, effectiveness, and functionality of the ICS and has been granted extensive rights with regard to information, examination, and access in order to exercise its duties. Its audits are based on a risk-oriented audit plan which also includes regular audits of subsidiaries. In addition, the Corporate Audit department conducts fundamental audits regarding the proper functioning of important asset and inventory stock-taking. In addition, those areas of ICS of relevance for financial reporting are audited with regard to efficiency by the external auditors as part of their risk-oriented audit approach.

The accounting-related ICS is continuously being developed and comprises principles, procedures, and measures to secure the effectiveness, economic efficiency, and compliance of the accounting system and to ensure that the relevant laws and standards are observed. During preparation of the Consolidated Financial Statements, the ICS is used in particular to ensure the application of International Financial Reporting Standards (IFRS), as endorsed by the European Union, and the additional provisions under commercial law pursuant to section 315e of the German Commercial Code (HGB). When preparing the Annual Financial Statements and Management Report, the ICS also helps ensure that regulations under commercial law are observed.

However, a fundamental aspect of every ICS, irrespective of its particular design, is that it cannot provide absolute safety that material misstatements in accounting are avoided or detected. This may be due, e.g., to incorrect discretionary decisions of individuals, faulty controls, or criminal acts.

The following statements refer solely to the fully consolidated subsidiaries included in the Annual Financial Statements of United Internet AG, for which United Internet AG has the direct or indirect possibility of determining their financial and monetary policy in order to derive a benefit from the activity of these companies.

The task of United Internet AG's risk management system includes setting measures to detect and assess risks, reduce them to an acceptable level, and monitor recognized risks. A risk management system requires organized action to deal suitably with uncertainty and threats and urges employees to utilize the regulations and instruments required to ensure compliance with the risk management principles. In addition to operative risk management, it also includes the systematic early recognition, management, and monitoring of risks. The accounting-related risk management system focuses on the risk of false statements in accounting and external reporting.

Specific accounting-related risks may arise, for example, from the conclusion of unusual or complex transactions. Business transactions which cannot be processed in a routine manner are also exposed to latent risks. It is necessary to grant a limited circle of people certain scope for discretion in the recognition and measurement of assets and liabilities, which may result in further accounting-related risks.

The accounting-related ICS comprises internal controls, defined on the basis of risk aspects, for those processes which are relevant for financial reporting as well as those processes that support the IT systems. Special emphasis is placed on IT security, change management, and operational IT processes. Organizational, preventive, and detective controls are applied, which can be conducted manually or with the aid of IT. The effectiveness and efficiency of the accounting-related ICS requires highly developed employee skills. Regular training, the "four-eye principle", and the functional separation of administrative, executive, and approval processes are indispensable for the United Internet Group. The Corporate Accounting division and other accounting departments are responsible for the management of the accounting processes. Laws, accounting standards, and other pronouncements are continuously analyzed with regard to their relevance and impact on accounting. The Group's accounting policy sets out and communicates relevant requirements and forms the basis for the financial statement preparation process. In addition, supplementary procedural instructions such as the intercompany guideline, standardized reporting formats, IT systems and computer-aided reporting and consolidation processes support the standardized and compliant Group accounting process. The Corporate Accounting division ensures that these requirements are implemented uniformly throughout the Group. The Group companies are responsible for the orderly and timely execution of the accounting-related processes and systems and are supported by the accounting departments accordingly.

If significant control weaknesses or opportunities for improvement are detected, they are assessed and countermeasures are developed with the persons responsible to improve the effectiveness of the ICS.

Implementation of the measures is monitored by the Corporate Audit department and may be the subject of subsequent audits. In order to ensure the high quality of the accounting-related ICS, the Corporate Audit department is closely involved during all stages.

Effectiveness statement (unaudited)

Based on its regular review of the internal control system and risk management system, the Management Board is not aware of any circumstances at the time of preparing this Combined Management Report that would speak against or call into question the appropriateness and effectiveness of these systems.

6. DISCLOSURES REQUIRED BY TAKEOVER LAW

The following disclosures according to sections 289a and 315a German Commercial Code (HGB) represent conditions as of the balance sheet date. As required by section 176 (1) sentence 1 German Stock Corporation Law ("Aktiengesetz" – AktG), the disclosures are explained in the sections below.

With regard to disclosures on the composition of subscribed capital, as well as direct and indirect participating interests in the capital, pursuant to section 289a sentence 1 no. 1 and no. 3 HGB and section 315a sentence 1 no. 1 and 3 HGB, please refer to Note 37 in the Notes to the Consolidated Financial Statements and to the notes on equity in the Annual Financial Statements of United Internet AG as at December 31, 2023.

For further details, please refer to note 16, as well as 37 - 39, in the Notes to the Consolidated Financial Statements.

Composition of capital

Upon completion of the capital reduction resolved by the Management Board on February 14, 2023, with the approval of the Supervisory Board, by means of canceling 2,000,000 treasury shares, subscribed capital was reduced to € 192,000,000 as at the end of the reporting period on December 31, 2023 and is divided into 192,000,000 registered no-par shares. Each share entitles the owner to one vote. There are no other share categories. In the case of a capital increase, the commencement of dividend entitlement for new shares may be determined separately from the moment of contribution. All shares are listed on the stock exchange.

Limitations affecting voting rights or the transfer of shares

There are legal limitations affecting voting rights of certain shares pursuant to section 71b AktG and section 71d S. 4 in conjunction with section 71b AktG. Upon completion of the capital reduction resolved by the Management Board on February 14, 2023, with the approval of the Supervisory Board, by means of canceling 2,000,000 treasury shares, and the buyback of 13,899,596 shares (without fractional amounts) as part of the public share buyback offer to the shareholders of United Internet AG, United Internet held 19,183,705 treasury shares at the end of the reporting period on December 31, 2023, corresponding to 9.99% of the current capital stock of 192 million shares.

There are also legal limitations affecting voting rights regarding a conflict of interests pursuant to section 136 (1) AktG for shares held by the Management Board and Supervisory Board.

Upon completion of the aforementioned capital reduction and buyback of 13,899,596 shares as part of the public share buyback offer (of which 5,044,795 shares were from Mr. Ralph Dommermuth), Mr. Dommermuth indirectly holds 93,955,205 shares of United Internet AG (48.94% of capital stock) as at the end of the reporting period on December 31, 2023. Of the other Management Board members, Mr. Huhn also held 500 shares of the Company (0.00% of capital stock) as of December 31, 2023.

Of the current members of the Supervisory Board, Mr. Rasch held 12,500 shares (0.01% of capital stock) and Prof. Dr. Söffing held 3,500 shares (0.00% of capital stock) in United Internet AG as of December 31, 2023.

There are no limitations affecting the transfer of shares.

Direct and indirect participations in capital with over 10% of voting rights

On December 31, 2023, the Company's CEO, Mr. Ralph Dommermuth, residing in Germany, indirectly held 93,955,205 shares or 48.94% of the 192,000,000 shares in United Internet AG. The Management Board is not aware of further participations in capital exceeding 10% of voting rights.

Special rights

Mr. Ralph Dommermuth is personally entitled to nominate two members of the Supervisory Board. This right is exercised by naming a person for the Supervisory Board to the Company's Management Board. The nomination becomes effective as soon as the nominated person declares his acceptance of the Supervisory Board seat to the Management Board. A requirement for the aforementioned nomination right is that Mr. Ralph Dommermuth holds shares himself or via affiliated companies pursuant to section 15f. AktG representing at least 25% of the Company's voting capital and can prove as much to the Management Board on nomination of the Supervisory Board member by providing depository account statements or similar documents. Mr. Dommermuth has so far not made use of this nomination right.

The Management Board is not aware of any further shares with special rights.

Appointment and dismissal of Management Board members, amendments to Company articles

The appointment and dismissal of Management Board members is determined by sections 84, 85 AktG in conjunction with section 1 of the rules of procedure for the Supervisory Board. According to section 6 (1) of the Company's articles, the Management Board consists of at least one person. The Supervisory Board appoints and dismisses the members of the Management Board, determines their number and can appoint one member of the Management Board as Chairman.

Each amendment of the Company's articles requires the adoption of a shareholders' meeting resolution with a majority of at least three quarters of capital represented at the vote. Pursuant to section 22 of the Company's articles in conjunction with section 179 (1) sentence 2 AktG (Changes in capital stock and number of shares), the Supervisory Board is authorized to make amendments to the Company's articles insofar as they only concern formulation.

Powers of the Management Board to issue new shares

The Management Board is entitled to issue new shares under the following circumstances:

The Management Board is authorized to increase, subject to the approval of the Supervisory Board, the capital stock until August 31, 2026 by a maximum of € 75,000,000.00 by issuing on one or more occasions new no-par value shares in return for cash and/or non-cash contributions (**Authorized Capital 2023**). In the case of cash contributions, the new shares may – at the option of the Management Board – also be underwritten, subject to the approval of the Supervisory Board, by one or several credit institutions and/or any other company fulfilling the requirements of section 186 (5) sentence 1 AktG subject to the obligation to offer the shares only to the shareholders for subscription (indirect subscription rights).

Subject to the following restrictions, the shareholders will be granted subscription rights.

The Management Board is authorized to exclude, subject to the approval of the Supervisory Board, fractional shares from the shareholders' subscription rights and to also exclude subscription rights to the extent necessary in order to grant subscription rights for new shares to bearers of warrants and convertible bonds issued by United Internet AG or its subsidiaries in the amount to which they would be entitled on exercise of their warrant or conversion rights or fulfillment of their conversion obligations.

Furthermore, in the event of a capital increase in return for cash contributions, the Management Board is authorized to exclude, subject to the approval of the Supervisory Board, shareholders' subscription rights for an amount of up to 10% of the capital stock existing at the time Authorized Capital 2023 becomes effective or – if this amount is lower – at the time the resolution to use Authorized Capital 2023 is adopted if the new shares are issued at an issuance price which is not substantially below the market price of those Company shares already listed at the time of the final determination of the issuance price, which is to be as near in time as possible to the share issue date. This maximum amount includes any shares that are issued or to be issued under bonds with warrants or convertible bonds provided that the bonds are issued during the term of this authorization in analogous application of section 186 (3) sentence 4 AktG with subscription rights excluded; also, the amount must take into account any shares that are issued or sold during the term of this authorization pursuant to or in analogous application of section 186 (3) sentence 4 AktG.

In addition, the Management Board is authorized to exclude, subject to the approval of the Supervisory Board, shareholders' subscription rights in the event of capital increases in return for non-cash contributions in order to grant shares for the purpose of acquiring companies, parts of companies, interests in companies or other assets, including rights and receivables, or as part of business combinations.

The foregoing authorizations to exclude subscription rights are in aggregate limited to an amount of up to 20% of the capital stock existing at the time Authorized Capital 2023 becomes effective or – if this amount is lower – at the time the resolution to use Authorized Capital 2023 is adopted. This maximum amount of 20% of the capital stock includes the proportionate share of capital stock attributable to shares that are subject to conversion and/or warrant rights or conversion obligations under bonds that are issued with warrant and/or conversion rights or conversion obligations during the term of this authorization with subscription rights excluded, as well as the proportionate share of capital stock attributable to treasury shares sold or used during the term of this authorization in a manner other than via the stock exchange or by means of an offer to all shareholders.

The Management Board is also authorized to determine, subject to the approval of the Supervisory Board, the further details of the capital increase and its execution.

Capital stock is conditionally increased by up to € 18,500,000.00, divided into up to 18,500,000 no-par value registered shares (**Conditional Capital 2023**). The conditional capital increase shall only be implemented to the extent that the bearers or holders of warrant rights or conversion rights or obligations from bonds with warrants or convertible bonds that have been issued or guaranteed by the Company or a subordinated Group company in the period ending August 31, 2026, on the basis of the Management Board's authorization resolved by the Annual Shareholders' Meeting of May 17, 2023, exercise their warrant or conversion rights or, to the extent that they are obligated to convert their bonds, fulfill their obligation, or to the extent that the Company exercises a right to grant shares in the Company, instead of paying the cash amount due (or parts thereof), and to the extent that cash compensation is not granted or treasury shares or shares in another listed company are not used to service bonds.

The new shares shall be issued at the warrant or conversion price to be determined in accordance with the above authorizing resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created; to the extent that it is legally permissible, the Management Board may, with the approval of the Supervisory Board, determine the profit participation of new shares and, notwithstanding section 60 (2) AktG, also for a fiscal year already expired.

The Management Board is authorized, subject to the approval of the Supervisory Board, to determine the further details concerning the execution of the conditional capital increase.

Powers of the Management Board to buy and use treasury shares

The authorization to acquire and use treasury shares that was granted by the Annual Shareholders' Meeting on May 20, 2020 in accordance with section 71 (1) number 8 AktG expired on August 31, 2023. Against this background, the Annual Shareholders' Meeting of May 17, 2023 issued a new authorization pursuant to section 71 (1) number 8 AktG, to acquire and use treasury shares. This authorization is valid from September 1, 2023 to August 31, 2026.

The authorization is limited to an amount of 10% of the capital stock existing at the time the Annual Shareholders' Meeting adopts the resolution or – if this amount is lower – at the time the authorization is exercised. The authorization can be exercised directly by the Company, or by a dependent or majority-owned corporation of the Company, or by third parties commissioned by dependent or majority-owned corporations of the Company, and permits the purchase of treasury shared in their entirety or in parts on one or more occasions.

Treasury shares may be acquired via the stock exchange or by means of a public purchase offer made to all shareholders or by means of a public request made to all shareholders to submit sales offers or by granting tender rights to shareholders.

- If acquisition is made via the stock exchange or by means of a public purchase offer, the per share purchase price (excluding ancillary acquisition costs) paid by the Company must not be more than 10% above or below the arithmetic mean of the closing auction prices of the Company's no-par value shares in the Frankfurt Stock Exchange's Xetra trading system (or an equivalent successor system) over the last five stock exchange trading days before the conclusion of any transaction imposing an obligation (if the acquisition is made via the stock exchange) or before the publication of the decision to submit a public purchase offer (if the acquisition is made by means of a public purchase offer). Should the share price deviate significantly from the offered purchase price or from the limits of the offered purchase price range after a public purchase offer is published, the offer may be adjusted. In this case, the relevant purchase price shall be determined based on the corresponding stock exchange price on the last trading day before the announcement of the adjustment and must not be more than 10% higher or lower than that amount.

The volume of a public purchase offer may be limited. If, in the case of a public purchase offer, the volume of the tendered shares exceeds the volume intended to be bought back, tender rights, if any, may be partially excluded so that shares may be acquired based on the proportions of tendered shares (percentages of tendered shares) rather than based on the proportions of the tendering shareholders' shareholdings in the Company (shareholding percentages). Tender rights, if any, may also be partially excluded such that priority is given to smaller lots of up to 100 shares offered per shareholder and such that the number of shares is rounded in accordance with commercial rounding principles in order to avoid fractions of shares.

- If acquisition is made by means of a public request made to all shareholders to submit sales offers, the Company will stipulate a purchase price range per share within which sales offers may be submitted. The purchase price range may be adjusted if, during the submission period, the share price deviates significantly from the share price prevailing at the time of publication of the request to submit sales offers. The purchase price per share (excluding ancillary acquisition costs) to be paid by the Company and that the Company calculates on the basis of the received sales offers must not be more than 10% above or below the arithmetic mean of the closing auction prices of the Company's no-par value shares in the Frankfurt Stock Exchange's Xetra trading system (or an equivalent successor system) over the last five stock exchange trading days before the cutoff date described below. The cutoff date is the date on which the Company`s Management Board makes its final and formal decision on the publication of the request to submit sales offers or the adjustment thereof.

  The volume of offers that may be accepted may be limited. If, due to the limited volume, not all of several equal sales offers can be accepted, tender rights, if any, may be partially excluded so that shares may be acquired based on the percentages of tendered shares rather than based on the shareholding percentages. Tender rights, if any, may also be partially excluded such that priority is given to smaller lots of up to 100 shares tendered per shareholder and such that the number of shares is rounded in accordance with commercial rounding principles in order to avoid fractions of shares.

- If acquisition is made by granting tender rights to the shareholders, the rights may be allocated per Company share. A number of tender rights determined based on the ratio of the Company's capital stock to the volume of shares to be bought back by the Company will entitle a tendering shareholder to sell one Company share to the Company. Tender rights may also be allocated in such a way that one tender right is allocated for a certain number of shares determined based on the ratio of the capital stock to the buyback volume. Fractions of tender rights will not be allocated; in case thereof, partial tender rights are excluded. The price or the limits of the offered purchase price range (in each case excluding ancillary acquisition costs) at which a share may be sold to the Company when a tender right is exercised will be determined in accordance with the provisions of sub-section bb) above, with the relevant cutoff date being the date of publication of the buyback offer with the granting of tender rights, and adjusted if necessary also in accordance with the provisions of the sub-section above, with the relevant cutoff date being the date of publication of the adjustment. The Company's Management Board will determine the further details of the tender rights, in particular their conditions, term and, where appropriate, tradability.

The Management Board is authorized to grant, subject to the approval of the Supervisory Board, in the event treasury shares are sold by means of an offer to all shareholders subscription rights for shares to the bearers of bonds with warrants and/or convertible bonds issued by the Company or any subordinated Group company in the amount to which they would be entitled on exercise of their warrant or conversion rights or fulfillment of their conversion obligations.

In addition, the Management Board is authorized to sell, subject to the approval of the Supervisory Board, treasury shares in a manner other than via the stock exchange or by means of an offer to all shareholders if the shares are sold for cash at a price that is not substantially below the stock exchange price of the Company's shares at the time of sale. The shareholders' subscription rights are excluded in this context. However, this authorization is subject to the condition that the shares sold with subscription rights excluded pursuant to section 186 (3) sentence 4 AktG must not exceed in aggregate 10% of the capital stock either at the time the authorization becomes effective or – if this amount is lower – at the time the authorization is exercised. This limit of 10% of the capital stock includes those shares that are issued during the term of this authorization until the sale of treasury shares from authorized capital with subscription rights excluded pursuant to section 186 (3) sentence 4 AktG. This limit of 10% of the capital stock also includes those shares that are issued or are to be issued in order to service warrant and/or conversion rights and/or conversion obligations provided that the bonds are issued during the term of this authorization in analogous application of section 186 (3) sentence 4 AktG with subscription rights excluded.

The Management Board is also authorized to use, subject to the approval of the Supervisory Board, treasury shares for the following purposes, in addition to a sale via the stock exchange or a use in another manner that complies with the principle of equal treatment of all shareholders:

- As (partial) consideration in connection with the acquisition of companies or interests in companies or parts of companies or in connection with business combinations.

- To float shares of the Company on foreign stock exchanges on which they were previously not admitted to trading. The price at which these shares are floated on foreign stock exchanges (excluding ancillary acquisition costs) must not be more than 5% below the arithmetic mean of the prices of the Company's no-par value shares in the closing auctions of the Frankfurt Stock Exchange's Xetra trading system (or an equivalent successor system) over the last five stock exchange trading days before the day of their flotation on the foreign stock exchange.

- To grant shares of the Company to current and former members of the Management Board and employees of the Company as well as to current and former members of the management boards or, as the case may be, boards of directors and employees of affiliates of the Company within the meaning of sections 15 et seqq. AktG in fulfillment of claims under virtual share participation programs. To the extent members of the Company's Management Board are to be granted shares, the Company's Supervisory Board decides thereon.

Shareholders' statutory subscription rights with regard to these treasury shares will be excluded in accordance with sections 71 (1) no. 8 and 186 (3) and (4) AktG to the extent that these shares are used pursuant to the above authorizations. Furthermore, the Managing Board is authorized to exclude, subject to the approval of the Supervisory Board, shareholders' subscription rights for fractional shares if treasury shares are sold by means of an offer to all shareholders.

The authorizations to exclude subscription rights are in aggregate limited to an amount of up 10% of the capital stock existing at the time these authorizations become effective or – if this amount is lower – at the time the resolution to sell treasury shares is adopted. This maximum amount of 10% of the capital stock includes the proportionate share of capital stock attributable to shares that are subject to conversion and/ or warrant rights or conversion obligations under bonds issued during the term of this authorization with subscription rights excluded, as well as the proportionate share of the capital stock attributable to shares issued from authorized capital during the term of this authorization with subscription rights excluded.

In addition, the Management Board is authorized to redeem, subject to the approval of the Supervisory Board, treasury shares without any further resolution of the Annual Shareholders’ Meeting being required either for the redemption or the implementation thereof. The redemption may also be implemented in accordance with section 237 (3) no. 3 AktG without a capital reduction and in such a manner that, as a result of the redemption, the proportionate share of the Company’s remaining no-par value shares in the capital stock is increased in accordance with section 8 (3) AktG. In accordance with section 237 (3) no. 3, 2nd half-sentence AktG, the Management Board is authorized to amend the number of shares specified in the Articles of Association accordingly. The redemption may also be implemented in combination with a capital reduction, in which case the Management Board is authorized to reduce the capital stock by the proportionate share of capital stock attributable to the redeemed shares. The Supervisory Board is authorized to amend the number of shares and the capital stock amount specified in the Articles of Association.

The foregoing authorizations are granted for the period beginning September 1, 2023. They may be exercised once or several times, in their entirety or partially, individually or collectively. They also cover the use of treasury shares that have been acquired on the basis of previous authorizations to acquire treasury shares and treasury shares that have been acquired in accordance with section 71d sentence 5 AktG or (i) by any company controlled or majority-owned by the Company or (ii) by third parties acting for the account of the Company or of any company controlled or majority-owned by the Company.

Material agreements conditional to a change of control following a takeover bid

A bank consortium has granted United Internet AG a syndicated loan facility of € 810 million until January 2025. In fiscal 2020, the Company exercised a contractually agreed extension option and extended the term of the revolving syndicated credit facility entered into on December 21, 2018 for the period January 2025 to January 2026. A credit facility of € 690 million was agreed for this extension period. € 150 million of the revolving syndicated credit facility had been drawn as at the end of the reporting period on December 31, 2023.

- The members of the consortium were granted the right to terminate their share of the syndicated loan facility or the syndicated loan if a third party or a group of third parties acting in concert acquired a majority of the shares in United Internet AG or held the majority of voting shares at an Annual Shareholders' Meeting of the Company. The right of termination is available to each member of the bank consortium individually within 30 days of the announcement of the change of control by the Company. However, this right of termination does not apply if the majority of shares or voting rights at an Annual Shareholders' Meeting are acquired by Mr. Ralph Dommermuth or his direct relatives.

Furthermore, several promissory note loans of United Internet AG totaling € 1,162.0 million are outstanding at the end of the reporting period on December 31, 2023.

- The lenders of the promissory notes were granted the right to terminate their share of the respective promissory note loans if a third party or a group of third parties acting in concert acquired a majority interest in United Internet AG. The right of termination is available to each lender individually within 30 days of the announcement of the change of control by the Company. However, this right of termination does not apply if the majority of the shares are acquired by Mr. Ralph Dommermuth.

Compensation agreements in the event of a change of control following a takeover bid

No compensation agreements have been concluded with members of the Management Board or employees of the Company in the event of a change of control following a takeover bid.

7. DECLARATION ON COMPANY MANAGEMENT

The disclosures made in chapter "7. Declaration on Company Management" are "non-audited management report disclosures" as an audit of the disclosures contained in the Declaration on Company Management in accordance with section 317 (2) sentence 6 German Commercial Code ("Handelsgesetzbuch" – HGB) is limited to the fact that the information has been provided and the Corporate Governance Report in chapter 7 constitutes a "non-management report-related disclosure" which is not subject to a substantive audit.

Principles of corporate governance

As a German public company listed on the stock exchange, the management of United Internet AG is governed by the relevant statutory regulations and the recommendations and suggestions of the German Corporate Governance Code (the "Code").

The term Corporate Governance stands for responsible corporate management and control geared to sustainable value creation. Efficient cooperation between Management Board and Supervisory Board, respect for stockholder interests, openness and transparency of corporate communications are key aspects of good corporate governance.

The Management Board and Supervisory Board of United Internet AG regard it as their duty to secure the Company's continued existence and sustainable value creation through responsible corporate governance focused on the long term. Appropriate consideration is given to environmental and social objectives.

In this declaration on company management, the Management Board and Supervisory Board report on the Company's corporate governance (Corporate Governance Report) in addition to the statutory requirements in accordance with section 289f HGB for the parent company and section 315d HGB for the Group also in accordance with Principle 23 of the Code. The Corporate Governance Report is based on the Code in its current version dated April 18, 2022, which was published in the Federal Gazette on June 27, 2022

Management and corporate structure

In accordance with its legal status, United Internet AG operates a dual management and monitoring structure comprising two corporate bodies: the Management Board and the Supervisory Board. The third body is the Shareholders' Meeting. All three bodies are committed to serving the Company's interests.

Management Board

Working procedures of the Management Board

The Management Board is the body charged with managing the Group's operations. In the fiscal year 2023, it initially consisted of two persons (namely Mr. Ralph Dommermuth and Mr. Martin Mildner), and following the departure of Mr. Mildner on expiry of March 31, 2023, and the appointment of Mr. Ralf Hartings and Mr. Markus Huhn, each as of April 1, 2023, it consisted of three persons. For initial appointments, a term of office of three years is considered. The Supervisory Board assesses on a case-by-case basis as to which term of office within the legally permissible term of appointment appears appropriate. Beyond this, Management Board members are appointed for no longer than five years. The Management Board conducts operations in accordance with its legal and statutory obligations, as well as the rules of procedure adopted by the Supervisory Board, and the corresponding recommendations of the Code – unless deviations are declared pursuant to section 161 AktG.

The Management Board is responsible for preparing the Interim and Annual Financial Statements as well as for appointing key managers within the Company. In addition, it systematically defines the risks and opportunities for the Company associated with social and environmental factors, as well as the environmental and social impact of the Company's activities, and subsequently assesses these. In addition to long-term economic objectives, the corporate strategy also takes appropriate account of environmental and social objectives. Corporate planning includes both the corresponding financial and sustainability-related targets. Further information on sustainability can be found on the Company's website at www.united-internet.de under Company/Sustainability.

Decisions of fundamental importance require the approval of the Supervisory Board. The Management Board reports to the Supervisory Board in accordance with the statutory provisions of section 90 AktG and provides the Chairman of the Supervisory Board at least once a month with an oral overview – and at the request of the Chairman of the Supervisory Board also in writing – of the current status of relevant reporting items pursuant to section 90a AktG. The Chairman of the Supervisory Board is thus informed without delay by the Chairman or Speaker of the Management Board, or the Chief Financial Officer, about important events that are essential for assessing the Company's situation and development, as well as for the management of the Company. Important items also include any substantial deviation from the budget or other forecasts of the Company. The Chairman or Speaker of the Management Board, or Chief Financial Officer, shall also inform the Chairman of the Supervisory Board, in advance where possible otherwise immediately thereafter, about all ad hoc announcements of the Company pursuant to Art. 17 MAR.

There is an age limit of 70 for members of the Management Board. This requirement is currently complied with in full.

The Management Board conducts the Company's business with joint responsibility and according to common objectives, plans, and policies. Irrespective of the joint responsibility of the Management Board, each member bears responsibility for his assigned division, but is required to subordinate the interests of his assigned division to the overall good of the Company.

The full Executive Board regulates the division of responsibilities in a business distribution plan.

The Management Board members inform each other about important events within their divisions. Matters of greater importance which are not approved in the budget must be discussed and decided by at least two Management Board members, whereby one of the two Management Board members must be responsible for the Finance division.

Irrespective of their areas of responsibility, all Management Board members constantly monitor those events and data which are crucial for the Company's business development so they are always able to help avert potential disadvantages, or implement desirable improvements and expedient changes by drawing them to the attention of the full Management Board.

The full Management Board resolves on all matters of particular importance and scope for the Company or its subsidiaries and investment companies.

Resolutions are adopted by the full Management Board with a simple majority. Should the vote result in a tie, the Chairman of the Management Board has a casting vote. The resolutions of the Management Board are recorded in the minutes.

The full Management Board meets regularly once a month and otherwise as required.

Each Management Board member immediately discloses any conflict of interest to the Chairman of the Supervisory Board and the Chairman of the Management Board or Speaker of the Management Board and informs the other Management Board members about it where necessary.

During the reporting period, the members of the Management Board did not and do not currently hold any supervisory board mandates in other listed companies outside the Group or comparable functions and thus also do not chair the supervisory boards of such companies.

Composition of the Management Board

The Management Board of United Internet AG comprised the following members in the fiscal year 2023:

Management Board members on December 31, 2023

- Ralph Dommermuth, Company founder and Chief Executive Officer
  (with the Company since 1988)

- Ralf Hartings, Chief Financial Officer
  (Management Board member since April 1, 2023; with the United Internet Group since 2021)

- Markus Huhn, Management Board member responsible for Shared Services / HR
  (Management Board member since April 1, 2023; with the United Internet Group since 1994)

Departed in the fiscal year 2023

- Martin Mildner, Chief Financial Officer
  (Management Board member from October 1, 2020 to March 31, 2023)

Supervisory Board

Working procedures of the Supervisory Board

In the fiscal year 2023, the Supervisory Board elected by the Annual Shareholders' Meeting consisted of five members until May 16, 2023. Since May 17, 2023, the Supervisory Board has once again comprised six members (namely, Mr. Philipp von Bismarck, Dr. Manuel Cubero del Castillo-Olivares, Mr. Stefan Rasch, Prof. Dr. Andreas Söffing, and Prof. Dr. Yasmin Mei-Yee Weiß, as well as – since May 2023 – Prof. Dr. Franca Ruhwedel). The members of the Supervisory Board are generally elected for a period of five years.

In accordance with German law, the Company’s articles, its rules of procedure, and the corresponding recommendations of the Code – unless deviations are declared pursuant to section 161 AktG – the Supervisory Board is in regular contact with the Management Board and monitors and advises it with regard to the management of business, and the Company's risk and opportunity management system. This mainly comprises questions relating to the topic of sustainability.

The Supervisory Board meets at regular intervals to discuss with the Management Board all matters of relevance to the Company regarding strategy and its implementation, as well as planning, the development of business, the risk position, risk management, and compliance. Together with the Management Board, it discusses the quarterly statements and half-year reports before publication and approves the annual budgets. These includes detailed sales, cost and earnings budgets as well as liquidity and annual investment budgets. The Supervisory Board examines the Annual Financial Statements of the parent company and the Group and adopts them if it has no reservations. In doing so, it also takes the reports of the Company's external auditors into account.

The Supervisory Board's responsibilities also include appointing members of the Management Board, as well as determining and regularly monitoring their remuneration in compliance with the latest legal regulations and recommendations of the Code – unless deviations are declared pursuant to section 161 AktG.

When appointing members of the Management Board, the Supervisory Board strives to achieve the best possible, diverse and mutually complementary composition for the Company and pays attention to long-term succession planning. Experience and industry knowledge as well as professional and personal qualifications play a particularly important role.

As part of its long-term succession planning, the Supervisory Board, with the involvement of the Management Board, regularly discusses highly skilled executives who could be considered as potential candidates for Management Board positions.

The Supervisory Board conducts regular tests to assess the efficiency of the Supervisory Board as a whole, as well as the efficiency of the Supervisory Board's Audit and Risk Committee. In accordance with Recommendation D.12 of the Code, the Supervisory Board and its committee assess how effectively they each perform their duties as a body. For this purpose, a self-assessment by means of questionnaires is conducted every two years or so.

At its meeting on December 11, 2023, the Audit and Risk Committee of United Internet AG conducted a self-assessment for the fiscal year 2023 in the presence of all committee members and the Audit Committee Chairman. The self-assessment was carried out on the basis of a comprehensive catalog of questions, which included in particular an assessment of the working methods and activities, as well as the size and structure of the Audit and Risk Committee. In addition, an assessment was made of the work with the auditor and interaction with the Management Board and the Group's departments.

The last self-assessment of the Supervisory Board was conducted and evaluated in the fourth quarter of 2022. The self-assessment was carried out on the basis of a comprehensive catalog of questions, focusing in particular on expectations, time commitment, composition of the Supervisory Board, independence of the Supervisory Board and how it deals with conflicts of interest, Management Board and Supervisory Board remuneration, and accounting matters.

The results of the self-assessments confirm that there is a good and open exchange within the bodies, as well as a trusting and cooperative working relationship with the auditor, the Management Board and the Company's departments. This professional cooperation is reflected, for example, in the receipt of well-prepared documents/information, which are always provided appropriately and on time. Specific suggestions are addressed and implemented during the year as part of the work of the Supervisory Board and Audit and Risk Committee.

Following a thorough evaluation, it can therefore be assumed that the activities of the Supervisory Board and its Audit and Risk Committee are performed efficiently.

The members of the Supervisory Board complete the training and further education measures required for their tasks on their own, but receive appropriate support in this context from the Company. The measures conducted are detailed in the Report of the Supervisory Board.

The Supervisory Board is convened at least twice every half of a calendar year. Supervisory Board meetings are convened in writing by its Chairman at least 14 days in advance. Further and more detailed information on the exact number of meetings and the topics discussed at these meetings can be found in the Report of the Supervisory Board to the Annual Shareholders' Meeting of the Company.

When Supervisory Board meetings are convened, the Supervisory Board members are informed of the agenda items. If an agenda item has not been properly announced, a resolution concerning it may only be adopted if no Supervisory Board member objects prior to the vote.

Resolutions of the Supervisory Board are generally adopted at meetings held with physical attendance. However, it is permissible for meetings of the Supervisory Board to be held in the form of a video or telephone conference call or for individual members of the Supervisory Board to be connected by video or telephone call and, in such cases, for resolutions to be adopted or votes to be cast by video or telephone conference call. Meetings are chaired by the Chairman of the Supervisory Board. If so arranged by the Chairman, resolutions may also be adopted outside of meetings by other means, for example by phone or e-mail, if no member objects to this procedure.

The Supervisory Board has a quorum if all members have been officially invited and at least three members participate in the resolution. A member shall also be deemed to participate in a resolution if he abstains from voting.

Unless the law prescribes otherwise, resolutions of the Supervisory Board are adopted with a simple majority.

Minutes are kept of the Supervisory Board's discussions and resolutions.

The Chairman of the Supervisory Board is authorized to submit on behalf of the Supervisory Board the declarations of intent required for the implementation of the Supervisory Board's resolutions.

The Audit and Risk Committee assists the Supervisory Board in its monitoring of accounting practices and the integrity of the accounting process, as well as in monitoring the effectiveness and functionality of the internal control system, the risk management system, the compliance management system, and the internal auditing system. Moreover, it supports the Supervisory Board in monitoring the auditing of the financial statements, the services provided by the auditor, the auditing fees, and the additional services provided by the auditor.

The Audit and Risk Committee closely examines the Annual Financial Statements and Consolidated Financial Statements, the Combined Management Report for the Company and the Group, the non-financial statement and the non-financial Group statement, and the Management Board's proposal for the allocation of unappropriated profit. It discusses with the Management Board and the auditors the audit reports, the audit process, the audit focus areas and methodology, as well as the audit results, also with regard to the internal control system relating to the accounting process, and makes recommendations to the Supervisory Board. It regularly assesses the quality of the audit. Prior to their publication, it discusses the quarterly statements and the half-year financial report with the Management Board.

The Audit and Risk Committee prepares the negotiations and resolutions of the Supervisory Board for the election proposal of the auditor to the Annual Shareholders' Meeting and decisions on corporate governance issues, as well as resolving on the approval of related party transactions in accordance with section 111b (1) AktG. There were no such transactions requiring approval in the reporting period.

The Audit Committee discusses with the auditor the assessment of the audit risk, the audit strategy and audit planning, and the audit results. The Chairman or Chairwoman of the Audit Committee regularly discusses current issues relating to the audit and its progress with the auditor, also in the presence of all members of the Audit and Risk Committee. The Audit Committee also consults regularly with the auditor without the presence of the Management Board. A total of eight consultation meetings were held with the auditor in 2023.

The Chairman or Chairwoman of the Audit Committee regularly reports to the Supervisory Board on the activities of the Audit and Risk Committee. In the event of significant occurrences and findings by the Audit and Risk Committee, the Chairman of the Supervisory Board is immediately informed.

Targets for the composition of the Supervisory Board / status of implementation

The Company's Supervisory Board aims to achieve a composition of the Supervisory Board that enables qualified advice and supervision for the Company's Management Board.

In view of

- the size of the Supervisory Board,
- the business in which the Company operates,
- the size and structure of the Company,
- the scope of the Company's international activities, and
- its current shareholder structure,

the Company's Supervisory Board has adopted the following targets for its future composition. These take into account the statutory requirements both with regard to the requirements placed on individual Supervisory Board members and with regard to the composition of the entire Supervisory Board and – unless expressly stated otherwise – the recommendations of the Code. In particular, a skills profile has been prepared with regard to the overall body.

The Supervisory Board will take these targets into account when making proposals to the Annual Shareholders' Meeting regarding the election of Supervisory Board members and ensure that the respective candidates meet the requirements for fulfilling the skills profile for the overall body. In doing so, the specific situation of the Company must be taken into consideration.

Requirements for individual members

The Company’s Supervisory Board aims to ensure that each Supervisory Board member meets the following requirements:

General requirement profile
Each member of the Supervisory Board should have the requisite knowledge and experience to enable them to carefully monitor and advise the Company’s Management Board and to assess any risks for the Company's business. Moreover, the Supervisory Board will ensure that all its members have a personal profile that enables them to maintain the Company’s public reputation.

Time availability
All members of the Supervisory Board must have sufficient time to exercise their duties with due care throughout the entire period of office. In particular, the members of the Supervisory Board must observe the legal requirements and should follow the Code’s recommendations regarding the permissible number of Supervisory Board mandates.

Conflicts of interest
Supervisory Board members should not engage in any other activities likely to cause frequent conflicts of interest. These include board positions or consultancy work for key competitors, as well as personal relationships with them.

Age limit for Supervisory Board members
As a rule, members of the Supervisory Board should not have reached the age of 70 at the time of their election or re-election.

Requirements regarding the composition of the Supervisory Board as a whole

In addition to the individual requirements for Supervisory Board members, the Company’s Supervisory Board also strives to reach the following targets for the composition of the Supervisory Board as a whole in line with recommendation C.1 of the Code.

Skills profile for the Supervisory Board as a whole
The members of the Supervisory Board must collectively have the knowledge, skills, and professional experience necessary for them to carry out their tasks as required. The Supervisory Board strives to ensure that the Supervisory Board as a whole covers the widest possible range of knowledge and experience relevant to the Company, and in particular meets the following requirements:

- In-depth knowledge and experience of the telecommunications and internet sector;
- Expertise or experience from other sectors of the economy;
- Entrepreneurial or operational experience;
- At least one member with several years of experience working abroad or working for a company with international activities;
- At least one member with special knowledge and experience in the application of accounting principles and internal control processes;
- Expertise in sustainability issues of significance for the Company;

- At least one member with expertise in the field of accounting, whereby the expertise in the field of accounting must consist of special knowledge and experience in the use of accounting principles and internal control and risk management systems and must also apply to sustainability reporting;

- At least one additional member with expertise in the field of auditing, whereby the expertise in the field of auditing must consist of special knowledge and experience in the field of auditing and must also apply to the auditing of sustainability reporting;

- Knowledge and experience of strategy development and implementation;

- In-depth knowledge and experience of controlling and risk management;

- Knowledge and experience of HR planning and management;

- In-depth knowledge and experience in the field of governance and compliance;

- Expertise in the needs of capital market-oriented companies.

Diversity
The Supervisory Board aims to ensure that the Supervisory Board is composed of a wide variety of members so that the Supervisory Board as a whole has sufficient diversity of opinion and knowledge. In its nominations, the Supervisory Board will take into account the diversity concept established by the Company, which is presented in a separate section below.

Independence
The Supervisory Board aims to ensure that – what it believes to be – an appropriate number of at least four of its six members are also independent within the meaning of the criteria set out in the recommendations of the Code.

The Supervisory Board once again addressed the above objectives for its composition during the reporting year. In particular, it discussed them with regard to the skills profile for the full Supervisory Board. It also adhered to them and further expanded them. The Supervisory Board strives to fulfill the skills profile it developed for the Supervisory Board as a whole.

Composition of the Supervisory Board/implementation status

The Supervisory Board of United Internet AG comprised the following members in the fiscal year 2023:

Supervisory Board members as at December 31, 2023

- Philipp von Bismarck,
  Chairman of the Supervisory Board since May 2021, member of the Audit and Risk Committee since May 2021
  (Supervisory Board member since July 2020)

- Dr. Manuel Cubero del Castillo-Olivares,
  Deputy Chairman of the Supervisory Board since May 2021
  (Supervisory Board member since May 2020)

- Stefan Rasch,
  Member of the Audit and Risk Committee since May 2021
  (Supervisory Board member since May 2021)

- Prof. Dr. Andreas Söffing,
  Chairman of the Audit and Risk Committee from May 2021 to December 2023;
  Member of the Audit and Risk Committee since January 2024
  (Supervisory Board member since May 2021)

- Prof. Dr. Yasmin Mei-Yee Weiß
  (Supervisory Board member since July 2020)

- Prof. Dr. Franca Ruhwedel
  Member of the Audit and Risk Committee since May 2023;
  Chairwoman of the Audit and Risk Committee since January 2024
  (Supervisory Board member since May 2023)

Skills matrix:

		Philipp von Bismarck	Dr. Manuel Cubero del Castillo-Olivares	Stefan Rasch	Prof. Dr. Andreas Söffing	Prof. Dr. Yasmin Mei-Yee Weiß	Prof. Dr. Franca Ruhwedel
Length of	Member since	2020	2020	2021	2021	2020	2023
Age limit (70)	Year of birth	1975	1963	1962	1962	1978	1973
Personal suitability	Independence	✓	✓	✓	✓	✓	✓
	No overboarding	✓	✓	✓	✓	✓	✓
	Former Management Board						
	No conflicts of interest	✓	✓	✓	✓	✓	✓
Diversity	Gender	Male	Male	Male	Male	Female	Female
	Nationality	German	Spanish	German	German	German	German
Professional suitability	Telecommunications sector	✓	✓	✓			
	Media and / or IT sector		✓	✓			✓
	Expertise / experience in other sectors	✓	✓	✓	✓	✓	✓
	Entrepreneurial or operational experience	✓	✓	✓	✓	✓	✓
	Use of accounting principles, internal control & risk management systems, incl. sustainability reporting	✓		✓	✓		✓
	Auditing of financial statements, incl. auditing of sustainability	✓			✓		✓
	Expertise in sustainability issues of importance to the Company						✓
	Strategy development and implementation	✓	✓	✓	✓	✓	
	Controlling and risk management			✓	✓		✓
	HR planning and management		✓			✓	
	Governance and compliance	✓			✓		✓
	Expertise regarding the needs of capital market-oriented	✓			✓		✓
International experience	Several years of work abroad or operational experience in an internationally active company (e.g., in the field of financial engineering, telecommunications, M&A)	✓	✓	✓	✓	✓	✓

All members of the Supervisory Board’s Audit and Risk Committee have extensive expertise in the areas listed in D.3 of the Code, as detailed below.

Prof. Dr. Franca Ruhwedel took over the chairmanship of the Supervisory Board's Audit and Risk Committee from Prof. Dr. Andreas Söffing on January 1, 2024. Given her qualifications as a business graduate and long-standing university lecturer with professorships in Accounting and Controlling at the FOM University of Applied Sciences in Essen and in Finance and Accounting at Rhine-Waal University of Applied Sciences in Kamp Lintfort, as well as her work as a member of the supervisory board and chairwoman of the audit committee at the listed company thyssenkrupp nucera AG & Co. KGaA, her many years as a member of the supervisory board and member of the audit committee at National-Bank AG, as a former member of the supervisory board and chairwoman of the audit committee at VTG AG, as well as other supervisory board mandates, she has extensive expertise in the areas of accounting and auditing, including sustainability reporting and its audit. With regard to accounting, her expertise in these areas consists in particular of special knowledge and experience in the application of international and national accounting principles and internal control and risk management systems, and with regard to the audit of the annual financial statements, she has special knowledge and experience in auditing. Furthermore, Prof. Dr. Ruhwedel has special knowledge and experience in sustainability issues and sustainability reporting as well as their auditing.

As a further member of the Audit and Risk Committee, Mr. Philipp von Bismarck has extensive expertise in the areas of accounting and auditing, including sustainability reporting and its audit, due to his qualifications and over 20 years of experience as a lawyer in renowned commercial law firms in Germany and abroad, as well as his intensive involvement in transactions in the field of digital infrastructure for more than a decade. With regard to accounting, his expertise in these areas consists in particular of special knowledge and experience in the application of accounting principles and internal control and risk management systems, as well as special knowledge and experience in the auditing of financial statements.

Based on his qualifications as a doctor of business administration, as a tax consultant and partner in a renowned partnership of lawyers, tax consultants and auditors, as a long-serving honorary professor at Martin Luther University Halle-Wittenberg, as a member of the supervisory board of the listed company Nemetschek SE, as a member and deputy chair of the advisory committee of Deutsche Oppenheim Family Office AG, as a member and chair of the management board of Nemetschek Innovationsstiftung, as well as further mandates, the member of the Audit and Risk Committee Prof. Dr. Andreas Söffing has extensive expertise in the areas of accounting and auditing, including sustainability reporting and its audit. His expertise in these areas consists in particular of special knowledge and experience in the application of international and national accounting principles and internal control and risk management systems with regard to accounting, as well as special knowledge and experience in the auditing of financial statements with regard to the audit of the annual financial statements.

The fourth member of the Audit and Risk Committee, Mr. Stefan Rasch, has extensive expertise in the field of accounting, including sustainability reporting, due to his qualification as a business graduate with an additional Master of Business Administration degree from the University of Pittsburgh (USA), his many years as a management consultant at the renowned Boston Consulting Group GmbH, where he is a senior partner, his former position as financial manager at Procter & Gamble Deutschland GmbH, his position as chairman of the supervisory board of Fond of Group Holding GmbH, and his former supervisory board mandates at Tele Columbus AG, which was listed on the stock exchange at the time, and Hallhuber GmbH. His expertise in accounting consists in particular of special knowledge and experience in the application of international and national accounting principles and internal control and risk management systems.

In addition to taking these objectives into account and endeavoring to meet the skills profile for the entire body, the Supervisory Board's proposals for the election of Supervisory Board members shall continue to be oriented towards the welfare of the Company as a whole. In doing so, the specific situation of the Company is to be taken into consideration.

Subject to the formation of short fiscal years, the current term of office of the Supervisory Board members ends on expiry of the Annual Shareholders' Meeting of the year 2025.

Targets for the share of women on the Supervisory Board, Management Board, and in management positions / implementation status

As a listed company, United Internet AG is subject to the following obligations in particular of the German Stock Corporation Law (AktG):

- Setting of targets by the Supervisory Board for the share of women on the Supervisory Board of United Internet AG (section 111 (5) AktG).

- Setting of targets by the Supervisory Board for the share of women on the Management Board of United Internet AG (section 111 (5) AktG).

- Setting of targets by the Management Board for the share of women on the first and second management levels below the Management Board of United Internet AG (section 76 (4) AktG).

The following targets are to be set for a period of no more than five years.

After careful examination, the Supervisory Board and Management Board of United Internet AG adopted the following:

- The Supervisory Board set the deadline for the attainment of the current targets for the share of women on the Supervisory Board and Management Board as the expiry of the Annual Shareholders' Meeting in 2025 that decides on the discharge of the Supervisory Board for the fiscal year 2024.

- After a target of "0" had previously been set for the Supervisory Board, a target of 30% was set for the share of women. The Supervisory Board currently comprises two women and four men.

- A target of "0" was set for the Management Board. The Management Board was composed exclusively of two (at times three) men in the fiscal year 2023. After extensive and careful consideration, the Supervisory Board decided, based on the Company's interest in a steady continuation of the successful work of the Management Board's experienced members who are already familiar with the Group's structures, to set an unchanged target for the Management Board (now comprising three members) of "0". At the same time, it was decided that in the event of a further increase in the size of the Management Board, the target for the proportion of women would be set at 25%.

- Irrespective of this, the selection shall always be made according to the individual skills profile of the potential board members, whereby the Supervisory Board shall endeavor to give preference to women in the case of equal qualifications.

- No target has been set for the share of women on the first and second management levels below the Management Board, as United Internet AG does not have any management levels below the Management Board due to its holding structure.

- With regard to the share of women on the Supervisory Board and Management Board, the Supervisory Board reserves the right to resolve again on the target should there be any indication of a new appointment.

The current targets for the Supervisory Board and Management Board are therefore met at present.

Diversity concept

Diversity aspects are always taken into account in the composition of the Management Board and the Supervisory Board. The Company considers diversity to be not only desirable, but also crucial to the success of the Company. The Company therefore pursues an appreciative corporate culture in which individual diversity in terms of culture, nationality, gender, age group, educational or professional background, and religion is desired and equal opportunities – irrespective of age, disability, ethnic and cultural origin, gender, religion and ideology, or sexual identity – are promoted.

The Company aims to ensure that the Management Board and Supervisory Board are composed of many different types of people and that the bodies as a whole have a sufficiently wide variety of opinions and knowledge.

In particular, the following criteria should be taken into account:

- The members of the Management Board and Supervisory Board should complement each other within their respective committees with regard to their experience, education, and professional background in order to develop a good understanding of the current status and the longer term opportunities and risks associated with the Company's business activities.

- With regard to the gender quota, the Management Board and Supervisory Board have each set a target figure for the reference period until the end of the Annual Shareholders' Meeting in 2025, which will decide on the discharge of the Supervisory Board for the fiscal year 2024. The Supervisory Board currently consists of two women and four men and the Management Board comprises three men. In principle, both genders should be treated equally according to their qualifications.

- With the exception of the age limit of 70, as stipulated in B.5 and C.2 of the Code, no differentiation is made according to age for the members of the Management Board and Supervisory Board, and the sole differentiation should be according to the required knowledge and experience.

- In view of the current size of the Management Board and Supervisory Board, consisting of just three and six members respectively, no targets have been set with regard to geographical origin. In order to ensure international experience, the Supervisory Board already stipulates that at least one member of the Supervisory Board should have several years of experience abroad or have gained operational experience with an internationally active company.

Individual strengths – in other words, everything that makes individual employees unique and distinctive within the Company – made it possible for the Company to become what it is today. A workforce comprising a wide variety of personalities offers the best possible conditions for creativity and productivity - and thus also for employee satisfaction. The resulting potential for ideas and innovation strengthens the Company's competitiveness and increases its opportunities in future markets. With this in mind, the aim is not only to find the field of activity and the function for each employee in which their individual potential and talents are best utilized, but also to ensure diversity in the composition of the Management Board and Supervisory Board – in the Company's own interests – with regard to age, gender, and professional experience, for example.

The Supervisory Board has determined that the entirety of the relevant statutory and self-imposed provisions for its composition (targets for composition, skills profile, statutory target for the proportion of women, age limit, and the other provisions outlined above) should be regarded as a diversity concept within the meaning of section 289f (2) no. 6 HGB. The Company does not consider diversity targets that go beyond this with additional or more specific criteria to be appropriate. In view of the current size of the Management Board and Supervisory Board, more or more specific diversity aspects would create considerable difficulties to fill the positions taking into account all diversity criteria.

The members of the Management Board and Supervisory Board believe that the diversity concept for the Management Board and Supervisory Board is currently fulfilled.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting is the body which formulates and expresses the interests of the shareholders of United Internet AG. At the ordinary Annual Shareholders' Meeting, the Annual Financial Statements of the parent company and Consolidated Financial Statements are presented to the shareholders. The shareholders decide on the allocation of the unappropriated profit and vote on resolutions concerning other statutory topics, such as releasing the Management Board members from their responsibility for the past fiscal year and appointing external auditors. Each share entitles the owner to one vote. All shareholders who register in time and are listed in the Share Register on the day of the Annual Shareholders' Meeting are entitled to attend. Shareholders may also exercise their rights at the Annual Shareholders' Meeting by means of a proxy vote. The Company provides a proxy who votes according to the shareholder's instructions, providing he receives the required order.

Governance functions

At United Internet AG, governance functions are part of an integrated "GRC" organization which comprises the Corporate Governance, Corporate Risk Management & Internal Control Systems, and Corporate Compliance functions. The Group General Counsel, who reports directly to the Chief Financial Officer (CFO) of United Internet AG, is responsible for all GRC functions.

Internal Control System and Risk Management System

To secure the long-term corporate success of the United Internet Group, it is essential to effectively identify and analyze the risks involved in all business activities across the Group and to eliminate or limit them by means of suitable control measures. The Internal Control Management System and Risk Management System ensure that risks are handled responsibly. In particular, they are designed to identify, assess, manage, and monitor risks throughout the Group at an early stage. The systems are continuously refined and adapted to changing circumstances. The Supervisory Board is regularly informed by the Management Board about existing risks and how they are being dealt with, as well as about the effectiveness of the internal controls. The appropriateness and effectiveness of the Internal Control System and the Risk Management System were assessed by the Supervisory Board in its entirety.

The main features of the Internal Control System and the Risk Management System with regard to the accounting process of the Company and the Group are described in detail in the Combined Management Report for the Company and the Group in accordance with sections 289 (4) and 315 (4) HGB. The Management Board also reports there in detail on existing risks and their development.

Compliance

The Management Board of United Internet AG has established a Group-wide risk-oriented Compliance Management System (UI-CMS) to ensure adherence to the legal and internal regulations. At the heart of this UI-CMS is a segment-based, decentralized Compliance Organization comprising segment compliance managers and corporate compliance managers.

At segment level, the segment compliance managers are responsible for the specific design of the a segment-based CMS. In certain business units, especially in significant subsidiaries of IONOS SE, the compliance organization is supported by local compliance managers and in certain departments, such as HR, by functional compliance managers.

The overarching objective of all compliance activities is to prevent compliance violations. This objective is achieved by taking appropriate measures in line with the United Internet Group's risk situation and in accordance with the three-level approach of "Prevent", "Detect", and "Respond". The main topics are the prevention of corruption, policy management, the establishment of confidential reporting channels and the protection of whistleblowers.

The main elements of the UI-CMS are described in detail in United Internet AG's Sustainability Report.

Financial disclosures / transparency

It is the declared aim of United Internet AG to inform institutional investors, private shareholders, financial analysts, employees, and the public simultaneously and with equal treatment about the Company's situation by means of regular, open, and up-to-date communication.

To this end, all important information, such as press releases, ad-hoc announcements, and other mandatory disclosures (e.g., directors' dealings and notifications of voting rights), as well as all financial reports, are published in accordance with statutory regulations. In addition, United Internet AG provides extensive information on its corporate website (www.united-internet.de), where documents and information on Annual Shareholders' Meetings and other economically relevant facts can be found.

United Internet AG provides shareholders, analysts, and the press with four reports each fiscal year on the Company's business development and its financial and earnings position. The publication dates of these reports are stated in a binding financial calendar, which the Company posts on its website and regularly updates in accordance with legal obligations.

The Management Board also provides immediate information in the form of ad-hoc announcements about any events not known to the public which might significantly affect the share price.

As part of its investor relations activities, the Company's management team regularly meets with analysts and institutional investors. We also hold analyst conferences to announce our semi-annual and annual figures, which investors and analysts can also participate in via telephone.

Accounting and auditing

The United Internet Group’s accounts are drawn up according to the principles of the International Financial Reporting Standards (IFRS, as applicable in the EU) with consideration of section 315e HGB. However, the Annual Financial Statements of the parent company United Internet AG – relevant for all dividend and tax matters – are drawn up according to the rules of the German Commercial Code (HGB). The Annual Financial Statements and the Consolidated Financial Statements are audited by independent auditors. The respective auditing company is selected by the Annual Shareholders' Meeting. The Supervisory Board issues the auditing mandate, determines auditing focal points, approves the auditing fee, and examines the independence of the auditors.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has audited the Annual Financial Statements of United Internet AG and the Group since the fiscal year 2022. Mr. Erik Hönig and Mr. Christian David Simon are the auditing partners responsible for the fiscal year 2023.

Remuneration of Management Board and Supervisory Board

Remuneration for members of the Management Board and Supervisory Board is presented in a detailed Remuneration Report for the fiscal year 2023 in accordance with section 162 AktG, together with the corresponding Auditor’s Report, and is accessible to the public on the Company’s website at www.united-internet.de/en/investor-relations/publications/reports.html. The Annex to this Remuneration Report contains a detailed description of the current remuneration system in accordance with section 87a (1) and (2) sentence 1 AktG as well as the most recent remuneration resolution adopted by the Annual Shareholders’ Meeting in accordance with section 113 (3) AktG.

Information on Management Board and Supervisory Board remuneration can also be found in the Notes to the Consolidated Financial Statements for the fiscal year 2023 under Note 42.

Declaration of conformity with regard to the recommendations of the German Corporate Governance Code in accordance with section 161 German Stock Corporation Act (AktG)

On December 19, 2023, the Management Board and Supervisory Board of United Internet AG submitted their declaration of conformity (presented below) in accordance with section 161 AktG and immediately published it on the Company’s website (www.united-internet.de), as well as in the Federal Gazette (“Bundesanzeiger”).

In accordance with section 161 German Stock Corporation Act (AktG), the Management Board and Supervisory Board of United Internet AG declare that:

United Internet AG has complied with the recommendations of the German Corporate Governance Code (“Code”) as last revised on April 28, 2022, which became effective upon publication in the Federal Gazette on 27 June 2022 and on which its last Declaration of Conformity issued on December 16, 2022 as well as the update of May 17, 2023 were based, with the stated exceptions detailed therein, and will continue to comply with the recommendations of the Code with the following exceptions:

Formation of a nomination committee (Recommendation D.5)
The Supervisory Board does not form any other committees in addition to the Audit and Risk Committee, but performs all other tasks as a whole. The Supervisory Board considers this to be appropriate, as efficient plenary discussions and an intensive exchange of opinions are possible even with a six-member Supervisory Board. Accordingly, the Supervisory Board sees no need to establish a Nomination Committee.

Management Board remuneration - Remuneration system (Recommendations G.1 to G.5 inclusive of the Code)
Taking into account the Act Implementing the Second Shareholders` Rights Directive ("ARUG II") and the new German Corporate Governance Code (the "Code"), the Supervisory Board developed and agreed changes to the remuneration system for members of the Management Board.

With the recommendation to the Annual Shareholders' Meeting in May 2021, the remuneration system became the basis for service agreements with Management Board members concluded in the future. The elaborated remuneration system takes into account the recommendations in G.1 to G.5 inclusive without any restrictions. The deviation from the recommendations in G1 to G5 inclusive is due exclusively to a service agreement still in effect at this time, but which has since been terminated.

Management Board remuneration – Long-term variable remuneration (Recommendation G.10 of the Code)
According to G.10 of the Code, the variable remuneration components granted to members of the Management Board should be awarded primarily in the form of Company stock or on the basis thereof. Moreover, any such grants to members of the Management Board should be subject to a blackout period of four years. Share-based remuneration is awarded in the form of the Stock Appreciation Rights (SARs) plan as a long-term remuneration program for the Management Board. The term of this plan totals six years. Within this period of six years, a Management Board member can exercise a portion (25%) of the SARs awarded at certain points in time — at the earliest, however, after two years. This means that a Management Board member can already obtain a part of the long-term variable remuneration after a period of two years. The total amount of SARs can only be fully exercised for the first time after a period of five years.

On May 17, 2023, the Annual Shareholders' Meeting amended the previously valid remuneration system for members of the Company's Management Board. Accordingly, periods spent as a Management Board member of an affiliated company may be taken into account in full or in part when calculating the time limits.

The Supervisory Board is of the opinion that this system of long-term remuneration has proven its value and sees no reason to postpone any further the possibility of obtaining remuneration earned under the plan. The Supervisory Board believes that by linking the plan to the share price of United Internet AG and the Company's possibility to issue shares to satisfy entitlements from the plan, Management Board members already participate appropriately in the risks and opportunities of United Internet AG. Since the plan has been designed with a term of six years and the SARs awarded can only be exercised proportionately over this term and at the earliest after two years, the Supervisory Board is of the opinion that the plan is ideally suited to achieving the desired retention and incentive effect in the interest of United Internet AG and that no changes are required. The fact that service periods as a Management Board member of affiliated companies can now also be taken into account is intended to enable the promotion of Management Board members within the Group.

Management Board remuneration – Retaining/reclaiming variable remuneration (Recommendation G.11 of the Code)
According to G.11 of the Code, the Supervisory Board shall have the possibility to withhold or reclaim variable remuneration in justified cases. A service agreement that already existed at the time the remuneration system was first approved but has since been terminated did not contain such a provision. This therefore constitutes a deviation from section G.11 of the Code. An obligation to agree a so-called claw-back clause for the reclaim of variable compensation has been included in the new remuneration system and was taken into account in the current service agreements of the Management Board members.

Management Board remuneration – Remuneration system (Recommendations G.8, 9 and 12 of the Code)
According to G.8, 9 and 12 of the Code, agreed targets and target attainment, as well as regulations on maturity and holding periods, should not be changed retrospectively. In the context of the departure of a Management Board member, the Company deviated from this recommendation and is thus declaring this deviation.

Management Board remuneration – Benefits on contract termination (Recommendation G.13 of the Code)
According to G.13 of the Code, any payments made to Management Board members due to early termination of their Management Board activity shall not exceed twice the annual remuneration and shall not constitute remuneration for more than the remaining term of the employment contract. If post-contractual non-compete clauses apply, such severance payments shall be taken into account in the calculation of any compensation payments. The current service agreements of Management Board members do not include an option to take this into account. This was included in the remuneration system and in future will be taken into account in new service agreements to be concluded with Management Board members (and any related termination agreements).

The Declaration is permanently available to the public on the Company’s website at https://www.united-internet.de/en/investor-relations/corporate-governance/declaration-of-conformity/2023.html. All of the Company’s Declarations of Conformity in accordance with section 161 AktG since 2008 are also publicly available there.

Montabaur, March 20, 2024

United Internet AG

For the Management Board
Ralph Dommermuth

For the Supervisory Board
Philipp von Bismarck

8. REMUNERATION REPORT

The German Act Implementing the Second Shareholder Rights Directive (ARUG II) transposed Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 into national law. As a result, new statutory requirements for remuneration reporting were introduced for listed companies, which apply to fiscal years beginning on or after January 1, 2021.

The "new" Remuneration Report has been removed from financial reporting to create a separate report. Significant disclosures which were previously required, in particular individualized reporting on Management Board compensation and the main features of the remuneration system, have been transferred from the (Group) Management Report to the new Remuneration Report in accordance with section 162 of the German Stock Corporation Act (AktG).

The remuneration system and disclosure of compensation for members of the Management Board and Supervisory Board for the fiscal year 2023 pursuant to section 162 AktG can be found in the "Remuneration Report 2023", which is published on the corporate website at www.united-internet.de/en/investor-relations/publications/reports.html.

Disclosures on Management Board and Supervisory Board remuneration are also provided in note 42 of the Notes to the Consolidated Financial Statements.

9. DEPENDENT COMPANY REPORT

In compliance with section 312 (1) AktG, the Management Board declares that the Company received adequate compensation (quid pro quo) for all legal transactions listed in the report on relations with affiliated companies, in accordance with the circumstances known at the time when such transactions were made, and that the Company was not disadvantaged. In the reporting period, no measures were executed or omitted.

Montabaur, March 19, 2024

The Management Board

Ralph Dommermuth

Ralf Hartings

Markus Huhn

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

as of December 31, 2023 in €k

ASSETS	Note	December 31, 2023	December 31, 2022
Current assets			
Cash and cash equivalents	18	27,689	40,523
Trade accounts receivable	19	508,945	418,832
Contract assets	20	676,110	648,381
Inventories	21	178,083	120,561
Prepaid expenses	22	303,781	282,066
Other financial assets	23.1	96,871	106,571
Income tax claims	15	34,754	34,741
Other non-financial assets	23.2	13,835	19,717
		1,840,069	**1,671,392**
Non-current assets			
Shares in associated companies	24	373,205	429,304
Other financial assets	25	8,346	10,721
Property, plant and equipment	26	2,405,312	1,850,999
Intangible assets	27, 29	2,001,584	2,029,262
Goodwill	28, 29	3,628,849	3,623,435
Trade accounts receivable	19	34,751	41,396
Contract assets	20	206,623	216,704
Prepaid expenses	22	679,795	428,970
Deferred tax assets	15	67,092	56,289
		9,405,557	**8,687,080**
Total assets		**11,245,626**	**10,358,472**

LIABILITIES	Note	December 31, 2023	December 31, 2022
Current liabilities			
Trade accounts payable	30, 35	699,220	561,515
Liabilities due to banks	31, 35	582,396	656,653
Income tax liabilities	15, 35	87,996	52,723
Contract liabilities	32, 35	175,033	157,093
Other accrued liabilities	33, 35	26,428	5,098
Other financial liabilities	34.1, 35	321,985	333,551
Other non-financial liabilities	34.2, 35	129,635	68,956
		2,022,693	**1,835,590**
Non-current liabilities			
Liabilities due to banks	31, 35	1,881,865	1,498,845
Deferred tax liabilities	15	293,020	309,671
Trade accounts payable	30, 35	3,358	4,298
Contract liabilities	32, 35	32,658	31,290
Other accrued liabilities	33, 35	68,671	67,075
Other financial liabilities	34.3, 35	1,388,310	1,313,313
		3,667,881	**3,224,492**
Total liabilities		**5,690,574**	**5,060,082**
EQUITY			
Capital stock	37	192,000	194,000
Capital reserves	38	2,197,720	1,966,150
Accumulated profit	38	2,980,528	2,835,819
Treasury shares	39	-459,793	-231,451
Revaluation reserves	38	105	1,283
Currency translation adjustment	38	-12,535	-15,708
Equity attributable to shareholders of the parent company		**4,898,024**	**4,750,093**
Non-controlling interests	40	657,028	548,298
Total equity		**5,555,052**	**5,298,390**
Total liabilities and equity		**11,245,626**	**10,358,472**

NET INCOME

from January 1 to December 31, 2023 in €k

	Note	2023 January - December	2022 January - December
Sales	5	6,213,216	5,915,063
Cost of sales	6, 11, 12	-4,145,136	-3,906,328
Gross profit		**2,068,080**	**2,008,735**
Selling expenses	7, 11, 12	-943,160	-907,241
General and administrative expenses	8, 11, 12	-275,924	-248,524
Other operating expenses	9.1	-33,334	-46,524
Other operating income	9.2	60,565	92,327
Impairment of receivables and contract assets	10	-122,264	-117,359
Operating result		**753,963**	**781,414**
Financial expenses	13	-143,091	-69,262
Financial income	14	44,899	31,074
Result from associated companies	24	-58,134	-31,730
Pre-tax result		**597,638**	**711,496**
Income taxes	15	-235,394	-246,758
Net income		**362,244**	**464,738**
thereof attributable to			
non-controlling interests		129,528	97,543
Shareholders of United Internet AG		232,716	367,196

	Note	2023 January - December	2022 January - December
Result per share of shareholders of United Internet AG (in €)			
basic	16	1.35	1.97
diluted	16	1.33	1.96
Weighted average of outstanding shares (in million units)			
basic	16	172.82	186.72
diluted	16	175.40	187.18
Reconciliation to total comprehensive income			
Net income		362,244	464,738
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment - unrealized	38	5,452	-4,187
Items that are not reclassified subsequently to profit or loss			
Market value changes of financial assets measured at fair value through other comprehensive income	38	-504	615
Tax effect	38	0	0
Share in other comprehensive income of associated companies	38, 24	-675	67
Other comprehensive income		**4,273**	**-3,504**
Total comprehensive income		**366,517**	**461,234**
thereof attributable to			
non-controlling interests	40	131,807	96,125
Shareholders of United Internet AG		**234,710**	**365,109**

CASH FLOW

from January 1 to December 31, 2023 in €k

	Note	2023 January - December	2022* January - December
Result from operating activities			
Net income		362,244	464,738
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization of intangible assets and property, plant and equipment	11	424,053	352,783
Depreciation and amortization of assets resulting from company acquisitions	11	114,040	128,331
Net effect from employee stock option programs	36	-4,262	12,427
Result from associated companies	24	58,134	31,730
Income from the sale of associated companies	9.2, 24	0	-1,910
Distributed profits of associated companies	24, 46	156	206
Other non-cash items from tax adjustments	15	-40,836	-16,514
non-cash changes in fair value of operational derivatives	6, 13,14	6,339	753
non-cash changes in fair value of non-operational derivatives		5,058	7,365
interest expense arising from the accretion of lease payments		21,347	11,907
Other financing expenses		116,659	49,991
Financial income		-44,899	-31,074
Operative cash flow		**1,018,033**	**1,010,733**
Change in assets and liabilities			
Change in receivables and other assets		-94,219	-26,012
Change in inventories		-57,522	-24,068
Change in contract assets		-17,648	-39,409
Change in income tax claims		-13	11,613
Change in deferred expenses		-272,539	-209,332
Change in trade accounts payable		136,765	-20,057
Change in other accrued liabilities		22,926	-10,101
Change in income tax liabilities		35,274	-5,708
Change in other liabilities		39,496	-67,272
Change in contract liabilities		17,946	-3,953
Change in assets and liabilities, total		**-189,534**	**-394,300**
Cash flow from operating activities		**828,499**	**616,432**

*Adjustment of prior-year figures; see Note 46

	Note	2023 January – December	2022* January – December
Cash flow from investing activities			
Capital expenditure for intangible assets and property, plant and equipment	26, 27	-797,892	-681,378
Payments from disposals of intangible assets and property, plant and equipment		5,775	4,417
Purchase of shares in associated companies	4.1, 24	-2,866	-30,685
Received Interest		1,464	1,981
Payments in connection with company transactions	34.1	-4,416	0
Payments for loans granted	42	-259	0
Payments received from the sale of associated companies	25	0	3,043
Payments received from the repayment of other financial assets		0	1,058
Cash flow from investment activities		**-798,194**	**-701,564**
Cash flow from financing activities			
Purchase of treasury stock	39	-291,892	0
Taking out of loans	46	1,087,202	696,110
Repayment of loans	46	-782,000	-367,500
Interest paid		-91,037	-30,207
Redemption of spectrum liabilities	42, 46	-61,266	-61,266
Redemption of lease liabilities	44, 45	-121,343	-112,530
Dividend payments	17	-86,408	-93,358
Dividend payments to non-controlling interests	40	-1,893	-1,893
Incoming Payments from / Outgoing Payments to Minority Shareholders	4.2, 38, 46	305,048	-15,184
Cash flow from financing activities		**-43,590**	**14,172**
Net increase in cash and cash equivalents		-13,285	-70,960
Cash and cash equivalents at beginning of fiscal year		40,523	110,116
Currency translation adjustments of cash and cash equivalents		451	1,367
Cash and cash equivalents at end of fiscal year	**18**	**27,689**	**40,523**

*Adjustment of prior-year figures; see Note 46

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the fiscal years 2023 and 2022 in €k

		Capital stock	Capital reserves	Accumulated profit	Treasury shares	
Note		37	38	38		39
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2022	**194,000,000**	**194,000**	**1,954,651**	**2,562,566**	**7,284,109**	**-231,451**
Net income				367,196		
Other comprehensive income				0		
Total comprehensive income				**367,196**		
Employee stock ownership program			8,697			
Dividend payments				-93,358		
Profit distributions				0		
Transactions with shareholders			2,802	-585		
Balance as of December 31, 2022	**194,000,000**	**194,000**	**1,966,150**	**2,835,819**	**7,284,109**	**-231,451**
Balance as of January 1, 2023	**194,000,000**	**194,000**	**1,966,150**	**2,835,819**	**7,284,109**	**-231,451**
Net income				232,716		
Other comprehensive income				0		
Total comprehensive income				**232,716**		
Purchase of treasury shares					13,899,596	-291,892
Redemption of treasury shares	-2,000,000	-2,000	-61,550		-2,000,000	63,550
Employee stock ownership program			-10,646			
Dividend payments				-86,408		
Profit distributions				0		
Transactions with shareholders			303,766	-1,599		
Balance as of December 31, 2023	**192,000,000**	**192,000**	**2,197,720**	**2,980,528**	**19,183,705**	**-459,793**

	Revaluation reserves	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
	38, 25	38		40	
	€k	€k	€k	€k	€k
	601	**-12,938**	**4,467,428**	**455,747**	**4,923,175**
			367,196	97,543	464,738
	682	-2,769	-2,087	-1,417	-3,504
	682	**-2,769**	**365,109**	**96,125**	**461,234**
			8,697	504	9,201
			-93,358		-93,358
			0	-1,893	-1,893
			2,217	-2,186	31
	1,283	**-15,707**	**4,750,093**	**548,297**	**5,298,390**
	1,283	**-15,707**	**4,750,093**	**548,297**	**5,298,390**
			232,716	129,528	362,244
	-1,179	3,173	1,994	2,279	4,273
	-1,179	**3,173**	**234,710**	**131,807**	**366,517**
			-291,892		-291,892
			0		0
			-10,646	-6,998	-17,644
			-86,408		-86,408
			0	-1,893	-1,893
		0	302,167	-14,186	287,981
	104	**-12,535**	**4,898,024**	**657,028**	**5,555,052**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

Basis of preparation and accounting policies

1. General information on the Company and accounting

United Internet AG (hereinafter referred to as the "United Internet Group" or the "Company") is Europe's leading internet specialist with its business divisions Access (landline and mobile internet access products) and Applications (applications for using the internet), which are each divided into Business and Consumer segments.

United Internet AG is domiciled in 56410 Montabaur, Elgendorfer Strasse 57, Germany and is registered there at the District Court under HR B 5762. The Group has numerous branches and subsidiaries in Germany and around the world.

The Consolidated Financial Statements of United Internet AG were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the relevant supplementary regulations of section 315e (1) German Commercial Code (HGB).

The reporting currency is euro (€). Amounts stated in the Notes to the Consolidated Financial Statements are in euro (€), thousand euro (€k) or million euro (€m). The Consolidated Financial Statements are always drawn up on the basis of historical costs. The exception to this rule are individual financial instruments which are stated at fair value.

The reporting date is December 31, 2023.

The Supervisory Board approved the Consolidated Financial Statements for 2022 at its meeting on March 29, 2023. The Consolidated Financial Statements were published on March 30, 2023.

The Consolidated Financial Statements for 2023 were prepared by the Company's Management Board on March 19, 2024 and subsequently submitted to the Supervisory Board. The Consolidated Financial Statements will be presented to the Supervisory Board for approval on March 20, 2024. Theoretically, there may still be changes until the Consolidated Financial Statements are approved and released for publication by the Supervisory Board. However, the Management Board expects that the Consolidated Financial Statements will be approved in the present version. They are to be published on March 21, 2024.

2. Accounting and measurement principles

This section first presents all accounting policies which have been applied consistently in the periods presented in these Consolidated Financial Statements. Following this, those accounting standards applied for the first time in these financial statements are explained, as are those accounting standards recently published but not yet applied.

2.1 Explanation of main accounting and measurement methods

Consolidation principles

The Consolidated Financial Statements comprise the Annual Financial Statements of United Internet AG and of all domestic and foreign subsidiaries (majority shareholdings) controlled by it. Control exists when the Group has exposure, or rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns. Specifically, the Group controls an investee if, and only if, it has all of the following characteristics:

- Power over the investee (i.e., the Group has the ability to direct those activities of the investee that have a significant effect on the investee's returns based on existing rights

- Exposure to, or rights to, variable returns from its involvement with the investee

- The ability to use its power over the investee to affect its returns

Generally, holding a majority of the voting rights is presumed to result in control. To support this presumption, and when the Group does not have a majority of the voting rights or similar rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee. These include, but are not limited to:

- Contractual arrangements with the other vote holders of the investee

- Rights arising from other contractual arrangements

- Voting rights and potential voting rights of the Group

If the facts and circumstances indicate that one or more of the three elements of control have changed, the Group must reassess whether it controls an investee. A subsidiary is consolidated from the date on which the Group obtains control over the subsidiary. Consolidation ends when the Group loses control over the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the reporting period are recognized in the Consolidated Financial Statements from the date on which the Group obtains control over the subsidiary until the date on which control ends. All intercompany assets and liabilities, equity, income, and expenses, as well as cash flows from business transactions conducted between Group companies are fully eliminated during consolidation.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Upon loss of control, a gain or loss from the disposal of the subsidiary is recognized in the Consolidated Statement of Comprehensive Income. This gain or loss is calculated as the difference between (i) the proceeds from the disposal of the subsidiary, the fair value of the remaining shares, the carrying amount of the non-controlling interests, and the cumulative amounts of other comprehensive income attributable to the subsidiary (insofar as a reclassification to the income statement is intended), and (ii) the carrying amount of the subsidiary's net assets to be disposed of.

Non-controlling interests represent the proportion of the result and net assets which is not attributable to the Group's shareholders. Non-controlling interests are disclosed separately in the Consolidated Balance Sheet. They are disclosed in the Consolidated Balance Sheet as part of shareholders' equity but separate to the equity capital attributable to the shareholders of United Internet AG. For purchases of shares without a controlling influence (minority shareholding) or disposals of shares with a controlling influence but without loss of the controlling influence, the carrying amounts of shares with or without a controlling influence are adjusted to reflect the change in the respective shareholding. The amount by which compensation paid or received for the change in shareholding exceeds the carrying value of the respective share without a controlling influence is recognized directly in equity as a transaction with the shareholders.

Investments in associated companies

Investments in associated companies are valued according to the equity method. An associated company is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associated company, but not to control or jointly steer the decision-making processes.

In the case of successive acquisition of company shares, the carrying amount is measured using the equity method as of the date on which the prerequisites for accounting as an associated company are met. United Internet measures the old shares in the case of successive share purchases according to the retrospective method (cost-based approach). The original purchase cost of the old shares is included as acquisition cost using the equity method. Any differences between the cost of the associate thus defined and the fair value of the previously recognized investment are recognized in profit or loss.

Using the equity method, investments in associated companies are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associated company. Goodwill connected with an associated company is included in the carrying value of the investment and not subjected to scheduled amortization. The income statement includes the Company's portion of the success of the associated company. Changes recognized directly in the equity capital of the associated company are recognized by the Company in proportion to its shareholding and – where applicable – reported in "Changes in shareholders' equity". Profits and losses from transactions between the Company and the associated company are eliminated in proportion to the shareholding in the associated company.

Upon loss of significant influence, a gain or loss from the disposal of the associated company is recognized in the amount of the difference between (i) the proceeds from the disposal of the shares, the fair value of the remaining shares, and the cumulative amounts of other comprehensive income attributable to the associated company (insofar as a reclassification to profit and loss is provided for), and (ii) the carrying amount of the investment to be disposed of.

The annual financial statements of the associated company are generally prepared as to the same reporting date as those of the parent company. Where necessary, adjustments are made to bring the methods in line with standard group-wide accounting and measurement methods.

After application of the equity method, the Group ascertains whether it is necessary to recognize an additional impairment loss for the Company's investments in associated companies. If there is objective evidence that an impairment has occurred, an impairment test is carried out in the same way as for goodwill. Objective evidence exists, for example, if an associate is experiencing significant financial difficulties, has committed breaches of contract, is highly likely to become insolvent, requires restructuring, or an active market for the net investment ceases to exist because of the financial difficulties of the associate. A significant or prolonged decline in the fair value of an associate below cost also constitutes objective evidence of impairment. A significant decline is assumed if the decrease in the fair value of an associate at the end of the reporting period is more than 25% of cost. A prolonged decline is assumed if the decrease in the fair value over a period of at least 12 months is more than 10% of the acquisition cost.

An impairment loss is recognized when the recoverable amount is less than the associate's total carrying amount. If the recoverable amount increases in future periods, the impairment loss is reversed accordingly.

Disclosure of disposal gains and losses from the sale of investments

Insofar as they concern effects on the income statement, regular carrying amounts and valuations of investments in associated companies are disclosed in the financial result (see explanations on the financial result).

Gains from the sale of such investments are always disclosed under other operating income, losses under other operating expenses.

Foreign currency translation

Functional currency and presentation currency
The items included in the Consolidated Financial Statements of all Group companies are measured using the currency of the primary economic environment in which the companies operate ("functional currency"). The Consolidated Financial Statements are presented in euro; this is the functional and presentation currency of United Internet AG.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing when the transactions occurred. Currency gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss. They are deferred in equity if they result from net investment in a foreign operation.

Currency gains and losses relating to borrowings are recognized as financial expenses in the income statement. All other currency gains and losses are disclosed net as other operating income/expenses in the income statement.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing when fair value was determined. Translation differences on assets and liabilities carried at fair value are disclosed as part of the gain or loss on fair value measurement. Translation differences from non-monetary assets and liabilities, such as equity instruments measured at fair value through profit or loss, are recognized in profit or loss as part of the gain or loss on fair value measurement, and translation differences from equity instruments measured at fair value through other comprehensive income are disclosed in other comprehensive income.

Group companies

The expenses, income, assets, and liabilities of foreign operations whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated for each balance sheet presented as of the respective balance sheet date
- Income and expenses are translated at average exchange rates for each presentation of profit or loss and other comprehensive income (unless this is not a reasonable approximation of the cumulative effect of translation at the transaction rates, in which case income and expenses are translated at the exchange rate prevailing on the transaction date), and
- All resulting translation differences are recognized in other comprehensive income.

On consolidation, currency differences arising from the translation of net investments in foreign operations and from borrowings and other financial instruments designated as hedges of such investments are recognized in other comprehensive income. If a foreign operation is sold or borrowings that form part of the net investment are repaid, the related currency differences are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and amounts to adjust the carrying amounts of assets and liabilities from the acquisition of a foreign operation to fair value are treated as assets and liabilities of the foreign operation and translated at closing rates.

The exchange rates of major currencies developed as follows:

(in relation to 1 €)	**Closing rate**		**Average rate**	
	Dec. 31, 2023	Dec. 31, 2022	2023	2022
US dollar	1.108	1.068	1.081	1.052
UK pound	0.869	0.887	0.870	0.852

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is accounted for using the following five steps:
- Identification of the contract or contracts with a customer
- Identification of distinct performance obligations in the contract
- Determination of the transaction price
- Allocation of transaction price to the performance obligations
- Revenue recognition on fulfillment of performance obligations

Revenue is recognized separately for each of the Group's different segments (see also explanations on segment reporting in Note 5).

Revenues in the separate segments are recognized according to the following principles:

- **Consumer Access segment**
  The Consumer Access segment mainly comprises landline-based and mobile-based internet access products. The range comprises "Mobile Internet" and "Broadband".

  In these product lines, the Group generates revenue from the provision of the aforementioned access products, as well as from additional services such as internet and mobile telephony. The transaction price consists of fixed monthly basic fees, as well as variable additional usage fees for certain services (e.g., for foreign calls and mobile phone connections not covered by any flat-rate), and proceeds from the sale of the respective hardware.

  Revenue recognition is based on a separation of the transaction price for the customer contract on the basis of the relative standalone selling prices of the individual performance obligations. The United Internet Group generally offers comparable tariffs both with and without hardware. In these cases, the standalone selling price for the service component is therefore based on the tariff conditions of a service tariff without hardware. By contrast, the standalone selling prices for hardware are determined on the basis of the adjusted market assessment approach, as only a very small amount of the relevant hardware is sold to customers without a mobile contract. In this connection, the Group primarily uses hardware prices determined and regularly provided by a third-party provider and links these to the contractual terms and conditions specified when the contract is concluded.

  The resulting revenue share allocated to hardware is recognized on delivery to the customer (time-related revenue recognition). It usually exceeds the fee invoiced to the customer and then results in the recognition of a contract asset. This contract asset value is reduced by the customer's payments over the contract period. The revenue share allocated to the service component is recognized over the minimum term of the customer contract (period-related revenue recognition).

  If the one-off fees invoiced to the customer on conclusion of the contract, such as activation fees, do not represent a material right (e.g., favorable renewal option), these are not recognized as a separate performance obligation but are allocated to the identified performance obligations as part of the transaction price and recognized in accordance with their performance. If the customer is granted material rights in the form of options to use additional goods or services, these represent an additional performance obligation to which part of the transaction price is allocated, taking into account the expected utilization. The corresponding revenue is recognized when these future goods or services are transferred or when the option expires. If one-off fees qualify as a favorable renewal option, revenue is recognized over the expected duration of the customer contract.

  The United Internet Group grants its customers time-limited promotion discounts at the time of contract conclusion. These discounts are included in the calculation of the transaction price and are allocated to the performance obligations by means of an allocation mechanism.

  Within the context of the 1&1 Principle, United Internet grants its customers a voluntary 30-day right of cancellation. If customers make use of the 1&1 Principle and cancel their contracts, they have the right to be reimbursed for individual transaction components, such as one-off fees and basic fees which have been invoiced. Any usage fees are excluded from the reimbursement claim. In return, United Internet has the right to demand the return of any hardware supplied. No revenue is recognized for expected customer cancellations. The payments received from the customer and to be reimbursed are carried as reimbursement liabilities and the claims for reimbursement resulting from the 1&1 Principle for delivered hardware are disclosed as non-financial assets.

In determining the transaction price, United Internet reviewed the materiality of a financing component. An analysis of current customer contracts determined that the financing components are not to be considered material. However, a change in the assumed interest rates or tariffs could lead to a significant financing component in the future. The financing effect is therefore reviewed for materiality at regular intervals.

1&1 applies the portfolio approach as permitted by IFRS 15.4 for a part of its stock of contracts. In this case, customer contracts of the same kind are pooled and average values taken for certain valuation-relevant parameters, in particular transaction prices, standalone selling prices, and amortization periods.

It can be reasonably assumed that whether a portfolio or the individual contracts or performance obligations within this portfolio are assessed, it will have no material impact on the annual financial statements.

- **Business Access segment**

The Business Access segment comprises revenue from various standardized and customized telecommunications products for business and wholesale customers. In addition to the provision of traditional landline connections, the telecommunications services also include broadband services, network solutions as telecommunications infrastructure (leased lines) or VPN, added-value services, interconnection, IP services, and cloud solutions.

In the case of products that do not meet the definition of a finance lease pursuant to IAS 16, the transaction price consists of fixed monthly basic fees and/or variable, additional per-minute usage fees for certain services (which are not covered by a flat rate) and, to an insignificant extent, revenue from the sale of related hardware. Revenue recognition is based on a separation of the transaction price for the customer contract on the basis of the relative standalone selling prices of the individual performance obligations. The transaction price for the sale of hardware is based on standard market prices. The standalone selling price for the service component is based on the tariff conditions of a comparable service tariff without hardware.

Temporary discounts or basic fee exemptions are also granted to a lesser extent at the beginning of the term. These discounts are included in the transaction price and allocated on a straight-line basis in the course of revenue recognition.

Certain products are provided on a lease basis. If all material opportunities and risks from a lease are transferred to the lessee, the present value of the minimum lease payments from this economic sale is recognized as revenue on commencement of the lease; as part of the subsequent accounting of finance lease receivables, interest income is recognized in subsequent periods. Leased assets are derecognized through cost of sales. In addition to the monthly payments, the minimum lease payments include any customer activation fees payable at the beginning of the lease term.

In the case of operating leases, where the lessor retains the material opportunities and risks, the lease payments are recognized as revenue on a straight-line basis over the lease term. Activation fees for operating leases are deferred and amortized over the lease term.

- **Consumer Applications segment**

The Consumer Applications segment comprises United Internet's consumer application business – whether ad-financed or via fee-based subscriptions –as well as the sales platforms for fee-based partner products.

Besides Germany, the United Internet Group also operates in Austria and the USA in this segment.

In the field of ad-financed applications (generally free e-mail solutions from GMX and WEB.DE), the Group generates advertising income and e-commerce commission mainly via the WEB.DE, 1&1, GMX, and smartshopping portals. This business is based on the frequent use of free applications and the correspondingly high number of hits for the portals. In the field of online advertising, space is offered on the websites of portals. Revenues are generated depending on the placing of advertising and number of screenings or according to click rates. In its e-commerce business, the Group receives commissions for the sale of products or brokerage of customers. For these products, revenue is recognized at a specific point in time.

In the field of fee-based subscriptions for the WEB.DE, 1&1, GMX, and smartshopping portals, revenue is mainly generated from fixed monthly fees for the use of extended applications, as well as for administration and storage. Customers generally pay in advance for a contractually fixed time period for the services to be provided by the Company. Revenue is recognized pro rata over the period of service provision. The payments received in advance result in contractual liabilities which are reduced accordingly over the performance period.

Revenues from partner products (affiliates) are recognized and measured according to the Group's intermediary function. A distinction is made as to whether the delivery or service provided to the end customer results in delivery revenue and the Group is thus acting on its own account (principal) or whether the Group's services are limited to brokerage or commission (agent). Acting as a principal is assumed if the Group controls the goods or services owed to the end customer before they are transferred to the customer. Acting as an agent is assumed if the Group's performance obligation is basically to broker the supply of goods and services of another company.

- **Business Applications segment**

In the Business Applications segment, a wide range of e-mail, hosting, cloud, and e-business applications are offered for freelancers, small and medium-sized businesses, and home users. These applications include domains, websites, and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage, and office software. The Group also offers its customers performance-based advertising and sales opportunities via Sedo.

In this segment, the United Internet Group is active in Germany, as well as – in particular – France, the UK, Spain, Austria, Switzerland, Poland, Italy, Canada, Mexico, and the USA. It is one of the leading companies in all the countries mentioned. The services are rendered by various subsidiaries of the United Internet Group in Germany and abroad.

Customers generally pay in advance for a contractually fixed time period for the services to be provided by the Company. The main service in the product group Domains consists of domain registration for the end customer with the respective registry. With regard to the time-related recognition of revenue from domain registration, the special regulations regarding licenses are applied. As in the case of domains, a right of use is granted to an intellectual property existing at the time the license is granted (static), revenue is recognized at a specific moment in time.

Product groups that contain domains as part of multiple-element arrangements primarily relate to web hosting products. The web hosting packages offered usually combine domain registrations with further services, such as storage capacity (Webspace) and software-as-a-service (SaaS). The service Webspace concerns the provision of storage space on servers at the data centers of the United Internet Group. SaaS refers to the customer's use of software (e.g., to create websites) hosted on servers of the United Internet Group. Both the Webspace and SaaS services are performance obligations based on time periods, as the customer benefits continuously from the corresponding flow of benefits.

Customer contracts in the web hosting product category generally comprise several separate performance obligations, which are recognized both on a time-related basis (domain registration performance obligation) and a period-related basis (Webspace and SaaS performance obligation). The total fee for the customer contract is therefore allocated to the various performance obligations. In the absence of separate standalone selling prices for Webspace and SaaS, and a high degree of price variability, the residual method is used to allocate the total fee. The revenue share attributable to the period-related services is therefore determined on the basis of the total fee less the standalone selling price of the included domains.

In addition to application revenue, this segment also includes revenue from the performance-based advertising form of domain marketing.

In Domain Marketing, United Internet operates (via Sedo GmbH) a trading platform for the secondary domain market (domain trading). At the same time, the Group offers domain owners the possibility to market unused domains to advertisers (domain parking). In addition to these customer domains, the Group also holds its own portfolio of marketable and salable domains. In domain trading, the Group receives sales commission from the successful sale of domains via the platform and also generates revenue from services relating to domain value assessments and transfers. The sales commissions and services are generally based on a percentage of the sales price achieved, whereas fixed prices are generally charged for the other services. In domain parking, domains are mainly marketed using text links, i.e., links on the parked domains to offers of the advertisers (primarily via cooperation agreements with search engines). The Group receives performance-based payment on a monthly basis from the cooperation partner on a pay-per-click basis, according to the number of clicks registered by the cooperation partner.

The Group recognizes sales commissions as revenue when the service is rendered. Revenue is thus recognized on completion of the transaction or provision of the service. In the case of domain parking, the monthly payments credited by cooperation partners are recognized as revenue.

Government grants

Government grants are recognized where there is reasonable certainty that the grant will be received and the Company will satisfy all attaching conditions. Where the grants relate to an expense item, they are recognized as income in scheduled amounts over the period necessary to match the grants to the costs they are intended to compensate. Grants relating to an asset item reduce the carrying value of that item.

Electricity price brake

In the current fiscal year, the Group made use of the support provided by the German Electricity Price Brake Act in order to respond to the rise in energy costs. In accordance with IAS 20.29, the receipt of the relief amount or subsidy was recognized in the income statement as a reduction of the corresponding primary expense. It should be noted that the final settlement of the utilization of the electricity price brake was still outstanding at the time of preparing the financial statements. The provisional amount of the utilization is in the lower million range.

Financial income

Interest income is recognized as interest accrues (using the effective interest rate, i.e., the rate which discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Dividend income is recognized with the inception of the legal right to payment.

Income taxes

The tax expense for a period comprises current taxes and deferred taxes. Taxes are recognized in the income statement, unless they relate to transactions that are recognized in other comprehensive income or directly in equity. In these cases, taxes are recognized accordingly in other comprehensive income or directly in equity.

Current taxes are valued at the amount at which a refund from the tax authorities or a payment to the tax authorities is expected. The amount is calculated on the basis of the tax rates and tax laws applicable on the reporting date in those countries in which the Group operates and generates taxable income, or which will soon apply.

The liability method is used to create deferred taxes on all temporary differences existing on the reporting date between the carrying value of an asset or a liability in the balance sheet and the fiscal carrying value.

Deferred tax liabilities are recognized for all taxable temporary differences, except

- where the deferred tax liability from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the profit according to IFRS nor taxable profit or loss, and

- in respect of taxable temporary differences associated with investments in subsidiaries, associated companies, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the profit or loss according to IFRS nor taxable profit or loss, and

- in respect of taxable temporary differences associated with investments in subsidiaries, associated companies, and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted as of the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except for the following cases:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Intangible assets

The Group has control over an asset if it is able to obtain the future economic benefits flowing from the underlying resource and can restrict the access of third parties to these benefits. Individually acquired intangible assets are carried at cost on initial recognition. The acquisition cost of intangible assets resulting from the business combination corresponds to its fair value at the time of acquisition. In the following periods, intangible assets are valued at cost less cumulative amortization and cumulative impairment charges.

With the exception of those development costs which can be capitalized, costs for internally generated intangible assets are expensed in the period incurred.

Development costs for a single project are only capitalized as intangible assets if the Group can demonstrate the following:

- The completion of the intangible asset can be technically realized to the extent that it can be used or sold;
- United Internet intends to complete the intangible asset and to use or sell it;
- United Internet has the ability to use or sell the intangible asset;
- The way in which the intangible asset is expected to generate future economic benefits; United Internet may demonstrate, for example, the existence of a market for the products of the intangible asset or for the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

- Adequate technical, financial, and other resources are available so that the development can be completed and the intangible asset can be used or sold;
- United Internet has the ability to reliably measure the expenditure attributable to the intangible asset during its development.

A distinction is made between usable intangible assets with finite and indefinite useful lives and intangible assets which are not yet usable (spectrum licenses).

Intangible assets with limited useful lives are amortized over their economic useful life and tested for possible impairment if there is any indication that the asset may be impaired. Intangible assets that are not yet usable are also tested for possible impairment. The impairment test is conducted in the same way as for goodwill. The useful lives and amortization methods of intangible assets with limited useful lives are reviewed at least at the end of each fiscal year. Necessary changes to the depreciation method and useful life are treated as changes to assumptions.

Amortization of intangible assets with limited useful lives are recognized in the income statement under the expense category corresponding to the function of the intangible asset in the Company.

Amortization of capitalized development costs begins from the point in time at which the asset can be used. It is recognized over the period during which future benefits are expected and recognized in the expense category that reflects the function of the intangible asset. An impairment test is performed annually during the development phase.

Intangible assets with indefinite useful lives, as well as intangible assets not yet usable, are not amortized in scheduled amounts. Instead, an impairment test is performed at least once annually at the end of the reporting period for the individual asset or on the level of the cash-generating unit. The impairment test is conducted in the same way as for goodwill. The useful life of an intangible asset with an indefinite useful life is reviewed annually to ascertain whether the assumption of an indefinite useful life is still justified. If this is not the case, a prospective change is made from indefinite useful life to limited useful life. Amortization of intangible assets which are not yet usable (spectrum licenses) will begin at the time of actual network operation.

The useful life periods can be found in the following summary:

	Useful life in years
Trademarks	Indefinite
Customer base	4 to 25
Spectrum licenses	up to 19
Rights similar to concessions	5
Other rights and licenses	2 to 15
Software	2 to 5
Rights of use intangible assets	6
Internally generated intangible assets	3 to 5

A review is also conducted on each reporting date to determine whether there is any indication that a previously recognized impairment loss no longer exists or has decreased in size. In the case of such an indication, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is only reversed if there has been a change in the assumption used to determine the recoverable amount since recognition of the last impairment loss. If this is the case, the asset's carrying value is raised to its recoverable amount. This amount may not exceed the carrying amount, less depreciation, that would have been determined had no impairment loss been recognized for the asset in prior years.

Property, plant and equipment

Property, plant and equipment is always carried at cost less cumulative scheduled depreciation.

Items of property, plant and equipment are eliminated either on their disposal or when no further economic use is expected from the continued use or sale of the asset. Gains and losses from the disposal of an asset are recognized in the income statement.

The residual values, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted where necessary.

Property, plant and equipment assets are depreciated over their expected economic useful life using the straight-line method.

The useful life periods can be found in the following summary:

	Useful life in years
Leasehold improvements	up to 10
Buildings	10 or 50
Vehicles	5 to 6
Telecommunication equipment	7 to 10
Distribution grids	25
Other operational and office equipment	3 to 19
Office furniture and fixtures	5 to 13
Servers	3 to 5

For property, plant and equipment acquired in connection with company acquisitions, the applicable remaining useful life is determined primarily on the basis of the aforementioned useful lives and the useful lives elapsed at the time of acquisition.

Impairment tests and the recognition of impairment losses or reversals are conducted in the same way as for intangible assets with limited useful lives (see below).

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred unless they are connected with the production or purchase of a qualifying asset. As in the previous year, there was no need to capitalize borrowing costs during the reporting period.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. This involves the recognition of all identifiable assets and liabilities of the acquired operation at fair value.

The initial recognition of goodwill results from the excess of the acquisition cost of the entity over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is valued at amortized cost. Goodwill is subjected to an impairment test at least once annually or whenever there is any event or change in circumstances which might indicate impairment.

In order to test whether there is any impairment, goodwill acquired in the course of a business combination must be allocated from the date of acquisition to each of the cash-generating units of the Group which are to profit from the synergy effects of the combination. This does not depend on whether other assets and liabilities of the Group are already allocated to these cash-generating units.

The impairment need is determined by comparing the recoverable amount of the cash-generating units to which goodwill refers with their carrying value. The recoverable amount of an asset, or a cash-generating unit, is the higher of fair value of the asset or cash-generating unit less transaction costs and its value-in-use. In order to determine the value-in-use, expected future cash flows are discounted to their present value using a pre-tax discount rate which reflects current market expectations regarding the interest effect and the specific risks of the asset. A suitable measurement model is used to determine fair value less sales costs. This is based on DCF models, valuation multipliers, the share prices of listed subsidiaries or other available indicators for fair value. If the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount, the asset, or cash-generating unit, is regarded as impaired and is written down to the recoverable amount. An impairment loss recognized for goodwill may not be reversed in the following reporting periods. The Group performs its annual impairment test for goodwill at the end of the reporting period.

Contract assets

A contract asset is the Group’s right to consideration in exchange for goods or services it has transferred to a customer when that right is conditioned on something other than the passage of time. Every unconditional right to consideration is disclosed separately as a receivable. Contract assets are regularly assessed for impairment. The procedure is the same as for financial assets.

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value comprises the estimated sales proceeds, realizable in the ordinary course of business, less estimated necessary selling costs. Adequate allowances for excess inventories are made to provide for inventory risks.

Measurement is also based in part on time-related writedowns for inventories. Both the size and distribution over time of such writedowns represents a best-possible estimation of net realizable value and are thus subject to uncertainties. On indication of decreased net realizable value, inventories are corrected by recognizing suitable impairment charges.

Contract initiation and contract fulfillment costs

Additional costs incurred in initiating a contract with a customer (e.g., sales commissions) are capitalized if the Group expects to recover these costs.

In addition, the Group capitalizes the costs incurred in fulfilling a contract with a customer (e.g., customer activation fees and expected termination fees) if these costs are

- not within the scope of a standard other than IFRS 15 (e.g., IAS 2 Inventories, IAS 16 Property, Plant, and Equipment or IAS 38 Intangible Assets),
- related to an existing or expected contract,
- for the creation of resources or the improvement of resources of the Company that will be used in the future for the (continued) fulfillment of performance obligations, and
- likely to lead to an expected settlement of the costs.

Capitalized contract initiation and fulfillment costs are amortized over the estimated period of use. They are recognized in the balance sheet within deferred expenses. The amortization of contract initiation costs is disclosed in selling expenses and the amortization of contract fulfillment costs is disclosed in cost of sales.

The amortization periods for contract initiation costs are 1 to 5 years and for contract fulfillment costs 2 to 4 years.

An impairment loss is recognized if the carrying amount of the capitalized costs exceeds the remaining amount of the customer’s expected consideration for the delivery of goods or the rendering of services less the costs still to be incurred.

Classification as current and non-current

The Group classifies its assets and liabilities in the balance sheet as current and non-current assets and liabilities. An asset is classified as current if

- the asset is expected to be realized within the normal operating cycle or the asset is held for sale or consumption within that period,
- the asset is held primarily for the purpose of trading,
- the asset is expected to be realized within twelve months after the reporting date or
- the asset is cash or a cash equivalent, unless restricted from being exchanged or used to settle a liability for a period of at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current if

- it is expected to be settled within the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the end of the reporting period or
- the Group has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

Leases

United Internet acts as both lessee and lessor. The majority of the Group's lessee contracts relate to the renting of network infrastructure, buildings, technical equipment and vehicles. In the case of buildings, various rental objects/leased items such as space (office space, computer center space, storage space or parking space etc.) may be listed as contractual objects (i.e., for rental by UI). The rented network infrastructure mainly comprises unlit fiber-optic cable (dark fiber), empty conduit systems, copper twin wires, leases of subscriber lines (local loops), and antenna locations.

The determination of whether an arrangement contains a lease is based on the economic substance of the arrangement at the time of signing and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A lease only exists if the lessee obtains control over the right of use. The lessee obtains control if they have the right to obtain substantially the entire economic benefit from the use of the identified asset and have sole control over the use of the asset.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The Group determines the lease term as the non-cancelable basic term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Useful life in years
Buildings	1 to 17
Network infrastructure	0.5 to 25
Intangible assets	6
Operating and office equipment	1 to 7

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including de facto fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The incremental borrowing rate is used to measure right-of-use assets and lease liabilities. The incremental borrowing rate is determined on the basis of reference interest rates for a period of up to 17 years from risk-free interest rates with appropriate maturities, increased by credit risk premiums.

Short-term leases, leases of low-value assets, and other policy choices

The standard includes exemptions from accounting according to IFRS 16 in the case of short-term leases (e.g., leases with a term of 12 months or less) and leases of low-value assets (e.g., PCs) for which right-of-use assets are not recognized. IFRS 16 is to be initially applied in fiscal year beginning on or after January 1, 2019. United Internet only has a small amount short-term leases, which are thus not capitalized according to IFRS 16 for reasons of materiality. In the case of leases of low-value assets – which only exist to a limited extent – the Group opts not to carry them according to IFRS 16 on a case-by-case basis. Lease payments on short-term leases and leases of low- value assets are recognized as expense on a straight-line basis over the lease term.

There is an option to form a portfolio of contracts with the same or similar characteristics. This option has been used for the asset classes subscriber lines (local loop) and main distribution frame locations (MDFs).

The option to recognize each lease component of a contract and all related non-lease components as a single lease component is applied for the asset classes underlying fiber-optic, MDFs, and cars, but not to lease arrangements for buildings.

Group as lessor

In those cases where Group companies agree finance leases as the lessor, a receivable is recognized at an amount equal to the net investment in the lease. The lease payments are apportioned between repayment of principal and finance income.

If the Group bears all substantial risks and rewards (operating lease), the leased asset is recognized in the balance sheet by the lessor. Measurement of the leased asset is then based on the accounting policies applicable to that asset. The lease payments are recognized in profit or loss by the lessor.

Fair value measurement

In some cases, assets and liabilities are measured either on initial recognition or during subsequent valuations at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible for the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses measurement techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** – measurement techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — measurement techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – initial recognition and measurement

With the exception of trade accounts receivable that do not contain a significant financing component or have a maturity of less than one year, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, directly attributable transaction costs. Trade accounts receivable that do not contain a significant financing component or have a maturity of less than one year are measured at the transaction price. In this context, reference is made to the accounting policies in the section Revenue Recognition – Revenue from Contracts with Customers.

Purchases or sales of financial assets that provide for delivery of the assets within a period determined by the rules or conventions of the respective market (standard market purchases) are recognized as of the trading date, i.e., the date on which the Group commits to purchase or sell the asset.

Financial assets – subsequent measurement

For subsequent measurement purposes, the classification of financial assets on initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the Group’s business model for managing financial assets. For subsequent measurement, financial assets are classified in three categories:

- Financial assets (debt instruments) at amortized cost (ac)
- Financial assets (equity instruments) at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (fvoci)
- Financial assets at fair value through profit or loss (fvtpl)

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (equity instruments) with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income if they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right of payment has been established unless the dividends recover part of the cost of the financial asset. In this case, such gains are recognized in other comprehensive income. Equity instruments measured at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets must be classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading. Financial assets with cash flows that are not solely payments of principal and interest are also classified and measured at fair value through profit or loss, irrespective of the business model. Debt instruments may also be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks of the embedded derivative are not closely related to the host, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid contract is not measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognized in the income statement. Dividends on listed equity investments are also recognized as other income in the income statement when the right of payment has been established.

Financial assets – derecognition

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Consolidated Balance Sheet) if one of the following conditions is met:

- The rights to receive cash flows from the financial asset have expired.

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The gains and losses recognized in other comprehensive income for financial assets measured at fair value in other comprehensive income are reclassified to cumulative profit or loss. In the case of a pro rata disposal, a pro rata transfer is made.

Impairment of financial assets

For trade accounts receivable and contract assets, the Group applies a simplified (one-step) method for calculating expected credit losses, whereby a loss allowance based on expected credit losses over the remaining term is recognized at each reporting date.

Expectations of future credit losses are formed on the basis of regular reviews and measurements as part of credit monitoring. Historical data is regularly used to derive relationships between credit losses and various factors (e.g., payment agreement, overdue period, dunning level etc.). On the basis of these relationships, supplemented by current observations and forward-looking assumptions regarding the portfolio of receivables and contract assets held as of the reporting date, an estimate of future credit losses is made.

The Group recognizes an allowance for expected credit losses for all debt instruments which are not held at fair value through profit or loss and are not trade accounts receivable. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Expected credit losses are recognized in two stages. For financial instruments for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is recognized in the amount of the expected credit losses based on a default event within the next twelve months. For those financial instruments for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized in the amount of the credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

The Group’s operating business is mainly in the mass customer business. Default risks are thus taken into account by means of individual value adjustments and lump-sum individual value adjustments. The specific bad debt allowances for overdue receivables are mainly based on the age structure of the receivables with different valuation discounts, which are mainly derived from the success rates of those collection agencies commissioned to collect overdue receivables. The age structure of receivables is shown in Note 19. All receivables that are more than 365 days overdue are written down individually by

100%, unless there is objective evidence of successful recovery. Fully impaired trade accounts receivable are derecognized 180 days after collection has been handed over to the collection agency, unless the agency has given positive feedback or payment for an impaired receivable is unexpectedly received, or if the customer’s inability to pay is known before or after transfer to the collection agencies.

Impairment charges in connection with non-current loans to affiliates are recognized in the financial result.

Further details on the impairment of trade accounts receivable and contract assets are provided in the following Notes:

- Significant accounting judgments, estimates, and assumptions (Note3)
- Trade accounts receivable (Note 19)
- Contract assets (Note 20)
- Objectives and methods of financial risk management (Note 43)

Financial liabilities – initial recognition and measurement

On initial recognition, financial liabilities are classified as financial liabilities measured at fair value through profit or loss, or as financial liabilities measured at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, net of directly attributable transaction costs.

Financial liabilities – subsequent measurement

The subsequent measurement of financial liabilities depends on their classification:

- At Fair Value through Profit or Loss (fvtpl). This category also includes derivative financial instruments entered into by the Group, as well as contingent purchase price liabilities in connection with company acquisitions. Separated embedded derivatives are also classified as held for trading. Gains or losses on financial liabilities held for trading are recognized through profit or loss.

- Financial Liabilities at Amortized Cost (flac). After initial recognition, financial liabilities classified at amortized cost are subsequently measured using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortization using the effective interest method is included as part of finance costs in the income statement.

Financial liabilities – derecognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred result in an adjustment to the carrying amount of the liability and are amortized over the remaining life of the liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial instruments – derivative financial instruments and hedging relationships

The Group occasionally uses derivative financial instruments in order to hedge against interest and exchange rate risks. Derivative financial instruments are recognized at fair value on the date of the agreement and carried at fair value in the subsequent periods. The fair value of interest derivatives is calculated on the basis of present value models using market information (interest rate curves) as well as – where material – the individual credit risk of the Company. Derivative financial instruments are recognized as assets if their fair value is positive and as liabilities if their fair value is negative. Profit or loss resulting from changes in the fair value of derivative financial instruments are recognized immediately in the income statement.

When entering into a hedging relationship to hedge against the risk of cash flow fluctuations, certain derivatives are allocated to underlying transactions which can be attributed to a risk connected with a recognized asset or liability or the risk connected with the intended transaction (cash flow hedge). The hedging instruments in a hedge are also carried at market values. However, changes in value relating to the effective portion are recognized in the cash flow hedge reserve, a separate item under equity ("Cash flow hedge reserve"). Any ineffectiveness is recognized in profit or loss. Effectiveness is measured as at the end of the reporting period using the hypothetical derivative method. The amounts recognized in equity are reclassified to the statement of comprehensive income in the period in which the hedge influences the period result, e.g., when hedged financial income or expenses are recognized or when an expected sale is made.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances, other investments, checks and cash in hand, which all have a high degree of liquidity and maturities of less than 3 months – calculated from the date of purchase.

Cash and cash equivalents are measured at cost.

Pensions and other post-employment benefits

Payments to defined contribution retirement benefit plans are expensed on payment of salary to the employee.

Contract liabilities

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer provides consideration before the Group has transferred goods or services to the customer, a contractual liability is recognized at the time of payment or at the latest at the time when the payment becomes due. Contractual liabilities are recognized as revenue as soon as the Group fulfills the contractual obligations.

Accruals

Accruals are formed if the Group has a present legal or actual obligation resulting from a past event, and it is probable that the settlement of the obligation will give rise to the outflow of resources whose amount can be reliably estimated. No accruals are formed for future operating losses.

Accruals are measured at present value based on management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the accrual due to the passage of time is recognized as interest expense.

If the Group expects at least partial compensation for a recognized accrual (e.g., in the case of an insurance policy), this compensation is recognized as a separate asset if the reimbursement is virtually certain. The expense from forming the accrual is recognized in the income statement after deducting the reimbursement.

Treasury shares

Treasury shares are deducted from shareholders' equity. The purchase, sale, issue or retirement of treasury shares is not recognized in the income statement.

The cancellation of treasury shares results in the pro rata reversal of the item "Treasury shares" disclosed in shareholders' equity at the expense of the remaining shareholders' equity. The Group uses the following application sequence:

- The cancellation of treasury shares is always deducted from share capital in the amount of the par value.
- The amount exceeding par value is first derecognized in the amount of the value contribution from employee stock ownership plans (SARs and convertible bonds) against capital reserves.
- Any amount exceeding the value contribution from employee stock ownership plans is derecognized against accumulated profit.

Share-based payment

Group employees and Management Board members receive share-based payments as remuneration for their work in the form of equity instruments and the granting of stock appreciation rights, which for the majority of plans may be settled in cash or via equity instruments at the Company's discretion. As the United Internet Group has no current obligation to settle in cash for any agreement with such an option, all share-based payment transactions are carried in the balance sheet as equity-settled transactions.

The cost of such equity-settled agreements is measured using the fair value of such equity instruments on the date of granting. Fair value is measured using a suitable option price model; the Black-Scholes model and Monte Carlo simulation are employed for this purpose. At each balance sheet date, the expected exercise volume is reassessed with a corresponding adjustment of the additional amount. Any necessary adjustment bookings are to be made in the period in which new information about the exercise volume becomes available. Expenses from the granting of equity-settled agreements are recognized over the period in which the related service is rendered (the so-called vesting period). This period ends on the date on which all vesting conditions (service and performance conditions) are fulfilled, i.e., the date on which the employee concerned has gained irrevocable entitlement. The cumulative expenses recognized on each reporting date until the vesting date reflect the extent to which the vesting period has expired and the Group's best-possible estimate of the number of awards that will ultimately vest. A fluctuation probability of 0% is applied in each case. The income or expense recognized in personnel expenses for the period represents the development of cumulative expenses recognized at the beginning and end of the reporting period.

When new equity instruments are granted as a result of the cancellation of previously granted equity instruments, IFRS 2.28(c) requires an entity to assess whether the newly granted equity instruments are a replacement for the previously granted or canceled instruments. For canceled equity instruments, the full outstanding expense is recognized immediately at the time of cancellation.

If they are classified as a replacement, the new equity instruments are accounted for in the same way as an amendment to the original instruments granted. New equity instruments that are not granted as a replacement for canceled equity instruments are accounted for as newly granted equity instruments. The benefits received are recognized at least at the fair value determined on the grant date (of the original instruments). If the amendments are beneficial to the employee, the additional fair value of the new equity instruments is measured and allocated over the vesting period as an additional expense. The additional fair value is measured as the difference between the fair value of the equity instruments identified as a replacement and the net fair value of the canceled equity instruments on the date on which the replacement instruments are granted.

Earnings per share

Undiluted or basic earnings per share are calculated by dividing the result attributable to the holders of registered shares by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated similarly to basic earnings per share with the exception that the average number of shares outstanding increases by the portion which would result if the exercisable subscription rights resulting from employee stock participation programs had been exercised.

2.2 Summary of measurement principles

The Group's measurement principles can be summarized and simplified as follows – providing there is no impairment:

Balance sheet item	Measurement
ASSETS	
Cash and cash equivalents	Amortized cost
Trade accounts receivable	Amortized cost
Contract assets	Amortized cost
Intangible assets	
with limited useful lives	Amortized cost
with indefinite useful lives	Impairment-only recognition
Property, plant and equipment	Amortized cost
Share in associated companies	Equity method
Other financial assets	
Equity instruments	Financial assets measured at fair value through other comprehensive income without reclassification of cumulative gains and losses on derecognition
Derivatives	Fair value through profit or loss
Other	Amortized cost
Inventories	Lower of cost and net realizable value
Prepaid expenses	Amortized cost
Income tax claims	Expected payment from the tax authorities based on tax rates applicable on the reporting date or in the near future
Other non-financial assets	Amortized cost
Deferred tax assets	Undiscounted measurement at tax rates valid in the period in which an asset is realized or a liability settled
LIABILITIES	
Liabilities due to banks	Amortized cost
Deferred tax liabilities	Undiscounted measurement at tax rates valid in the period in which an asset is realized or a liability settled
Income tax liabilities	Expected payment to the tax authorities based on tax rates applicable on the reporting date or in the near future
Trade accounts payable	Amortized cost
Contract liabilities	Amortized cost
Other accrued liabilities	Expected discounted amount that will lead to outflow of resources
Other financial liabilities	
Derivatives / Conditional purchase price liabilities	Fair value through profit or loss
Other	Amortized cost
Other non-financial liabilities	Amortized cost

2.3 Effects of new or amended IFRS standards

For the fiscal year starting January 1, 2023, the following standards were applied for the first time:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IAS 1	Amendment: Regulation concerning Disclosure of relevant Information in regards to Accounting Policies and Evaluation methods	Jan. 01, 2023	yes
IAS 8	Amendment: new definition to distinguish between accounting policies and accounting estimates	Jan. 01, 2023	yes
IAS 12	Amendment: Scope of the exemption according to which no deferred tax assets or liabilities are to be recognized at the time an asset or liability is recognized.	Jan. 01, 2023	yes
IAS 12	Amendment: Exemption from the obligation to recognise deferred taxes from the implementation of the Pillar Two rules and obligation to disclose that the exemption has been used*	Jan. 01, 2023	yes
IFRS 17	Amendment: Replaces the previously applicable transitional standard IFRS 4. The standard regulates the accounting treatment of insurance contracts	Jan. 01, 2023	yes
IFRS 17	Amendment: Comparative information on the first-time application of IFRS 17 and IFRS 9	Jan. 01, 2023	yes

* For further information on the application of the Pillar Two rules, see Note 15

These amendments had no significant impact on the Consolidated Financial Statements and are not expected to have a material impact on the Group in the future.

2.4 Accounting standards already published but not yet mandatory

Apart from the IFRSs mentioned above whose application is mandatory, the IASB has also published further IFRSs and IFRICs which have already partly received EU endorsement, but which will not become mandatory until a later date. United Internet AG will probably only implement these standards when their adoption in the Consolidated Financial Statements becomes mandatory.

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IAS 1	Amendment: Classification of the criteria for classifying liabilities as current or non-current and clarification in relation to non-current liabilities with covenants.	Jan. 01, 2024	yes
IFRS 16	Amendment: Lease liabilities in the event of a sale and leaseback transaction	Jan. 01, 2024	yes
IAS 7, IFRS 7	Amendment: Clarifys the Disclosure of supplier finance arrangements	Jan. 01, 2024	No
IAS 21	Amendment: Lack of Exchangeability of a Currency	Jan. 1, 2025	No

No significant impact for the Group is expected from IFRS amendments already published but not yet mandatory.

3. Significant accounting judgments, estimates, and assumptions

The application of accounting and measurement methods in preparing the Consolidated Financial Statements requires management to make certain accounting judgments, estimates, and assumptions. These have an effect on the disclosed amounts of earnings, expenditure, assets and liabilities, as well as contingent liabilities, as of the reporting date. Actual amounts may differ from these estimates and assumptions, which may lead in future to significant adjustments to the carrying amounts of the assets and liabilities concerned.

Judgments, estimates, and assumptions

In the application of accounting and measurement methods, management made the following accounting judgments which significantly affect amounts in the Consolidated Financial Statements.

The most important forward-looking assumptions and other major sources of uncertainty as of the reporting date, which involve the risk of significant adjustments to the carrying amounts of assets and liabilities in the coming fiscal year, are explained below.

Impact of geopolitical crises

Society, politics and the economy are currently facing complex macroeconomic challenges resulting from a combination of high interest rates, subdued growth expectations, a tense financing framework, falling trade growth and declining confidence among companies and consumers. In addition to the destabilizing effects of the war in Ukraine, conflict in the Middle East is also contributing to greater uncertainty about the economic future. The United Internet Group is responding to this by actively accepting the current challenges and integrating them into its business decisions, in particular by developing strategies to minimize risk, such as reducing the proportion of variable-interest debt or through diversified procurement strategies to ensure a secure and fair energy supply.

Although the United Internet Group has no business activities in the countries involved in the wars, it is still confronted with the indirect effects. In view of the uncertain security situation caused by the war in the Middle East and the war in Ukraine, especially surrounding the entrance and passage of the Suez Canal, and the potential indirect effects on global business activities, United Internet has developed proactive risk management and mitigation strategies:

- **Cybersecurity risks**: due to the increased cybersecurity threats associated with the wars in the Middle East and Ukraine, the Company is stepping up its investment in cybersecurity measures. These include the use of advanced monitoring technologies, conducting regular security audits and training employees to improve their resistance to cyberattacks.

- **Hardware bottlenecks**: the Company is adapting its logistics and procurement strategies in order to overcome potential hardware bottlenecks that could be caused by the uncertain security situation surrounding the entrance and passage of the Suez Canal, exacerbated by the war in the Middle East. Among other things, this is being done by increasing the stock of hardware in order to cushion potential supply disruptions.

The Management Board and the operational managers will closely monitor further developments and initiate any appropriate countermeasures (if possible).

United Internet also takes account of developments in the economic environment in its accounting and reporting in the Consolidated Financial Statements, e.g., when determining the recoverability of goodwill or the measurement of assets and liabilities.

These developments are not expected to have any significant direct impact on United Internet.

Impact of climate change

Environmental and social concerns can impact the recoverability of Group assets in various ways. In particular, these risks include rising energy prices for renewable energies to operate our 5G mobile communications network. The recoverability of the 5G spectrum was reviewed as part of the impairment test (Note 29).

The Company currently assumes that any impact caused by environmental and social issues will not have a material effect on the Consolidated Financial Statements.

Revenue recognition

The standalone selling prices for hardware are determined on the basis of the adjusted market assessment approach, which requires an estimate of the relevant market prices for the respective hardware. Changes in these estimates may affect the allocation of the transaction price to the individual performance obligations and thus also affect the amount and timing of revenue recognition.

In addition, various other assumptions and estimates are made during application of the portfolio approach, which are based on past experience and available knowledge at the end of the reporting period. Changes in these assumptions and estimates in their entirety can also have a material effect on the amount and timing of revenue recognition.

The guiding principle for considering whether an entity is acting as a principal or as an agent is whether it has control over the specified good or service before transferring it to the customer. When examining the question of control, significant discretionary decisions often have to be made. This relates in particular to services in connection with the marketing of websites and the sale of third-party products and services by the Group. When a third party is involved in the performance process, the entity must determine whether the nature of its promise is a performance obligation to provide the specific good/service itself (i.e., the entity is a principal) or whether the performance obligation is to arrange for the provision of those goods/services by the third party (i.e., the entity is an agent). An entity determines for each specific good/service whether it acts as principal or agent. If the Group acts as an agent, sales are recognized on a net basis. If we act as principal, sales are reported gross.

Costs of contract fulfillment and contract initiation

The calculation of the estimated amortization periods for contract costs is based on past experience and subject to significant uncertainties, in particular with regard to unforeseen customer or technology developments. A change in the estimated amortization period affects the timing of the recognition. The carrying amount of capitalized contract initiation and contract fulfillment costs as of December 31, 2023 amounted to € 303,145k (prior year: € 246,569k).

Impairment of non-financial assets

Goodwill and other intangible assets with indefinite useful lives, as well as not yet usable assets with finite useful lives, are assessed at least once a year or on indication of impairment. Other non-financial assets are tested for impairment if there is any indication that the carrying value exceeds the recoverable amount. The recoverable value of the respective cash-generating unit to which the goodwill or intangible assets have been allocated is calculated either as "value-in-use" or fair value less cost of sell. As of December 31, 2023, the carrying amount of goodwill was € 3,628,849k (prior year: € 3,623,435k).

In order to estimate value-in-use or fair value less cost of sell, management must estimate expected future cash flows of the asset or cash-generating unit and select a suitable discount rate to assess the present value of these cash flows.

Further details, including a sensitivity analysis of significant assumptions, are presented in the Note "Impairment of goodwill and intangible assets with indefinite useful lives".

The most important management assumptions for the measurement of the recoverable value of cash-generating units include assumptions regarding the development of sales, margins, and the discount rate.

Carrying amounts and impairment test for investments in associated companies

As of the reporting date, the United Internet Group holds investments in various associated companies. If the consideration for the acquisition of the shares is made by contributing a subsidiary or other investment, the acquisition costs of the associated company are to be determined by means of a company valuation. This valuation is closely related to the assumptions and estimates made by management with respect to the future development of the respective company and the applicable discount rate.

In accordance with IAS 28.40, the Group examines on the reporting date whether the net investment of the United Internet Group in the respective associated company requires an additional impairment charge.

The carrying amount for shares in associated companies is measured on the basis of their prorated annual results. If the annual results for the fiscal year are not known, an estimate is made on the basis of the latest publicly available financial information of the respective associated company.

The recoverable amounts of non-listed companies consider both the available past experience for the respective company and expectations of its future development. As these expectations are based on numerous assumptions, the calculation of recoverable amounts depends on discretionary factors. The carrying value of investments in non-listed associated companies as of December 31, 2023 amounted to € 373,205k (prior year: € 429,304k).

Share-based payment

For share-based payment arrangements, the cost of equity-settled arrangements is measured at the fair value of such equity instruments on the date of granting. In the case of share-based payment arrangements with cash settlement, the fair value of the liability is remeasured at each reporting date and at the date of settlement. A suitable measurement model must be used to estimate fair value when granting equity instruments; this depends on the contractual terms. Suitable data must also be chosen for the valuation process, including the expected option term, volatility, exercise behavior, and dividend yield, as well as the corresponding assumptions.

In the reporting period, expenses for share-based remuneration amounted to € 8,176k (prior year: € 12,427k).

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group forms liabilities, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of these liabilities is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. The carrying value of income tax liabilities as of December 31, 2023 amounted to € 87,996k (prior year: € 52,723k) and mainly related to current taxes of the fiscal year.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Trade accounts receivable and contract assets

Trade accounts receivable and contract assets are carried in the balance sheet less impairment charges made. Allowances for doubtful claims are made on the basis of expected credit losses by means of regular reviews as well as valuations conducted as part of credit monitoring. Assumptions concerning the payment behavior and creditworthiness of customers are subject to significant uncertainties. The carrying value of trade accounts receivable as of December 31, 2023 amounted to € 545,935k (prior year: €460,228k). The carrying value of contract assets as of December 31, 2023 amounted to € 882,733k (prior year: €865,085k).

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value comprises the estimated sales proceeds less the necessary expected costs up to the time of sale. Measurement is also based in part on writedowns for inventories. The size of such writedowns represents a best-possible estimation of net realizable value and is thus subject to uncertainties. The carrying amounts of inventories as of the reporting date amounted to € 178,083k (prior year: € 120,561k). Please refer to Note 21 for further details.

Property, plant and equipment, and intangible assets

Property, plant and equipment, and intangible assets are valued at cost on initial recognition. After initial recognition, property, plant and equipment, and intangible assets with limited useful lives are depreciated over their expected economic useful lives using the straight-line method. Expected useful lives are based on historical experience and thus subject to significant uncertainties, especially with regard to unforeseen technological developments. When determining the timing of capitalization and the start of amortization for the 5G spectrum, discretionary decisions were made.

The carrying value of property, plant and equipment, and intangible assets with limited useful lives amounted to € 3,491,424k as of December 31, 2023 (prior year: € 3,306,074k). This amount includes spectrum licenses of € 1,028,921k (prior year: € 1,069,740k).

Right-of-use assets and lease liabilities

For the duration of the lease, a right-of-use asset in the amount of the present value of the future lease payments plus initial direct costs, advance payments, and restoration costs, and less incentive payments received is capitalized and amortized over the term of the lease. At the same time, a lease liability is recognized in the amount of the future lease payments less the interest portion.

The leases for the business premises in Montabaur and Karlsruhe contain extension options. In order to determine the terms of these leases, a period until 2033 was assumed due to their strategic importance for the Group – with the exception of two leases for buildings in Karlsruhe that were newly occupied in 2020 and have assumed terms until 2035. For leases of office buildings at the other locations, extension options are predominantly not included in the determination of the terms, as these assets could be replaced by the Group without significant cost.

The leases for antenna locations in connection with the 1&1 mobile communications network usually have a non-cancelable basic lease term of twenty years. Extension options are not included in the term, as it cannot be assumed with sufficient certainty that the extension options will be exercised at the time the lease is concluded.

The incremental borrowing rate is used to measure right-of-use assets and lease liabilities. The incremental borrowing rate is determined on the basis of reference interest rates for a period of up to 25 years from risk-free interest rates with appropriate maturities, plus credit risk premiums.

Accounting for business combinations

Business combinations are accounted for using the purchase method. The initial recognition of goodwill results from the excess of the acquisition cost of the entity over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Costs accrued in the course of the business combination are recognized under other operating expense.

However, assumptions made to determine the respective fair value of the acquired assets and liabilities as of the date of acquisition are subject to significant uncertainties. For the identification of intangible assets, depending on the type of intangible asset and complexity of determining its fair value, the Company either uses independent appraisals of external assessors or fair value is determined internally using a suitable assessment technique for the respective intangible asset, generally based on a forecast of total expected future cash flow generation. These valuations are closely related to assumptions and estimates which management has made about the future development of the respective assets and the applicable discounted interest rate.

Accruals

Accruals are formed if the Group has a legal or actual obligation resulting from a past event which will probably give rise to the outflow of resources with an economic benefit to fulfill the obligation, provided that the level of the obligation can be reliably estimated. Such estimates are subject to significant uncertainties. The carrying value of accruals as of December 31, 2023 amounted to € 95,099k (prior year: € 72,173k).

4. Business combinations and investments

4.1 Business combinations in the fiscal year

As in the previous year, there were no business combinations in the fiscal year 2023.

4.2 Business combinations

IPO of IONOS

In addition to the Group's operating business, there were further intensive preparations for the IPO of IONOS Group SE in early 2023. Concrete plans for the IONOS IPO were announced on January 17, 2023 as part of an "intention to float" (ITF) and the IPO was completed on February 8, 2023.

The shares of IONOS Group SE have since been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) under ISIN: DE000A3E00M1, WKN: A3E00M, ticker symbol: IOS.

United Internet received gross proceeds of around € 292m from the sale of shares, while the entire placement volume amounted to around € 389m.

Following the IPO of IONOS Group SE, United Internet holds 63.8% and Warburg Pincus 21.2% of IONOS shares. 15.0% of shares are in free float.

Acquisition of shares in Street Media GmbH

On September 5, 2023, the Group acquired 28.7% of shares in Street Media GmbH, based in Berlin, which has since been included in the consolidated financial statements as an associated company using the equity method.

An additional contribution of € 1,490k was made to the equity of Street Media GmbH on October 2, 2023, whereby the shareholding ratio did not change as a result of this transaction. The total acquisition costs for the share purchase amounted to € 1,567k. Street Media GmbH specializes in the development and management of digital media projects.

Explanations of items in the income statement

5. Sales/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 Group's operating business is divided into the two business divisions "Access" and "Applications", which in turn are divided into the reporting segments "Consumer Access" and "Business Access", as well as "Consumer Applications" and "Business Applications".

A description of the products and services is provided in Note 2.1 in the explanation of revenue recognition. The segment "Corporate" comprises mainly management holding functions.

The Management Board of United Internet AG mainly controls operations on the basis of key performance figures. It measures segment success primarily on the basis of sales revenue, and earnings before interest, taxes, depreciation and amortization (EBITDA). Transactions between segments are charged at market prices. Information on sales revenue is allocated to the country in which the company is domiciled. Segment earnings are reconciled with the total amount for the United Internet Group.

In the course of preparing the Interim Financial Statements as of March 31, 2023, the Management Board decided to make a significant adjustment to its internal reporting system. As a consequence, this change also led to a revision of segment reporting with a shift in focus from the previous "controlling view" to the "accounting view". This decision was intended to strengthen the harmonization of the Company's internal controlling and external reporting. The change resulted in reconciliation effects/shifts in key sales and earnings figures among the segments.

- Reconciliation effects on sales: certain intercompany sales are no longer consolidated at segment level (as previously in the controlling view), but only at Group level (accounting view).

- Reconciliation effects on EBITDA and EBIT: depreciation allocations and profit margins for intercompany services are no longer "netted" between segments (as was previously the case for internal service charging in the controlling view) but are disclosed (accounting view) – as if "booked" at segment level.

Overall, the change has no effect on the Group's sales and earnings figures.

By making this change at segment level, United Internet is also taking account of the increasing independence of its segments (subgroups) and aligning segment reporting with the reporting of its listed and thus also reportable subgroups 1&1 AG (Consumer Access segment) and IONOS Group SE (Business Applications segment).

Segment reporting of United Internet AG in fiscal year 2023 was as follows:

January - December 2023 (€m)	Segment Consumer Access	Segment Business Access	Segment Consumer Applications	Segment Business Applications	Corporate	Reconciliation/Consolidation	United Internet Group
Segment revenue	4,096.7	564.0	304.3	1,423.7	156.5	-331.9	6,213.2
- thereof domestic	4,096.7	564.0	302.0	759.5	156.5	-322.4	5,556.3
- thereof foreign	0.0	0.0	2.2	664.3	0.0	-9.6	656.9
Segment revenue from transactions with other segments	15.0	92.7	28.4	45.5	150.3	0.0	331.9
Segment revenue from contracts with customers	4,081.7	471.3	275.8	1,378.2	6.2	0.0	6,213.2
- thereof domestic	4,081.7	471.3	273.6	723.5	6.2		5,556.3
- thereof foreign	0.0	0.0	2.2	654.7	0.0		656.9
EBITDA	653.8	162.9	103.5	385.4	206.7	-220.3	1,292.1
Financial result							-98.2
Result from associated companies							-58.1
EBT							597.6
Income taxes							-235.4
Net income							**362.2**
Assets (non-current)	2,935.5	398.4	227.7	1,205.5	1,071.9	-1,828.6	4,010.4
- thereof domestic	2,935.5	398.4	227.4	869.1	1,071.9	-1,828.6	3,673.7
- thereof shares in associated companies	0.0	0.0	0.0	3.0	368.9	---	371.9
- thereof other financial assets	2.6	0.1	1.9	374.9	703.0	-1,074.1	8.4
- thereof goodwill	2,932.9	398.3	225.5	491.2	0.0	-754.5	3,293.4
- thereof foreign	0.0	0.0	0.3	336.4	0.0	0.0	336.7
- thereof shares in associated companies	0.0	0.0	0.0	1.3	0.0	---	1.3
- thereof other financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- thereof goodwill	0.0	0.0	0.3	335.1	0.0	0.0	335.4
Investments in intangible assets and property, plant and equipment (without goodwill)	411.0	555.8	15.7	95.8	16.1	-5.3	1,089.1
Amortization/depreciation	198.0	214.4	9.8	107.9	13.2	-5.2	538.1
- thereof intangible assets, and property, plant and equipment	113.3	205.5	9.8	87.5	13.2	-5.2	424.1
- thereof assets capitalized during company acquisitions	84.7	8.9	0.0	20.4	0.0	0.0	114.0
Number of employees	3,320	1,522	1,072	4,364	684	---	10,962
- thereof domestic	3,320	1,522	1,069	2,386	684	---	8,981
- thereof foreign	0	0	3	1,978	0	---	1,981

In order to aid comparability with the fiscal year 2023, segment reporting of United Internet AG for the fiscal year 2022 is presented below using the accounting view:

January - December 2022 (€m)	Segment Consumer Access	Segment Business Access	Segment Consumer Applications	Segment Business Applications	Corporate	Reconciliation/Consolidation	United Internet Group
Segment revenue	3,963.7	543.4	288.6	1,293.0	164.3	-337.9	5,915.1
- thereof domestic	3,963.7	543.4	286.3	669.7	164.3	-337.9	5,289.6
- thereof foreign	0.0	0.0	2.3	623.2	0.0	0.0	625.5
Segment revenue from transactions with other segments	22.6	81.4	28.2	48.5	157.3	0.0	337.9
Segment revenue from contracts with customers	3,941.1	462.0	260.4	1,244.5	7.0	0.0	5,915.1
- thereof domestic	3,941.1	462.0	258.1	621.2	7.0	0.0	5,289.6
- thereof foreign	0.0	0.0	2.3	623.2	0.0	0.0	625.5
EBITDA	693.3	154.0	103.9	320.4	-4.8	-4.2	1,262.5
Financial result							-38.2
Result from associated companies							-30.7
EBT							711.5
Income taxes							-246.8
Net income							**464.7**
Assets (non-current)	2,935.2	398.4	228.0	1,198.2	2,068.9	-2,764.3	4,064.4
- thereof domestic	2,935.2	398.4	227.6	867.2	2,068.9	-2,764.3	3,733.0
- thereof shares in associated companies	0.0	0.0	0.0	1.1	427.9	---	429.0
- thereof other financial assets	2.3	0.1	2.1	374.9	1,641.0	-2,009.8	10.6
- thereof goodwill	2,932.9	398.3	225.5	491.2	0.0	-754.5	3,293.4
- thereof foreign	0.0	0.0	0.4	331.0	0.0	0.0	331.4
- thereof shares in associated companies	0.0	0.0	0.0	1.3	0.0	---	1.3
- thereof other financial assets	0.0	0.0	0.0	0.1	0.0	---	0.1
- thereof goodwill	0.0	0.0	0.4	329.6	0.0	---	330.0
Investments in intangible assets and property, plant and equipment (without goodwill)	281.2	479.1	32.4	149.9	11.8	-3.3	951.1
Amortization/depreciation	158.4	193.5	9.8	112.3	11.2	-4.4	480.9
- thereof intangible assets, and property, plant and equipment	67.2	181.3	9.8	87.4	11.2	-4.4	352.6
- thereof assets capitalized during company acquisitions	91.2	12.2	0.0	24.9	0.0	0.0	128.3
Number of employees	3,163	1,336	1,036	4,247	692	---	10,474
- thereof domestic	3,163	1,336	1,033	2,326	692	---	8,550
- thereof foreign	0	0	3	1,921	0	---	1,924

Non-current segment assets comprise shares in associated companies, other financial assets, and goodwill.

In the fiscal year 2023, revenue of the Consumer Access segment from contracts with customers includes hardware sales of € 838,444k (prior year: € 767,600k). Revenue of the Business Access segment from contracts with customers for the fiscal year 2023 includes hardware sales of € 16,364k (prior year: € 7,625k). The remaining revenue of the two segments is attributable to service revenue. The other business segments only generate revenue from services.

In the reporting periods, there was no significant concentration of individual customers in the customer profile. As in the previous year, the United Internet Group did not generate more than 10% of total external sales revenue with any single customer. Foreign sales accounted for 10.6% (prior year: 10.6%) of total Group revenue.

In addition to investments, the highest management committee only monitors shares in associated companies, other non-current financial assets, and goodwill. The depreciation disclosed in the segments refers to other, non-monitored intangible assets, and property, plant and equipment, as these are largely determined automatically once the relevant useful life has been determined.

Contract balances developed as follows in the fiscal year 2023:

in €k	Dec. 31, 2023	Dec. 31, 2022
Trade accounts receivable (Note 19)	543,696	460,228
Contract assets (Note 20)	882,733	865,085
Contract liabilities (Note 32)	207,691	188,383

Apart from customer growth, the main reason for the year-on-year increase in contract assets was the increased subsidizing of hardware in the fiscal year 2023.

In fiscal year 2023, revenue of € 157,093k (prior year: € 157,886k) was recognized which was contained in contract liabilities at the beginning of the fiscal year.

The total transaction price of performance obligations still unfulfilled at the end of the reporting period amounted to € 1,915,122k (prior year: € 1,670,738k) as of December 31, 2023. The following table shows the time bands in which the transaction prices from unfulfilled or partially unfulfilled performance obligations as of the reporting date are expected to be recognized:

in €k	Total	2024	2025	>2025
Consumer Access	1,553,503	1,140,640	412,862	0
Business Access	344,767	155,048	84,816	104,902
Consumer Applications	9,651	8,406	1,246	0
Business Applications	7,201	2,742	1,858	2,602
Total	**1,915,122**	**1,306,836**	**500,783**	**107,504**

The transaction prices shown relate to unfulfilled performance obligations from contracts with customers with an original contract term of more than 12 months. They relate to service components with period-based revenue recognition and to contracts for which a one-off fee has been invoiced and which are now recognized as revenue over the relevant original minimum contract term.

6. Cost of sales

€k	2023	2022
Cost of services	2,329,908	2,312,861
Cost of goods	930,318	829,496
Amortization/depreciation	383,181	316,780
Personnel expenses	305,100	282,128
Other	196,629	165,063
Total	**4,145,136**	**3,906,328**

Cost of sales in relation to sales revenue increased to 66.7% compared with the previous year (prior year: 66.0%), resulting in a decline in gross margin to 33.3% (prior year: 34.0%).

The increase in the cost of sales reflects higher hardware usage and higher depreciation from the 5G segment. For further details, please refer to Note 11.

The other cost of sales mainly include operating costs for the data centers and logistics expenses.

7. Selling expenses

€k	2023	2022
Personnel expenses	336,488	295,587
Amortization/depreciation	120,379	129,449
Sales commissions	124,753	121,572
Marketing expenses	294,616	290,021
Other	66,924	70,612
Total	**943,160**	**907,241**

At 15.2% (previous year: 15.3%), selling expenses as a proportion of sales fell slightly. Other selling expenses mostly comprise customer relationship costs and product management expenses.

8. General and administrative expenses

€k	2023	2022
Personnel expenses	118,391	97,833
Amortization/depreciation	34,533	34,884
Legal and consulting expenses	22,729	34,306
Chargeback fees and other costs of monetary transactions	27,049	24,650
Maintenance costs	12,206	10,066
Other	61,015	46,785
Total	**275,924**	**248,524**

The other general and administrative expenses mostly comprise expenses in connection with accounts receivable management, third-party services, insurance contributions, and auditing fees.

9. Other operating income/expenses

9.1 Other operating expenses

€k	2023	2022
Expenses from foreign currency translation	10,438	14,425
Derivatives	6,654	22,705
Expenses relating to other periods	5,622	2,592
Other taxes	2,858	2,100
Losses from the disposal of property, plant and equipment	478	692
Other	7,284	4,010
Total	**33,334**	**46,524**

Expenses from foreign currency translation mainly comprise losses from exchange rate changes between the date of origination and time of payment of foreign currency receivables and payables as well as losses from measurement as of the reporting date. Currency gains from these items are reported under other operating income. A net consideration of this item results in a net expense of € 707k (prior year: net expense of € 242k). The increase in other items mainly relates to expenses for the IPO of IONOS Group SE during the reporting period.

9.2 Other operating income

€k	2023	2022
Income from dunning and return debit charges	34,015	32,091
Income from foreign currency translation	9,731	14,183
Income from other periods	7,215	3,017
Income from the disposal of property, plant and equipment	1,274	831
Derivatives	316	21,750
Income from deconsolidation	0	1,910
Income from the reversal of accrued liabilities	1	9,104
Other	8,013	9,441
Total	**60,565**	**92,327**

Income from foreign currency translation mainly comprises gains from exchange rate changes between the date of origination and time of payment of foreign currency receivables and payables, as well as gains from measurement as of the reporting date. Currency losses from these items are reported under other operating expenses. Income from derivatives in the previous year related to a hedging transaction.

10. Impairment of receivables and contract assets

Impairment of receivables and contract assets comprised the following:

€k	2023	2022
Trade accounts receivable	69,215	69,078
Contract assets	53,048	48,281
Total	**122,264**	**117,359**

The main drivers of the increase in impairment are higher payment default rates and the increased cut-off limits for defaulting customers under the revised German Telecommunications Act.

11. Depreciation, amortization, and impairment

Depreciation, amortization, and impairment of intangible assets, and property, plant and equipment consist of the following:

€k	2023	2022
Cost of sales	383,181	316,780
Selling expenses	120,379	129,449
General and administrative expenses	34,533	34,885
Total	**538,093**	**481,114**

Depreciation and amortization also includes the amortization of capitalized assets resulting from business combinations. These are divided between the capitalized assets as follows:

€k	2023	2022
Intangible assets		
Customer base/ order backlog	108,495	117,476
Software	2,264	4,324
	110,759	**121,799**
Tangible assets		
Network infrastructure	3,281	6,532
Total	**114,040**	**128,331**

Intangible assets with indefinite useful lives were subjected to an impairment test on the level of the cash-generating units as of the reporting date.

Amortization of capitalized assets resulting from business combinations is divided between the business combinations as follows:

€k	2023	2022
1&1	84,705	91,239
STRATO	13,297	13,681
1&1 Versatel	8,907	12,158
home.pl	2,862	2,801
we22	2,409	2,409
World4You	1,847	1,880
Arsys	0	2,458
IONOS SE	0	1,694
Cronon	12	12
Total	**114,040**	**128,331**

12. Personnel expenses

Personnel expenses are divided among the various divisions as follows:

€k	2023	2022
Cost of sales	305,100	282,128
Selling expenses	336,488	295,587
General and administrative expenses	118,391	97,833
Total	**759,979**	**675,548**

Personnel expenses include wages and salaries of € 647,320k (prior year: € 576,253k), and social security costs of € 112,658k (prior year: € 99,295k). The rise in personnel expenses is due to the increase in headcount as well as higher salary adjustments. Personnel expenses in connection with employee stock ownership plans totaled € 8,176k (prior year: € 11,276k).

The number of employees increased by 4.7%, from 10,474 employees in the previous year to 10,962 employees at year-end:

	2023	2022
Germany	8,981	8,550
Outside Germany	1,981	1,924
thereof the Philippines	464	468
thereof Spain	446	422
thereof Poland	339	352
thereof UK	273	246
thereof Romania	261	242
thereof USA	118	120
thereof Austria	72	67
thereof France	8	7
Total	**10,962**	**10,474**
thereof male	67%	68%
thereof female	33%	32%

The average number of employees in fiscal year 2023 amounted to 10,717 (prior year: 10,231), of which 8,755 (prior year: 8,356) were employed in Germany and 1,962 abroad (prior year: 1,875).

With regard to company pension plans, the Group only has defined contribution plans. The Company pays contributions to the state pension fund as a result of statutory obligations. There are no other benefit obligations for the Company after payment of the contributions. The current contribution payments are disclosed as an expense in the respective year. In fiscal year 2023, they totaled € 45,150k (prior year: € 41,623k) and mostly concerned contributions paid to the state pension fund in Germany.

As a result of contribution exemptions, an amount of € 0k (prior year: € 0k) of this total referred to contributions paid to related parties.

13. Financial expenses

€k	2023	2022
Loans and overdraft facilities	65,600	18,659
Subsequent valuation of embedded derivatives	47,918	30,096
Financing costs from leases	21,347	11,907
Interest expense from deferral of frequency liabilities	6,050	6,473
Interest expense from tax audit	1,090	1,399
Other	1,085	728
Total financial expenses	**143,091**	**69,262**

The subsequent valuation of embedded derivatives relates to the measurement through profit or loss of the derivatives agreed in the course of the Warburg Pincus investment in the Business Applications segment, whose valuation depends in particular on the enterprise value of IONOS Group SE. Expenses from subsequent valuation mainly relate to the decline in the fair value of these derivatives as at the end of the reporting period. The sharp decline in derivatives results from the decline in the valuation of the IONOS Group, which was based on its stock market price. This valuation is below the previously recognized enterprise value, which was determined on the basis of valuation reports.

The interest expense from the deferral of spectrum liabilities results from the agreement with the Federal Ministry of Transport and Digital Network Infrastructure under which the payment obligation for mobile communications spectrum was extended to 2030. Please refer to Note 34,3 for further details.

Please refer to Note 45 for an explanation of the financial expense from leases.

14. Financial income

€k	2023	2022
Subsequent valuation of embedded derivatives	42,860	22,732
Interest Income from leases	627	632
Income from loans to associated companies	467	328
Interest income from tax audit	417	5,452
Other financial income	529	1,931
Total financial income	**44,899**	**31,074**

The subsequent valuation of embedded derivatives refers to the measurement through profit or loss of derivatives agreed in the course of the Warburg Pincus investment in the Business Applications segment. Income from subsequent valuation mainly relates to the decrease in the conditional purchase price liabilities from Strato. For further information, please refer to Note 34.1.

Other financial income mainly comprises interest income from credit balances with banks. With regard to income from loans to associated companies, please refer to Note 41.

15. Income taxes

The income tax expense is comprised as follows:

€k	2023	2022
Current income taxes		
- Germany	-259,213	-249,553
- Outside Germany	-16,717	-13,597
Total (current period)	**-275,930**	**-263,150**
Deferred taxes		
- Due to tax loss carryforwards	-577	3,088
- due to tax interest carryforwards	30,697	16,150
- Tax effect on temporary differences	9,119	576
- Due to tax rate changes	1,297	-3,422
Total deferred taxes	**40,536**	**16,392**
Total tax expense	**-235,394**	**-246,758**

Under German tax law, income taxes comprise corporate income tax and trade tax, as well as the solidarity surcharge.

The effective trade tax rate depends on the municipalities in which the Group operates. The average trade tax rate in fiscal year 2023 amounted to approx. 15.60% (prior year: 15.64%).

As in the previous year, German corporate income tax was levied at 15% – irrespective of whether the result was retained or distributed. In addition, a solidarity surcharge of 5.5% is imposed on the assessed corporate income tax.

In addition to taxes on the current result, current income taxes include non-period tax expenses of € 4,579k (prior year: tax income of € 4,824k).

Deferred tax assets are recognized for tax loss carryforwards, interest carryforwards, and temporary differences if it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets for tax loss carryforwards in certain countries are shown in the table below:

€k	2023	2022
Germany	86,035	87,076
United Kingdom	464	0
	86,499	**87,076**

Deferred taxes for loss carryforwards mainly relate to the 1&1 Versatel Group. Taking into consideration significant taxable temporary differences, the realization of loss carryforwards is based in particular on the strategic importance of Versatel as an intercompany service provider for the existing Layer II products of 1&1 Telecom GmbH, as well as on significant positive earnings forecasts and the planned provision of the backbone network for the establishment of the 5G mobile communications network of 1&1 AG.

The following time limits apply for the use of tax loss carryforwards in different countries:

- USA: 20 years for loss carryforwards incurred before 2018, indefinite for loss carryforwards incurred from 2018 onwards
- Germany: Indefinite, but minimum taxation

Tax loss carryforwards for which no deferred tax assets have been formed, refer to the following countries (excluding Germany):

€k	2023	2022
USA Federal *	27,474	27,307
USA State **	620	349
	28,094	**27,656**

* Tax rate 21.0%
** Tax rate 10.0%

A breakdown of income tax types results in the following loss carryforwards for Germany for which no deferred taxes have been formed:

	2023		**2022**	
€k	Corporation tax	Trade tax	Corporation tax	Trade tax
Germany	215,941	89,014	106,250	25,093

Loss carryforwards in Germany for which no deferred tax assets have been formed mainly refer to loss carryforwards of 1&1 Versatel GmbH, 1&1 Energy GmbH, and IONOS Group SE (formerly: IONOS TopCo SE).

The so-called "interest cap" enshrined in German tax law limits the deductibility of interest expenses for the assessment of company income taxes. Interest expenses that cannot therefore be deducted are carried forward indefinitely to the following fiscal years (interest carryforward).

The Group's interest carryforward, for which no deferred taxes were formed, amounts to € 0k (prior year: € 89,648k).

In the reporting period, additional deferred tax assets were recognized on interest carryforwards due to the positive planning of tax results. The resulting tax relief amounted to € 30,697k in the financial period (prior year: € 16,150k). Deferred tax receivables on interest carryforwards from previous years account for € 24,320k of this total.

In fiscal year 2023, no interest and loss carryforwards were used (prior year: € 0k) for which deferred taxes had been formed in the previous year.

Deferred taxes resulted from the following items:

€k	2023 Deferred tax assets	2023 Deferred tax liabilities	2022 Deferred tax assets	2022 Deferred tax liabilities
Trade accounts receivable	1,317	10,530	1,031	7,927
Inventories	151	40	155	122
Contract assets - current*	0	181,583	0	174,418
Contract assets - non current	0	60,640	0	62,169
Other financial assets – current	570	21	828	1,242
Other financial assets – non-current	42	526	858	668
Other assets	0	6,693	47	9,243
Prepaid expenses	217,979	97,421	193,991	73,606
Property, plant and equipment	1,968	20,489	2,268	19,823
Right-of-use from leases	79	248,183	131	199,587
Intangible assets	31,154	263,058	42,339	287,731
Other accrued liabilities	43,174	7,197	51,135	8,959
Contract liabilities	28,330	52,748	23,529	49,141
Other liabilities	2,924	3,869	2,586	692
Lease liabilities - current	32,749	36	31,609	11
Lease liabilities - non current	222,573	9,168	168,308	2
Gross value	**583,010**	**962,202**	**518,815**	**895,342**
Tax loss carryforwards	86,499	n.a	87,076	n.a
Tax interest carried forward	66,766	n.a.	36,069	n.a.
Adjustments for consolidation	0	0	0	0
Offsetting	-669,183	-669,183	-585,671	-585,671
Consolidated balance sheet	**67,092**	**293,020**	**56,289**	**309,671**

* In the fiscal year 2022, adjustments for consolidation were allocated to the individual balance sheet items from which the relevant deferred taxes are derived.

The net balance of deferred tax liabilities of € 253,383k in the previous year decreased to a net balance of deferred tax liabilities of € 225,928k. As a result, the total change in the net balance of deferred taxes amounted to € 27,455k (prior year: € 13,288k). This change was mainly due to the following factors:

- Decrease in deferred tax assets from employee stock ownership plans of € 14.9m
- Decrease in deferred tax liabilities from intangible assets in connection with the amortization of assets from company acquisitions of € 13.5m
- Increase in deferred tax assets from interest carryforwards of € 30.7m

The change in the net balance of deferred taxes compared to the previous year is reconciled as follows:

€k	2023	2022
Deferred tax income + / Deferred tax expense -	40,536	16,392
Deferred tax effects recognised directly in equity	-13,081	-4,096
Change in the net balance of deferred taxes	**27,455**	**12,296**

The deferred tax effects recognized in equity result mainly from the employee stock ownership plans, which are recognized in equity.

The aggregate tax rate is reconciled to the effective tax rate of continued operations as follows:

%	2023	2022
Anticipated tax rate	**31.4**	**31.5**
Actual and deferred taxes for previous years	0.5	0.7
Non-tax-deductible writedowns on financial assets	0.3	0.3
Non-tax-deductible writedowns on intangible assets	0.2	0.3
Tax-reduced profit from disposals and income from investments	1.2	0.0
Tax effects in connection with internal Group dividends and disposals	0.2	0.1
Differences due to tax rate changes	-1.7	-1.2
Employee stock ownership programs	0.3	0.1
First-time capitalization of interest carryforwards that can be used in the future	-3.9	-0.7
Tax effects related to the settlement of intragroup impaired loans	3.9	0.0
Tax losses and non-deductible interest of the fiscal year for which no deferred taxes were recognized	2.2	1.3
Non-taxable at-equity results	3.1	1.4
Trade tax additions	1.5	0.6
Balance of other tax-free income and non-deductible expenses	0.2	0.3
Effective tax rate	**39.4**	**34.7**

The item "Actual and deferred taxes for previous years" mainly refers to actual tax expenses from the tax audit.

The item "Tax-reduced profit from disposals and income from investments" relates to income resulting from the IPO of IONOS Group SE.

The item "Tax effects in connection with internal Group dividends and disposals" relates to relates to a receivable from affiliated companies in the Business Access segment that was written down in previous years and reversed in the fiscal year 2023.

The item "Non-taxable at-equity results" mainly relates to the prorated results of the associated companies Kublai GmbH and AWIN AG.

The anticipated tax rate corresponds to the tax rate of the parent company, United Internet AG.

In accordance with the amendment to IAS 12 International Tax Reform - Pillar Two Model Rules, the United Internet Group applies the temporary, mandatory exemption from the recognition of deferred taxes resulting from the introduction of global minimum taxation.

Of the jurisdictions to be included for Pillar Two purposes, the following have already enacted final implementing legislation: Germany, France, Austria, Romania, and the UK. The following jurisdictions have already published draft legislation for corresponding implementation: Canada and Spain.

The comprehensive analysis based on the qualified CbCR data of the current and the three previous fiscal years as well as the forecasts for future fiscal years shows that Romania could qualify as a low-tax country for Pillar Two purposes within the United Internet Group once the legislation comes into force. This could result in an annual additional tax burden in the lower five-digit euro range for the Group as a whole from fiscal year 2024 onwards.

As in the previous year, income tax claims mainly relate to receivables from tax authorities in Germany and amounted to € 34,754k (prior year: € 34,741k) as of the balance sheet date.

As in the previous year, income tax liabilities relate primarily to liabilities to tax authorities in Germany and amounted to € 87,996k (prior year: € 52,723k) as of the balance sheet date.

16. Earnings per share

As of December 31, 2023, capital stock was divided into 192,000,000 registered no-par shares (prior year: 194,000,000 shares) each with a theoretical share in the capital stock of € 1. On December 31, 2023, United Internet held 19,183,705 treasury shares (prior year: 7,284,109). These treasury shares do not entitle the Company to any rights or proportional dividends and are thus deducted from equity. The weighted average number of shares outstanding used for calculating undiluted earnings per share was 172,816,295 for fiscal year 2023 (prior year: 186,715,891).

As of the reporting date, there was a dilutive effect from employee stock ownership plans of subsidiaries of € 0.02 (prior year: € 0.01) per share.

The calculation of the dilutive effect from conversion is made by first determining the number of potential shares. On the basis of the average fair value of the shares, the number of shares is then calculated which could be acquired from the total amount of payments (par value of the rights plus additional payment). If the difference between the two values is zero, the total payment is exactly equivalent to the fair value of the potential shares and no dilutive effect need be considered. If the difference is positive, it is assumed that these shares will be issued in the amount of the difference without consideration.

Based on an average market price of € 17.77 (prior year: € 26.44), this would result in the issuance of 2,585,413 shares (prior year: 461,921) without consideration. The number of shares used to calculate diluted earnings per share for the fiscal year 2023 is therefore 175,401,708 (prior year: 187,177,812).

The following table shows the underlying amounts for the calculation of undiluted and diluted earnings:

€k	2023	2022
Profit attributable to the shareholders of United Internet AG	**232,716**	**367,196**
Earnings per share (in €)		
- undiluted	1.35	1.97
- diluted	1.33	1.96
Weighted average of outstanding shares (in million units)		
- undiluted	172.82	186.72
- diluted	175.40	187.18

17. Dividend per share

The ordinary Annual Shareholders' Meeting of United Internet AG on May 17, 2023 voted to accept the proposal of the Management Board and Supervisory Board to pay a dividend of € 0.50 per share. The total dividend payment of € 86.4m was made on May 22, 2023.

In accordance with section 21 of the Company's articles, the Annual Shareholders' Meeting decides on the allocation of unappropriated profit. For the fiscal year 2023, the Management Board will propose to the Supervisory Board a dividend of € 0.50 for each share entitled to dividends for the past fiscal year 2023.

The Management Board and Supervisory Board will discuss this dividend proposal at the Supervisory Board meeting on March 20, 2024.

Pursuant to section 71b AktG, the Company does not accrue any rights from treasury shares and thus has no pro-rated dividend rights. As at the date of signing the Consolidated Financial Statements, the United Internet Group holds 19,183,705 treasury shares (prior year: 19,183,705). The number of shares with dividend rights may change before the Annual Shareholders' Meeting. In this case, a proposal will be made to the Annual Shareholders' Meeting to maintain the dividend of € 0.50 per entitled no-par value share with a corresponding adjustment to the proposal for the appropriation of profit.

Explanations of items in the balance sheet

18. Cash and cash equivalents

As of the reporting date, cash and cash equivalents amounted to € 27,689k (prior year: € 40,523k). Cash and cash equivalents consist of bank balances, checks, and cash in hand. Bank balances generally bear variable interest rates for call money. In the reporting period, United Internet received a low interest on bank balances denominated in euro of approx. 1.75% (prior year: 0%).

The development and application of cash and cash equivalents is stated in the Consolidated Cash Flow Statement.

19. Trade accounts receivable

€k	2023	2022
Trade accounts receivable	635,195	542,684
Less		
Bad debt allowances	-91,499	-82,456
Trade accounts receivable, net	**543,696**	**460,228**
thereof trade accounts receivable - current	508,945	418,832
thereof trade accounts receivable - non-current	34,751	41,396

As of December 31, 2023 bad debt allowances for trade accounts receivable amounted to € 91,499k (prior year: € 82,456k). The development of bad debt allowances can be seen below:

€k	2023	2022
As of January 1	82,456	68,202
Utilization	-63,285	-54,239
Additions charged to the income statement	82,186	74,981
Reversals	-9,796	-6,546
Exchange rate differences	-62	58
As of December 31	**91,499**	**82,456**

Additions charged to the income statement of each period under review do not comprise receivables arising during the year and eliminated before the reporting date.

As of December 31, 2023, the age profile of trade accounts receivable less the aforementioned allowances was as follows:

€k	2023	2022
Trade accounts receivable, net		
< 5 days	479,367	406,358
6 – 15 days	12,830	9,831
16 – 30 days	10,653	12,094
31 – 180 days	30,183	25,725
181 – 365 days	9,063	5,241
> 365 days	1,600	978
	543,696	**460,228**

20. Contract assets

€k	2023	2022
Contract assets	953,200	929,266
Less		
Bad debt allowances	70,466	64,181
Contract assets, net	**882,733**	**865,085**
thereof contract assets - current	676,110	648,381
thereof contract assets - non-current	206,623	216,704

The development of bad debt allowances was as follows:

€k	2023	2022
As of January 1	64,181	59,840
Utilization	-46,762	-43,940
Additions charged to the income statement	53,048	48,281
As of December 31	**70,466**	**64,181**

21. Inventories

As of December 31, 2023, inventories consisted of the following items:

€k	2023	2022
Merchandise		
Mobile telephony / mobile internet	162,873	109,601
DSL hardware	10,788	12,954
SIM cards	11,007	5,933
IP-TV	1,196	2,779
Other	769	720
Domain stock held for sale	2,648	2,725
	189,281	**134,712**
Less		
Bad debt allowances	-11,198	-14,151
Payments on account	0	0
Inventories, net	**178,083**	**120,561**

Goods recognized as material expense from inventories in cost of sales amounted to € 897,587k in the reporting period (prior year: € 828,053k). Of this total, an amount of € 2,878k (prior year: € 2,220k) refers to impairment of inventories.

Allowances include € 8,618k (prior year: € 11,507k) for mobile telephony/mobile internet and IP-TV, and € 2,580k (prior year: € 2,644k) for domain stock.

22. Prepaid expenses

			31.12.2023
	Current	Non-current	Closing balance
Contract initiation costs	104,952	112,981	217,933
Contract fulfillment costs	44,576	40,636	85,212
Advance payments to Preliminary suppliers	93,827	522,977	616,804
Other	60,426	3,200	63,626
	303,781	**679,795**	**983,575**

			31.12.2022
	Current	Non-current	Closing balance
Contract initiation costs	94,050	81,583	175,634
Contract fulfillment costs	40,642	30,293	70,936
Advance payments to Preliminary suppliers	83,605	314,147	397,752
Other	63,768	2,947	66,715
	282,066	**428,970**	**711,036**

The increase in prepaid expenses results mainly from contingent payments to pre-service providers amounting to € 276.5m.

Prepaid expenses are deferred and charged to the income statement on the basis of the underlying contractual period.

	2023	2022
Expensing of wholesale fees	57,448	27,928
Amortization of capitalized contract initiation costs	92,127	77,617
Amortization of capitalized contract performance costs	48,193	50,201
	197,768	**155,747**

23. Other current assets

23.1 Other current financial assets

€k	2023	2022
Derivatives	14,852	64,201
Receivables from pre-service providers	31,697	20,445
Creditors with debit balances	15,754	7,870
Payments on account	11,738	5,794
Deposits	1,081	1,101
Subsidies Arsys	8,964	0
Other	12,785	7,160
Other financial assets, net	**96,871**	**106,571**

Derivatives mainly relate to the embedded derivatives agreed as part of Warburg Pincus' investment in the Business Applications segment, as well as other derivatives. The strong decline in derivatives results from the decrease in the valuation of the IONOS Group, which was based on its stock market price. This valuation is below the previously recognized enterprise value, which was determined on the basis of valuation reports.

For further information, please refer to Note 34.

Payments on account mainly refer to advance payments for domains.

The increase in receivables from pre-service providers mainly relates to advertising cost subsidies.

The creditors with debit balances mainly relate to financial recovery claims from suppliers.

23.2 Other current non-financial assets

€k	2023	2022
Receivables from tax office	7,650	15,272
Return claims hardware	6,184	4,445
Other non-financial assets	**13,835**	**19,717**

24. Shares in associated companies

The Group holds interests in several associated companies. The main investment in 2023 are AWIN AG, Berlin, and Kublai GmbH, Frankfurt am Main, which the Group holds via its subsidiary United Internet Investments Holding AG & Co.KG, Montabaur.

AWIN AG, Berlin, is a global affiliate marketing network which offers services in the field of e-commerce and online marketing. AWIN is the world's largest affiliate marketer, linking network advertisers and publishers around the world. As in the previous year, the Group holds 20% of shares in AWIN AG.

Kublai GmbH is the parent company of Tele Columbus AG, Berlin. Tele Columbus is an independent broadband cable and fiber-optic network operator active in the German multimedia and communication sector with most of its network infrastructures in eastern Germany (Berlin, Brandenburg, Saxony, Saxony-Anhalt, and Thuringia), as well as in North Rhine-Westphalia and Hesse. Tele Columbus offers its customers digital TV program packages, as well as internet and telephone connections. As in the previous year, the Group holds 40% of shares in Kublai GmbH. The shareholding in Kublai GmbH corresponds to the proportion of voting rights.

The shares in AWIN AG and Kublai GmbH are valued using the equity method.

The following table contains summarized financial information of the main associated companies on the basis of a 100% shareholding as of December 31, 2023:

Summarized financial information on the main associated companies:	Kublai GmbH €k	AWIN AG €k
Current assets	159,443	672,976
Non-current assets	2,235,255	314,687
Current liabilities	246,631	525,551
Non-current liabilities	1,481,726	37,764
Equity attributable to shareholders of the company	635,623	424,347
Non-controlling interests	30,718	0
Shareholders' equity	666,342	424,347
Sales	447,100	185,818
Other comprehensive income	-574	-2,226
Net profit/loss	-139,868	33,404
Total comprehensive income	**-140,442**	**31,178**

* As the full financial information of Kublai GmbH as of December 31, 2023 was not yet available to United Internet at the time of preparing these Consolidated Financial Statements, the summarized financial information at the carrying amount disclosed in United Internet's Consolidated Balance Sheet was calculated on the basis of the interim financial statements of Kublai GmbH as of September 30, 2023.

A reconciliation with the carrying amount in the Consolidated Financial Statements as of December 31, 2023 – with an estimation of investment results for the fourth quarter – is presented below:

€k	Kublai GmbH €k	AWIN AG €k
Equity attributable to shareholders of the company	635,623	424,347
Share ratio of United Internet AG	40%	20%
United Internet Group's share in the net asset values	254,249	84,869
Impairment / impairment reversal effects	0	0
Closing date-related reconciliation effects	0	0
Carrying amount on Dec. 31, 2023	**254,249**	**84,869**

* As the full financial information of Kublai GmbH as of December 31, 2023 was not yet available to United Internet at the time of preparing these Consolidated Financial Statements, the reconciliation to the carrying amount disclosed in United Internet's Consolidated Balance Sheet was calculated on the basis of the interim financial statements of Kublai GmbH as of September 30, 2023.

In the fiscal year 2023, the shareholders of Kublai GmbH, United Internet AG and Hilbert Management GmbH, agreed to make a voluntary additional payment to the company's equity. The funds were allocated to the company's free capital reserves (section 272 (2) no. 4 HGB) without increasing the share capital. United Internet AG contributed a total amount of € 602k to the equity of Kublai GmbH.

Due in part to ongoing negotiations regarding the refinancing of Tele Columbus AG and the continued significantly negative operating performance of Tele Columbus AG, the shares held in Kublai GmbH were subjected to an event-driven impairment test in the fiscal year ending December 31, 2023. United Internet assumed a planning horizon of 17 years to determine their fair value less selling costs. Assuming a discount rate of 4.9%, a growth rate in perpetuity of 1.0%, an EBITDA margin in perpetuity of 35.0% and a capex to sales ratio in perpetuity of 18.0%, there was a carrying amount surplus of € 166.8m as of December 31, 2023 and thus no impairment need was identified for the shares in Kublai GmbH.

An increase in the discount rate of one percentage point to 5.9% would result in an impairment of € 34.7m. A reduction in the EBITDA margin in perpetuity from 35.0% to 29.0% would also result in an impairment of € 10.5m.

The following table contains summarized financial information of the main associated companies on the basis of a shareholding of 100% as at December 31, 2022:

Summarized financial information on the main associated companies:	Kublai GmbH €k	AWIN AG €k
Current assets	196,542	549,661
Non-current assets	2,312,828	318,578
Current liabilities	216,793	435,377
Non-current liabilities	1,466,141	39,720
Equity attributable to shareholders of the company	788,337	393,191
Non-controlling interests	38,099	0
Shareholders' equity	826,435	393,191
Sales	446,634	178,473
Other comprehensive income	2,338	-1,134
Net profit/loss	-104,759	26,262
Total comprehensive income	**-102,421**	**25,128**

* As the full financial information of Kublai GmbH as of December 31, 2023 was not yet available to United Internet at the time of preparing these Consolidated Financial Statements, the summarized financial information on the carrying amount disclosed in United Internet's Consolidated Balance Sheet was calculated on the basis of the interim financial statements of Kublai GmbH as of September 30, 2022.

A reconciliation with the carrying amounts in the Consolidated Financial Statements as of December 31, 2022 – with an estimation of investment results for the fourth quarter – is presented below:

T€	Kublai GmbH €k	AWIN AG €k
Equity attributable to shareholders of the company	788,337	393,191
Share ratio of United Internet AG	40%	20%
United Internet Group's share in the net asset values	315,335	78,638
Impairment / impairment reversal effects	0	0
Closing date-related reconciliation effects	0	0
Carrying amount on Dec. 31, 2022	**315,335**	**78,638**

* As the full financial information of Kublai GmbH as of December 31, 2023 was not yet available to United Internet at the time of preparing these Consolidated Financial Statements, the reconciliation to the carrying amount disclosed in United Internet's Consolidated Balance Sheet was calculated on the basis of the interim financial statements of Kublai GmbH as of September 30, 2022.

As of December 31, 2023, other associated companies disclosed an aggregated carrying amount of € 34,086k (prior year: € 35,331k) and an aggregated loss of € 3,352k (prior year: € 2,009k). The earnings/loss contributions of other associated companies are only included in the aggregated loss on a prorated basis. Financial information is based in part on local accounting regulations as a reconciliation of this financial information with IFRS would incur disproportionately high costs.

25. Other non-current financial assets

Other non-current financial assets as at December 31, 2023 of € 8,346k (prior year: € 10,721k) mainly comprise loans to related parties of € 5,713k (prior year: € 8,175k).

26. Property, plant and equipment

€k	2023	2022
Acquisition costs		
- Telecommunication equipment	1,432,196	1,206,943
- Right of use	1,329,878	1,074,461
- Operational and office equipment	700,098	698,197
- Network infrastructure	268,314	222,601
- Payments on account	454,031	244,521
- Land and buildings	37,798	36,440
	4,222,315	**3,483,163**
Less		
Accumulated depreciation	-1,817,002	-1,632,164
Property, plant and equipment, net	**2,405,312**	**1,850,999**

Further details and an alternative presentation of the development of property, plant and equipment in the fiscal years 2023 and 2022 can be found in the exhibit to the Notes to the Consolidated Financial Statements (Development of Non-current Assets).

The carrying value of property, plant and equipment held as lessee as part of lease arrangements amounts to € 794.4m as of December 31, 2023 (prior year: € 636.2m).

As of the reporting date, there are purchase obligations for property, plant and equipment totaling € 591.4m (prior year: € 370.8m).

27. Intangible assets (without goodwill)

€k	2023	2022
Historical acquisition costs		
- Customer base	1,238,396	1,234,815
- Spectrum licenses	1,070,187	1,070,187
- Software / licenses	247,090	233,935
- Trademarks	213,460	213,556
- Rights similar to concessions	165,000	165,000
- Internally generated intangible assets	66,664	57,918
- Payments on account	262,410	129,772
- Right of use	9,282	9,282
- Other intangible assets	73,513	73,680
	3,346,002	**3,188,143**
Less		
Accumulated depreciation	-1,344,418	-1,158,881
Intangible assets, net	**2,001,584**	**2,029,262**

Further details and an alternative presentation of the development of intangible assets in the fiscal years 2023 and 2022 can be found in the exhibit to the Notes to the Consolidated Financial Statements (Development of Non-current Assets).

The carrying amount of the customer base results from the following company acquisitions:

€k	Dec. 31, 2023	Dec. 31, 2022
1&1	141,891	226,586
Strato	67,686	80,995
1&1 Versatel	85,777	90,487
World4You	14,105	15,937
home.pl	5,991	8,318
we22	1,459	1,604
Arsys	0	0
	316,908	**423,927**

The residual amortization period for the customer base from the acquisition of the Drillisch Group (now 1&1 AG) amounts to 2 to 10 years, depending on the customer groups, whereby 2 years applies to the major share. The residual amortization period for the customer base from the acquisition of STRATO AG amounts to 1 to 10 years, depending on the product groups, whereby 8 years applies to the major share. The residual amortization period for the customer base of the home.pl transaction amounts to 5 years and for Arsys 2 years. The residual amortization period for the customer base from the acquisition of the Versatel Group amounts to 1 to 18 years, depending on the products and services, whereby 17 years applies to the major share.

Spectrum licenses

In the fiscal year 2019, the United Internet subsidiary 1&1 Drillisch participated in the 5G spectrum auction and purchased two frequency blocks of 2 x 5 MHz in the 2 GHz band, which are limited until December 31, 2040, and five frequency blocks of 10 MHz in the 3.6 GHz band, which are limited until 2040. While the 3.6 GHz spectrum is already available, the frequency blocks in the 2 GHz band will only be available from January 1, 2026.

The intangible assets resulting from the purchase were recognized at cost.

The carrying amounts of the frequency blocks are comprised as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
3.6 GHz	693,924	734,743
2 GHz	334,997	334,997
	1,028,921	**1,069,740**

In the fiscal year 2023, the frequency blocks in the 3.6 GHz band were amortized by € 40,819k (prior year: € 447k). The acquired frequency blocks in the 2 GHz band will not be amortized until actual network operation commences and if these frequency blocks are also available at that time. These spectrum licenses are not yet usable and were therefore subjected to an impairment test in the fiscal year 2023. The impairment test was performed on the balance sheet date on the level of the cash-generating unit 5G. It did not result in any impairment in the fiscal year.

The following table provides an overview of trademarks according to the cash-generating units:

€k	Dec. 31, 2023	Dec. 31, 2022
1&1 Versatel	62,000	62,000
1&1	53,200	53,200
Mail.com	24,679	25,606
Strato	20,070	20,070
WEB.DE	17,173	17,173
home.pl	11,144	10,326
Arsys	7,278	7,278
united-domains	4,198	4,198
Fasthosts	3,983	3,903
World4You	3,494	3,494
Cronon	463	463
	207,682	**207,711**

The carrying amounts of intangible assets with indefinite useful lives (trademarks) totaled € 207,682k (prior year: € 207,711k).

The useful life of trademarks is determined as being indefinite, as there are no indications that the flow of benefits will end in future. Intangible assets with indefinite useful lives were subjected to an impairment test on the level of the cash-generating units as of the reporting date.

The rights similar to concessions result from a one-off payment in the fiscal year 2020 in connection with the exercise of the first prolongation option of the MBA MVNO agreement in order to secure direct access to 5G technology and as a necessary component for the establishment of the Group's own mobile communications network.

Internally generated intangible assets relate to capitalized costs from software.

As of the balance sheet date, there were purchase commitments for intangible assets amounting to € 68.0m (prior year: € 143.9m).

The increase in payments on account mainly relates to software for operating the 1&1 mobile communications network.

28. Goodwill

Further details, including a presentation of the development of goodwill in the fiscal years 2023 and 2022, can be found in the exhibit to the Notes to the Consolidated Financial Statements (Development of Non-current Assets).

29. Impairment of goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are subjected to an impairment test at least once per year. With reference to its internal budgeting process, the Group has chosen the last quarter of the fiscal year to conduct its statutory annual impairment test.

Goodwill acquired in the course of business combinations is allocated for impairment test purposes to cash-generating units.

Impairment charges are always disclosed separately in the Income Statement and the Statement on the Development of Non-current Assets.

Goodwill as of December 31 is allocated to the cash-generating units as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
Consumer Access		
1&1 Consumer Access	2,178,460	2,178,460
	2,178,460	**2,178,460**
Business Access		
1&1 Versatel	398,261	398,261
	398,261	**398,261**
Consumer Applications		
1&1 Mail & Media	225,857	225,870
	225,857	**225,870**
Business Applications		
Strato	401,823	401,822
home.pl	120,661	116,484
Arsys	100,496	100,496
Fasthosts	62,644	61,394
World4You	51,250	51,250
united-domains	35,925	35,925
IONOS SE	43,138	43,138
InterNetX	5,237	5,237
Domain marketing	5,097	5,097
	826,271	**820,844**
Carrying amount according to balance sheet	**3,628,849**	**3,623,435**

Goodwill after company acquisitions

The carrying amounts of goodwill according to cash-generating unit result from various transactions over the past years. The Group's goodwill is mainly the result of the following company acquisitions:

- The goodwill of the cash-generating unit we22 results from the acquisition of we22 AG in 2021 and has been part of the cash-generating unit IONOS SE since the fiscal year 2022.

- The goodwill of the cash-generating unit World4You results from the acquisition of World4You in in 2018.

- The goodwill of the cash-generating unit 1&1 Consumer Access (formerly Drillisch) results from the acquisition of the Drillisch Group in 2017 and the merger of the cash-generating units 1&1 Telecom and Drillisch in 2018.

- The goodwill of the cash-generating unit IONOS Cloud (formerly: ProfitBricks) results from the acquisition of the ProfitBricks Group in 2017. Due to the merger in fiscal year 2019, the cash-generating unit IONOS Cloud has been incorporated into the cash-generating unit IONOS SE.

- The goodwill of the cash-generating units Versatel and 1&1 Telecom reflect goodwill from the acquisition of the Versatel Group in 2014. In the fiscal year 2018, goodwill of the cash-generating unit 1&1 Telecom was combined with the cash-generating unit 1&1 Consumer Access.

- The goodwill of the cash-generating unit STRATO results from the acquisition of the STRATO Group in 2017.
- The goodwill of the cash-generating unit home.pl results from the acquisition of home.pl S.A. in 2015.
- The goodwill of the cash-generating unit Arsys results from the acquisition of Arsys Internet S.L. in 2013.
- The goodwill of the cash-generating unit united-domains results from the acquisition of united-domains AG in 2008.
- The goodwill of the cash-generating unit Fasthosts results from the acquisition of Fasthosts Internet Ltd. in 2006 and the acquisition of Dollamore Ltd. in 2008.
- The goodwill of the cash-generating unit InterNetX results from the acquisition of InterNetX GmbH in 2005.
- The goodwill of the cash-generating unit 1&1 Mail & Media mainly comprises goodwill from the acquisition of the portal business of WEB.DE AG in 2005.

Scheduled impairment test on December 31, 2023

Measurement at fair value less disposal costs

For the Business Access, Consumer Applications, and Business Applications segments, the recoverable amounts of the cash-generating units are determined on the basis of a calculation of fair value less disposal costs using cash flow forecasts. The hierarchy of fair value less disposal costs as defined by IFRS 13 is set at Level 3 for these impairment tests.

The cash flow forecasts are based on the Company's budgets for the fiscal year 2024. These planning calculations were extrapolated by management for a period of up to 10 years (prior year: up to 10 years) for the respective cash-generating units on the basis of external market studies and internal assumptions. Following this period, management assumes the following increase in cash flow:

	Dec. 31, 2023	Dec. 31, 2022
Business Access	1.00%	0.50%
Consumer Applications	1.00%	1.00%
Business Applications	1.0% - 2.2%	1.0% - 2.4%

The expected increase corresponds to long-term average growth of the sector in which the respective cash-generating unit operates.

The following discount rates were used for cash flow forecasts in the reporting period:

	Dec. 31, 2023	Dec. 31, 2022
Business Access	4.9%	3.9%
Consumer Applications	7.8%	7.0%
Business Applications	7.5% - 9.7%	6.9% - 9.5%

The cash flow forecasts depend heavily on the estimation of future sales revenue. The management boards of the respective cash-generating units expect a varied development of sales within the planning horizon.

Sales revenue figures in the detailed planning period are based on the following average annual sales growth rates:

	Dec. 31, 2023	Dec. 31, 2022
Business Access	5.0%	3.4%
Consumer Applications	6.3%	7.0%
Business Applications	4.5% - 9.9%	4.4% - 8.0%

Fair value less disposal costs is mainly based on the present value of the perpetual annuity, which is particularly sensitive to changes in assumptions on the long-term growth rate and the discount rate. For the calculation of fair value less disposal costs, disposal cost rates of between 0.4% and 3.0% were assumed (prior year: between 0.2% and 3.0%).

The business segments contain the following trademarks:

	Dec. 31, 2023	Dec. 31, 2022
Business Access	62,000	62,000
Consumer Applications	41,852	42,779
Business Applications	50,630	49,732

Measurement at value-in-use

The recoverable amount of the cash-generating unit 1&1 Consumer Access is determined on the basis of a calculation of the value-in-use with the aid of cash flow forecasts.

The cash flow forecasts are based on a Group budget for the fiscal year 2024 as well as a planning calculation for the fiscal years 2025 to 2029. These planning calculations were extrapolated by management on the basis of external market studies and internal assumptions for the cash-generating unit. As it is expected that a sustainable level of sales and earnings will not yet have been achieved by the end of the detailed planning period (2029), it has been extended to include an interim phase for the years 2029 to 2040 inclusive until a sustainable level of sales and earnings is to be achieved.

The cash flow forecasts depend heavily on the estimation of future sales revenue. Another key basic assumption for the planning of the cash-generating unit 1&1 Consumer Access is the number of subscribers, the gross profit forecast based on these subscriber numbers and on empirical values, and the discount rates applied. For future years, the number of subscribers is expected to increase and the gross profit to decrease slightly.

Value-in-use is largely determined by the present value of the perpetual annuity, which is particularly sensitive to changes in the assumptions regarding the long-term growth rate and the discount rate.

The following parameters were used for measurement:

	Dec. 31, 2023	Dec. 31, 2022
Increase in cash flow for perpetual annuity	1.0%	0.5%
Discount rate before taxes	10.30%	8.80%
Discount rates after taxes	6.4%	5.7%
Annual growth rates	1.7%	1.2%
Carrying amount of trademark rights	53,200	53,200

This growth rate corresponds to the long-term average growth rate for the sector.

Basic assumptions of the impairment tests

The following table presents the basic assumptions used when checking impairment of individual cash-generating units to which goodwill has been allocated, in order to determine their fair value less disposal costs, or in the case of the cash-generating unit 1&1 Consumer Access the value-in-use:

	Reporting year	Total proportion of goodwill	Long-term growth rate	Discount rate after taxes
Consumer Access				
1&1 Consumer Access	2023	60.0%	1.00%	6.35%
	2022	60.1%	0.50%	5.70%
Business Access				
1&1 Versatel	2023	11.0%	1.00%	4.92%
	2022	11.0%	0.50%	3.90%
Consumer Applications				
1&1 Mail & Media	2023	6.2%	1.00%	7.77%
	2022	6.2%	1.00%	7.00%
Business Applications				
Strato	2023	11.1%	1.01%	7.57%
	2022	11.1%	1.02%	6.99%
home.pl	2023	3.3%	1.62%	8.83%
	2022	3.2%	1.73%	8.43%
Arsys	2023	2.8%	2.17%	9.72%
	2022	2.8%	2.38%	9.46%
Fasthosts	2023	1.7%	1.44%	8.38%
	2022	1.7%	1.52%	8.04%
World4You	2023	1.4%	1.29%	8.15%
	2022	1.4%	1.34%	7.64%
united-domains	2023	1.0%	1.00%	7.58%
	2022	1.0%	1.00%	6.99%
InterNetX	2023	0.1%	1.00%	7.54%
	2022	0.1%	1.00%	6.94%
Domain marketing	2023	0.1%	1.00%	7.51%
	2022	0.1%	1.00%	6.91%
IONOS SE (formerly 1&1 Hosting)	2023	1.2%	1.24%	7.99%
	2022	1.2%	1.24%	7.40%
we22	2023	n/a	n/a	n/a
	2022	n/a	n/a	n/a

Sensitivity of assumptions

The sensitivity of the assumptions made with respect to the impairment of goodwill or trademarks depends on the respective cash-generating units.

In the course of analyzing sensitivity for the cash-generating unit World4You, an increase in the discount rate (after taxes) of 1.3 percentage points and a decline in the EBITDA margin of 4.8 percentage points was assumed at the same time. These assumptions would result in impairment of € 2.2m. Without an increase in the discount rate and a simultaneous decrease in the EBITDA margin, the headroom amounts to €8m. Based on current knowledge, management does not expect any significant deviations in the EBITDA margin. Assumptions on the possible development of the cost of capital rate are based on the further interest rate increases of the fiscal year 2023. Possible opportunities from the possibilities of price adjustments as a result of increased operating costs are not taken into account in the sensitivity analysis.

In the course of analyzing sensitivity for the other cash-generating units, the discount rates (after taxes) were also increased by the year-on-year change and at the same time a CGU-specific appropriate decrease in the long-term growth rate in perpetuity and alternatively a decrease in the EBITDA margin in perpetuity were assumed. These assumptions would not result in any changes to the impairment tests for these cash-generating units.

Spectrum

The 5G spectrum carried in the balance sheet results from the 5G spectrum auction in 2019. 1&1 purchased 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, which are each usable for a limited period up to December 31, 2040. The frequency blocks in the 3.6 GHz band have been available since acquisition and the frequency blocks in the 2 GHz band will be available from January 1, 2026.

The recoverable amount of the cash-generating unit 5G is determined by calculating value-in-use with the aid of cash flow forecasts.

The planning calculation on which the impairment test is based includes income statement planning and capital expenditure planning for the fiscal years 2024 to 2040. As the spectrum runs until 2040, the test was conducted for the period 2024 to 2040. Due to the innovation cycle in the telecommunications industry, no perpetuity was applied.

The cash flow forecasts depend to a large extent on the estimate of future revenue, the assumptions regarding investments in the network infrastructure, and the ongoing operating costs of network operations. The main revenue drivers for the cash-generating unit 5G are growth in the number of 1&1 network subscribers and planning for the future data consumption of customers. The planning calculations were based on subscriber growth in the cash-generating unit 1&1 Consumer Access, while assumptions regarding future customer data consumption are based on empirical values. Planning for investments in the network infrastructure are based on specific rollout plans, which are mainly based on the rollout obligations arising from the spectrum acquisition and the contractually agreed rollout costs. Planning for the ongoing costs of network operation are based on agreements already concluded and assumptions about the development of energy costs based on experience. A further key basic assumption for the planning of the cash-generating unit is the discount rates used.

The following parameters were used for measurement:

Radio spectrum	Dec. 31, 2023	Dec. 31, 2022
Discount rate before taxes	6.0%	5.1%
Discount rates after taxes	4.5%	3.9%

There was no impairment need in the reporting period. This also reflects the Management Board’s qualitative expectations due to the high degree of strategic importance.

Sensitivity of assumptions

The sensitivity of the assumptions made with respect to an impairment of the intangible asset not yet available for use (spectrum) depends on the basic assumptions for the cash-generating unit.

In the course of analyzing sensitivity for the cash-generating unit 1&1 mobile telecommunications network, an increase in the discount rate of 1.0 percentage point and a rise of 5 percent in operating costs for active network technology (in particular energy costs) was assumed. These assumptions would result in impairment of approx. € 261m. Based on current knowledge, management does not expect any significant deviations in the planned costs for passive infrastructure and network rollout costs due to the contractual constellations with the network rollout partners. Opportunities from the possibility of price adjustments due to increased operating costs are not taken into account in the sensitivity analysis.

30. Trade accounts payable

Trade accounts payable amount to € 702,578k (prior year: € 565,813k), of which liabilities with terms of more than one year total € 3,358k (prior year: € 4,298k).

31. Liabilities due to banks

a) Liabilities due to banks

in € million	Promissory note loan	Syndicated loan	credit	Total
Loan liability as of 31 December 2023	1,162.0	950.0	344.8	2,456.8
Deferred expenses	-1.6	-3.5	0.0	-5.1
Interest liabilities	8.2	3.9	0.5	12.6
As of December 31, 2023	**1,168.6**	**950.4**	**345.3**	**2,464.3**
thereof current	**233.2**	**3.9**	**345.3**	**582.4**
thereof non-current	**935.4**	**946.5**	**0.0**	**1,881.9**

in € million	Promissory note loan	Syndicated loan	credit	Total
Loan liability as of 31 December 2022	1,100.0	550.0	500.0	2,150.0
Deferred expenses	-1.3	-0.4	0.0	-1.7
Interest liabilities	6.5	0.7	0.0	7.2
As of December 31, 2022	**1,105.2**	**550.3**	**500.0**	**2,155.5**
thereof current	**156.3**	**0.3**	**500.0**	**656.6**
thereof non-current	**948.9**	**550.0**	**0.0**	**1,498.9**

Promissory note loans
In the fiscal year 2023, United Internet AG successfully placed a promissory note loan ("Schuldscheindarlehen") – as in the years 2017 and 2021 – with an amount of € 300m. The proceeds from this transaction are used for general company funding. There are no covenants attached to the new promissory note loan.

Moreover, two promissory note loan tranches totaling € 238.0m were redeemed on schedule in the fiscal year 2023.

At the end of the reporting period on December 31, 2023, total liabilities from the promissory note loans 2017, 2021, and 2023 with maximum terms until May 2030 therefore amounted to € 1,162.0m (prior year: € 1,100.0m).

Syndicated loans & syndicated loan facilities

On December 21, 2018, a banking syndicate granted United Internet AG a revolving syndicated loan facility totaling € 810m until January 2025. In the fiscal year 2020, the Company made use of a contractually agreed prolongation option and extended the term of the revolving syndicated loan facility for the period from January 2025 to January 2026. A credit facility of € 690m was agreed for this prolongation period.

As of the balance sheet date on December 31, 2023, € 150m of the revolving syndicated loan facility had been drawn (prior year: € 550m). As a result, funds of € 660m (prior year: € 260m) were still available to be drawn from the credit facility as at the balance sheet date.

In addition to the € 150m, the disclosed loan liability of € 950m also includes the loan of € 800m concluded by IONOS Group with a banking syndicate in December 2023. This loan was used fully for the partial refinancing of the existing shareholder loan with United Internet AG. The refinancing is at a fixed annual interest rate of 4.67%. The syndicated loan has a term until December 15, 2026 and is due at maturity.

Bilateral credit agreements / bilateral credit facilities

The Company also has bilateral credit agreements with several banks totaling € 50m (prior year: € 200m). The term expires at the latest on August 12, 2024. As at the end of the reporting period on December 31, 2023, these bilateral credit agreements were used in full (as in the previous year).

In addition, various bilateral credit facilities amounting to € 475m (prior year: € 400m) are available to the Company. These have been granted in part until further notice and in part have terms until March 31, 2025. Drawings of € 295m (prior year: € 300m) had been made from these credit facilities as at the end of the reporting period on December 31, 2023.

United Internet therefore had **free credit lines** from syndicated loan facilities and bilateral credit agreements totaling € 840m (prior year: € 360m) as at the end of the reporting period on December 31, 2023.

Credit lines granted (without the revolving syndicated loan facility)

€k	2023	2022
Credit lines granted	475,000	400,000
Credit lines utilized	294,800	300,000
Available credit lines	180,200	100,000
Average interest rate	4.89	2.58

No collateral was provided for any of the liabilities due to banks.

With the exception of the interest-bearing tranches of the promissory note loan, the fair values of bank liabilities mainly correspond to their carrying amounts. For further information on the promissory note loan, please refer to Note 41.

A euro cash pooling agreement (zero balancing) has been in place between United Internet AG and certain subsidiaries since July 2012. Under the agreement, credit and debit balances of the participating

Group subsidiaries are pooled and netted via several cascades in a central bank account of United Internet AG and available each banking day.

b) Guaranty credit facilities

In addition to the above mentioned credit lines, the Group had guaranty credit facilities of € 105.0m (prior year: € 105.0m) as at the end of the reporting period, which in some cases can also be used by other Group companies. The guaranty credit facilities are available in particular for the provision of operational bank guarantees.

Guaranty credit facilities

€k	2023	2022
Guaranty lines granted	105,000	105,000
Guaranty lines utilized	25,594	28,279
Available guaranty lines	79,406	76,721
Average interest rate	0.40%	0.40%

The guaranty credit facilities are available in particular for the provision of operational bank guarantees. The guaranty credit facilities granted are mostly for unlimited periods ("until further notice"). One agreement is limited until December 30, 2024. No collateral was provided to banks.

The stated average interest rate as of the reporting date is based on utilization.

32. Contract liabilities

€k	2023	2022
Contract liabilities	**207,691**	**188,383**
thereof current	175,033	157,093
thereof non-current	32,658	31,290

Contract liabilities mainly relate to payments on account received, deferred revenue, and deferred activation fees.

33. Other accrued liabilities

The development of accruals in fiscal year 2023 was as follows:

€k	Termination fees	Litigation risks	Restoration obligation	Other	Total
As of January 1	**38,304**	**4,005**	**26,260**	**3,604**	**72,173**
Utilization	10,664	840	0	8	11,512
Reversals	0	208	1,528	2,225	3,961
Addition	4,861	21,619	9,603	2,306	38,389
Effects of accrued interest	0	0	10	0	10
As of December 31, 2023	**32,501**	**24,576**	**34,345**	**3,677**	**95,099**

The accrual for termination fees refers to payments due to network operators in the case that a connection is terminated.

Litigation risks consist of various legal disputes of Group companies and potential fines imposed by the authorities.

The accruals for restoration obligations mainly refer to possible obligations to remove active telecommunication technology in leased main distribution frames (MDFs). Where applicable, the reversal was offset against non-current assets directly in equity.

Other accruals refer mainly to accruals for warranties and impending losses.

34. Other liabilities

34.1 Other current financial liabilities

€k	2023	2022
Other current financial liabilities		
- Leasing liabilities	129,414	109,744
- Spectrum liabilities	61,266	61,266
- Salary liabilities	47,064	39,126
- Marketing and selling expenses / commissions	28,279	35,542
- Conditional purchase price liabilities	10,922	38,656
- Creditors with debit balances	13,008	13,147
- Legal and consulting fees, auditing fees	9,285	10,236
- Service / maintenance / restoration obligations	3,036	3,586
- Other	19,711	22,248
Total	**321,984**	**333,551**

The current conditional purchase price liabilities refer to variable purchase price components from the acquisition of STRATO AG amounting to € 10,922k (prior year: € 33,803k) and of ProfitBricks GmbH amounting to € 0k (prior year: € 4,416k). The decrease in contingent purchase price liabilities results on the one hand from the decrease in the valuation of the IONOS Group based on its stock market price. This valuation is the basis for measuring the variable purchase price components from the acquisition of STRATO AG. On the other hand, the contingent purchase price liability from the acquisition of Profit Bricks GmbH was settled in the fiscal year.

34.2 Other current non-financial liabilities

€k	2023	2022
Other current non-financial liabilities		
- Liabilities to the tax office	112,715	52,432
- Other	16,919	16,524
Total	**129,635**	**68,956**

Liabilities to the tax office mainly refer to sales tax liabilities. The year-on-year increase results from a change in sales tax grouping as a result of the transfer of the 1&1 AG Group to United Internet AG and the resulting lower advance payment. The resulting sales tax will be paid to the tax authorities after the end of the advance return period.

34.3 Other non-current financial liabilities

€k	2023	2022
Other non-current non-financial liabilities		
- Spectrum liabilities	702,592	763,858
- Leasing liabilities	667,836	537,210
- Other loans	8,149	8,150
- Other	9,733	4,095
Total	**1,388,310**	**1,313,313**

Please refer to Note 45 regarding liabilities from lease commitments.

Spectrum liabilities refer to the licenses acquired at auction in the fiscal year 2019. In 2019, the United Internet subsidiary 1&1 AG signed an agreement with the German Federal Ministry of Transport and Digital Infrastructure (BMVI) and the German Federal Ministry of Finance (BMF) regarding the construction of mobile communication sites in so-called "not-spots". 1&1 AG is thus helping to close existing supply gaps and improve the provision of mobile communications in rural regions by building base stations. In return, 1&1 AG benefits from an agreement allowing it to pay for the acquired 5G spectrum in installments. As a result, the license fees which were originally to be paid to the German government 2019 and 2024 can now be spread over the period up to 2030.

35. Maturities of liabilities

The maturities of liabilities are as follows:

	Dec. 31, 2023			
€k	Total	up to 1 year	1 to 5 years	Over 5 years
Financial liabilities				
Liabilities due to banks				
- Revolving syndicated loan facility	150,000	0	150,000	0
- Syndicated loan	800,400	3,900	796,500	0
- Promissory note loan	1,168,560	233,195	911,365	24,000
- Credit	345,300	345,300	0	0
Trade accounts payable	702,578	699,220	3,358	0
Other financial liabilities				
- Lease liabilities	797,249	129,414	308,283	359,553
- Others	913,046	192,571	524,976	195,499
Total financial liabilities	**4,877,133**	**1,603,600**	**2,694,481**	**579,052**
Non-financial liabilities				
Income tax liabilities	87,996	87,996	0	0
Contract liabilities	207,691	175,033	32,658	0
Other accrued liabilities	95,099	26,428	41,045	27,626
Other non-financial liabilities	129,635	129,635	0	0
Total non-financial liabilities	**520,421**	**419,093**	**73,703**	**27,626**
Liabilities	**5,397,554**	**2,022,692**	**2,768,184**	**606,678**

The maturities of liabilities in the previous year were as follows:

	Dec. 31, 2022			
€k	Total	up to 1 year	1 to 5 years	Over 5 years
Financial liabilities				
Liabilities due to banks				
- Revolving syndicated loan facility	550,303	303	550,000	0
- Promissory note loan	1,105,195	156,350	948,845	0
- Credit	500,000	500,000	0	0
Trade accounts payable	565,813	561,515	4,298	0
Other financial liabilities				
- Finance leases	646,954	109,744	261,034	276,175
- Others	999,911	223,807	451,942	324,162
Total financial liabilities	**4,368,176**	**1,551,720**	**2,216,119**	**600,337**
Non-financial liabilities				
Income tax liabilities	52,723	52,723	0	0
Contract liabilities	188,383	157,093	31,290	0
Other accrued liabilities	72,173	5,098	47,812	19,262
Other non-financial liabilities	68,956	68,956	0	0
Total non-financial liabilities	**382,234**	**283,870**	**79,102**	**19,262**
Liabilities	**4,750,410**	**1,835,589**	**2,295,221**	**619,600**

In the course of determining the maturities of liabilities due to banks, management assumed that the amount drawn from the revolving syndicated loan facility as at the respective reporting date would remain constant until the end of the term (2025).

36. Share-based payment – employee stock ownership plans

There were five different employee stock ownership plans in the reporting period 2022. One model with so-called Stock Appreciation Rights model United Internet (SAR UI) is aimed at the group of management board members, senior executives and managers and based on virtual stock options of United Internet AG. The second plan, the Long-Term Incentive Plan Hosting (LTIP Hosting) was introduced in the second half of 2017 and is aimed at the group of management board members, executives and other employees in key positions in the Business Applications segment. The third plan, the Long Term Incentive Plan Versatel (LTIP Versatel) was introduced in the first half of 2018 and is aimed at the group of managing directors, executives and employees in key positions in the Business Access segment. The fourth plan, the Stock Appreciation Rights Drillisch (SAR Drillisch) was introduced in the first half of 2020, is also aimed at the group of management board members, executives and employees in key positions in the Consumer Access segment and replaced in part the former SAR plan of Drillisch in 2020. The fifth plan, the Long-Term Incentive Plan Portal (LTIP Portal) was introduced in the first half of 2019 and is aimed at the group of management board members, executives and employees in key positions in the Consumer Applications segment. The sixth program, the Stock Appreciation Rights IONOS (SAR IONOS), was introduced in the course of the IPO of IONOS in the first quarter of 2023 and is aimed at management board members of IONOS Group SE. Moreover, the existing LTIP Hosting agreements were modified in this connection.

36.1 Stock Appreciation Rights (SAR United Internet)

United Internet AG has had a Stock Appreciation Rights plan (SAR plan) since 2009. SARs refer to the commitment of United Internet AG (or a subsidiary) to pay the beneficiary a cash amount equivalent to the difference between the share price on the date of granting the option (agreed strike price) and the share price on exercising the option. The exercise hurdle is 120% of the strike price, which is calculated as the average closing price in electronic trading (Xetra) of the Frankfurt Stock Exchange over the ten days preceding issuance of the option. In the case of the current tranches, the beneficiaries were in some cases awarded a maximum strike price of € 30 per SAR. Payment of value growth to the beneficiary is limited – depending on the arrangements of the different tranches – to a) 100% of the calculated share price (strike price), or b) to a fixed euro amount.

In 2023, the plan conditions were amended for one participant. In return for the amendment to the plan condition, a one-off payment was granted. The associated expense was recognized in full in 2023. A Monte Carlo simulation was carried out to determine this expense.

In connection with the appointment to the UI Management Board, the existing share-based remuneration of a beneficiary under the LTIP Portal plan was converted to an SAR United Internet commitment, whilst taking into account the beneficiary's service period. After consideration of the assumptions made on the modification date, no additional expenses are to be recognized. The expenses from the commitment are recognized by United Internet AG from the date of the change.

An SAR corresponds to a virtual subscription right for one share of United Internet AG. However, it is not a share right and thus not a (genuine) option to acquire shares of United Internet AG. The beneficiaries are not entitled to a possible dividend payment by the Company. As a rule, settlement is in cash. Nevertheless, United Internet AG retains the right to fulfill its commitment (or the commitment of a subsidiary) to pay the SAR in cash by also transferring United Internet AG shares from its stock of treasury shares to the beneficiary, at its own discretion. The program is thus recognized as an equity-settled plan.

As a rule, up to 25% of the option right may be converted at the earliest 24 months after the date of issue of the option; up to 50% at the earliest 36 months after the date of issue of the option. A total of up to 75% may be exercised at the earliest 48 months after the date of issue of the option; the full amount may be exercised at the earliest 60 months after the date of issue of the option, provided that the beneficiary concerned has not given notice of termination at the end of each year. For one issue, however, exercise is possible after 12, 24, 36 and 48 months. The SARs have a basic term of six years, so that after this period all unexercised SARs lapse without compensation. Beyond this, no further conditions have to be met for the SARs to be successfully awarded.

The fair value of the issued options as at the grant date is determined using an option pricing model (for one beneficiary using the Black-Scholes model and for another beneficiary using the Monte Carlo simulation) in accordance with IFRS 2.

Using an option pricing model (Black-Scholes model / Monte Carlo simulation) in accordance with IFRS 2, the options issued were calculated using the following material measurement parameters:

Issue date		Oct. 1, 2020		Apr. 01, 2023
Volume	175,000	SARs	300,000	€k
Average market value per option	22.55	€	7.06	€
Strike price	30.00	€	16.91	€
Share price	32.47	€	15.80	€
Dividend yield	1.5	%	2.90	%
Volatility of the share	48.20	%	30.80	%
Expected term (years)	5		4	
Risk-free interest rate	0	%	2.70	%

The limited payout per SAR was reflected by deducting the value of an option valuation at twice the strike price. With regard to the exercise windows of the SARs, the Black-Scholes valuation assumed the earliest possible exercise. The Monte Carlo simulation also assumed the earliest possible exercise. Irrespective of the selected valuation method, the respective exercise hurdles were also taken into account when exercising the option.

As the SARs have no dividend entitlement, a dividend yield based on the dividend for the respective fiscal year and the share price of United Internet AG as at the reporting date was taken into account when measuring the SARs in accordance with IFRS 2.B34.

The volatility used to determine the fair value was calculated as a weighted average on the basis of the historical volatility for the last 6 (1/3 weighting) and 12 months (2/3 weighting) prior to the measurement date, respectively. The strike price is calculated on the basis of the average share price of the last 10 days prior to the issuance date.

The SAR United Internet plan has the following effects:

€k	2023	2022
Total program expenditure	39,222	41,469
Accumulated expenses until the end of the fiscal year	38,075	39,227
Expenses attributable to future years	1,147	2,242
Personnel expenses in fiscal year	-1,152	2,361

The changes in the virtual stock options granted and outstanding are shown in the following table:

	SAR	Average strike price (€)
Outstanding as of December 31, 2021	**577,500**	**35.61**
expired / forfeited	-90,000	30.00
new emission	-37,500	41.26
Outstanding as of December 31, 2022	**450,000**	**32.50**
expired / forfeited	-275,000	34.09
new emission	300,000	16.91
Outstanding as of December 31, 2023	**475,000**	**21.73**
Exercisable as of December 31, 2023	0	n/a
Exercisable as of December 31, 2022	0	n/a
Weighted average remaining term as at 31 December 2023 (in months)	26	
Weighted average remaining term as at 31 December 2022 (in months)	35	

The range of strike prices for stock options outstanding at the end of the reporting period is between € 16.91 and € 30.00 (prior year: € 31.26 and € 44.06).

36.2 Long-Term Incentive Plan Business Applications (LTIP Hosting) and Long-Term Incentive Plan WE22

Long-Term Incentive Plan Business Applications (LTIP Hosting)

An additional employee stock ownership plan (Long-Term Incentive Plan, LTIP) was introduced for the Business Applications segment (IONOS Group) in the fiscal year 2017. The LTIP is designed to align the long-term interests of management (management board members and senior executives), as well as other key employees of the IONOS Group (Business Applications segment), with the interests of the company, in order to raise the equity value of the parent company (IONOS Group SE) and other companies of the IONOS Group.

Within the LTIP plan, qualifying employees in the Hosting division are awarded so-called Management Incentive Plan (MIP) units (stock appreciation rights). Vesting is on a straight-line basis (beginning with the date of issue) and on condition that the employee concerned has not resigned before the occurrence of an event defined in the LTIP agreement (trigger event). This refers to the complete sale of all shares in IONOS Group SE held by Warburg Pincus.

The partial sale of shares by Warburg Pincus does not constitute such a trigger event – neither in 2021 nor in 2023.

In the event of a trigger event, the MIP units represent a claim equivalent to the difference between the individually determined strike price and the enterprise value of IONOS Group SE. The strike price is increased or decreased by equity contributions or repayments.

The entitlements under the LTIP plan can be settled in the form of shares or cash. In the case of settlement in the form of shares, rights may be settled by the provision of shares or options to acquire shares. As there is no current obligation for cash settlement, the plan is carried as equity-settled.

As in the previous year, there were no new MIP issues from the LTIP Hosting plan in the reporting period.

Fair value is determined on the basis of the individual strike price, the enterprise value as at the grant date and the remaining term until the trigger event, using the Black-Scholes model and taking into account the other assumptions mentioned above. As the exercise prices of the MIP units already take into account equity returns, it is not necessary to additionally consider a dividend yield when measuring the entitlements.

The volatility used to determine fair value was calculated using the weighted average price fluctuations of the Business Applications peer group over the last 180 days (1/3 weighting) and the last 360 days (2/3 weighting), respectively.

The Long Term Incentive Plan Business Applications has the following effects:

€k	2023	2022
Total program expenditure	37,674	37,709
Accumulated expenses until the end of the fiscal year	37,656	36,501
Expenses attributable to future years	18	1,208
Personnel expenses in fiscal year	1,155	3,688
Fair value of the commitments granted in the fiscal year at the grant date	0	0

The changes in the MIP units granted and outstanding are shown in the following table:

	Units	Average strike price (€)
Outstanding as of December 31, 2022	**460,071**	**173.36**
Additional grant as part of the IPO	20,429	329.98
Change into 'Rollover' programm	-389,625	168.58
expired / forfeited	-625	358.80
Outstanding as of December 31, 2023	**90,250**	**130.29**
Exercisable as of December 31, 2023	0	n/a
Exercisable as of December 31, 2022	0	n/a

The IPO did not involve a complete exit of WP XII Ventures Holdings S à r l, but only a partial sale. The IPO of IONOS Group SE on February 8, 2023 did not therefore constitute a triggering event as defined by the LTIP Hosting agreement. Accordingly, the IPO did not result in the claims of the individual participants becoming due. For the remaining participants in the LTIP Hosting, however, a further approx. 11% of the claims from the LTIP Hosting will be fixed at the issue price of the IPO on February 8, 2023.

Against this backdrop, all active employees of the LTIP Hosting plan were offered a so-called IPO transition agreement or rollover agreement (hereinafter referred to as the "rollover"). As part of this rollover, active employees could convert their LTIP Hosting MIP units into subscription rights for IONOS Group SE shares.

In the course of the rollover, 389,625 MIPs were converted. The remaining MIPs mainly relate to former members of the management board.

The IPO awards (virtual stock options as part of the rollover) were calculated in a two-step process based on the assumption of a complete divestment by Warburg Pincus (WP). In the first step, the increase in value per participant was derived on the basis of the LTIP (Long Term Incentive Plan) Hosting conditions. An increase in value was determined for around 25% of the shares due to a share buyback in 2021 and an enterprise value of € 4.8 billion. For the remaining approx. 75% of the MIP I units (LTIP Hosting), the increase in value at the time of the IPO was considered relevant, whereby the IPO issue price of € 18.50 was used to determine the increase in value. The total increase in value per participant was determined on the basis of these calculations.

In a second step, the increase in value achieved per participant was divided by the IPO issue price to determine the number of virtual shares in IONOS Group SE. Participants who did not achieve an increase in value by the time of the IPO did not receive any virtual shares but had the option of remaining in the LTIP Hosting. The number of calculated IPO awards was then fixed and distributed in three tranches.

The IPO awards were generally allocated in three equal tranches over a period of up to 24 months after the IPO. The number of virtual stock options could vary slightly between the tranches so that the number of options per participant and the number per tranche for each participant was a whole number. The tranches were allocated as follows:

- Tranche 1 on the IPO date (February 8, 2023),
- Tranche 2 eighteen months later (August 2024) and
- Tranche 3 twenty-four months after the IPO (February 2025).

The payment of Tranche 2 and Tranche 3 is generally linked to remaining in the company until the payment date. It can be made in cash or in equity instruments, whereby the company reserves the right to decide how this is granted. The cash payment amount depends on the performance of the IONOS share. The cash payment for the 2023 tranche is to be classified as an exception due to the lock-up period for the sale of shares in connection with the IPO, meaning that an equity-settled commitment continues to be recognized in accordance with IFRS 2.

A different arrangement was made for certain participants as their service agreements ended prematurely. A total of 2,210,243 virtual stock options were calculated as of February 8, 2023.

The changes in the outstanding virtual share options resulting from the conversion of the MIP units are shown in the following table:

	Virtual share options	Average strike price (€)
Outstanding as of December 31, 2022	**0**	**n/a**
Emission IPO	2,210,243	n/a
Payout IPO	-736,756	n/a
expired / forfeited	-13,743	n/a
Outstanding as of December 31, 2023	**1,459,744**	**n/a**

In the course of fulfilling Tranche 1, a total of € 13.6m was paid out to the beneficiaries.

Long-Term Incentive Plan WE22

In the fiscal year 2021, the Business Applications segment introduced a further employee stock ownership plan (Long-Term Incentive Plan, LTIP) for selected members of the management board and the managing directors of the we22 Group (we22 AG including subsidiaries and investments). The LTIP is designed to align the long-term interests of employees of the we22 Group (Business Applications segment) with the interests of the company, in order to raise the equity value of the we22 Group and IONOS Group SE.

Within the LTIP plan, qualifying employees of the we22 Group are allocated so-called Management Incentive Plan (MIP) units, whose value is calculated by deducting a fixed strike price from the enterprise value of IONOS Group SE. Vesting is on a straight-line basis over a period of around four years (beginning with the date of issue) and on condition that the respective employee has not resigned by the end of each year or by December 31, 2024. Alternatively, in the event of a change of control at IONOS SE before the end of 2024, a portion of the beneficiaries must remain with the company until nine months after the change of control occurs in order to receive an entitlement. As such a change of control is currently not likely, this variant is not considered in the measurement of the plan. Claims are settled in cash and are therefore recognized as share-based remuneration with cash settlement.

As in the previous year, there were no new MIP issues from the LTIP WE22 plan in the reporting period.

Fair value was calculated using a Black-Scholes model. The volatility used to determine fair value was calculated using the weighted average price fluctuations of the Business Applications peer group over the last 180 days (1/3 weighting) and the last 360 days (2/3 weighting), respectively.

As the strike prices of the MIP units already take into account equity repayments, there was no additional consideration of a dividend yield when measuring the entitlements.

The WE22 plan has the following effects:

€k	2023	2022
Total program expenditure	128	2,531
Accumulated expenses until the end of the fiscal year	106	1,308
Expenses attributable to future years	22	1,224
Personnel expenses in fiscal year	-1,202	639
Fair value of the commitments granted in the fiscal year at the grant date	0	0

The changes in the MIP units granted and outstanding are shown in the following table:

	Units	Average strike price (€)
Outstanding as of December 31, 2022	**70,338**	**161.56**
Exercisable as of December 31, 2022	0	n/a
Exercisable as of December 31, 2021	0	n/a
expired	-1,875	161.56
Outstanding as of December 31, 2023	**68,463**	**161.56**
Exercisable as of December 31, 2023	0	n/a
Exercisable as of December 31, 2022	0	n/a

36.3 Stock Appreciation Rights (SAR IONOS)

In December 2022, a new incentive plan was also introduced for the management board members of IONOS Group SE on condition of a successful IPO. The SAR plan employs so-called Stock Appreciation Rights (SARs) and is treated as an equity-settled, shared-based payment transaction. SARs refer to the commitment of IONOS Group SE to pay the beneficiary a cash amount equivalent to the difference between the share price on the date of granting the option (agreed strike price) and the share price on exercising the option. The exercise hurdle is 110% of the strike price after three years, 115% after four years, and 120% after five years. The strike price is calculated as the average closing price in electronic trading (Xetra) of the Frankfurt Stock Exchange over the ten days preceding issuance of the option. Payment of value growth to the beneficiary is limited – depending on the arrangements of the different tranches – to 100% of the calculated share price (strike price), or to 150% of the calculated share price (strike price).

An SAR corresponds to a virtual subscription right for one share of IONOS Group SE. However, it is not a share right and thus not a (genuine) option to acquire shares of IONOS Group SE. The beneficiaries are not entitled to a possible dividend payment by the Company. As a rule, settlement is in cash. Nevertheless, IONOS Group SE retains the right to fulfill its commitment to pay the SAR in cash by also transferring IONOS Group SE shares from its stock of treasury shares to the beneficiary, at its own discretion. The program is thus recognized as an equity-settled plan, as there is no present obligation to settle in cash.

Up to 33.33% of the option right may be converted at the earliest 36 months after the date of issue of the option; up to 66.66% at the earliest 48 months after the date of issue of the option; and the full amount at the earliest 60 months after the date of issue of the option, provided that the beneficiary concerned has not given notice of termination at the end of each year. Vesting is thus one-third in each of the aforementioned periods.

However, the SARs have a basic term of six years, so that after this period all unexercised SARs lapse without compensation. Moreover, additional reductions in the payout amounts are possible in connection with predefined ESG targets. At the time of preparing the Annual Financial Statements, these targets are not yet known. Within the framework of the ESG targets, the entitlements can be reduced by a maximum of 10% if targets are not met. The IPO of IONOS Group SE was on February 8, 2023, which also corresponds to the grant date.

The exercise behavior is based on the assumption that participants will exercise their SARs at the earliest possible date, similar to comparable programs within the United Internet Group. It is expected that one third of the SARs will be exercised in the first window after the third year, a further third after the fourth year and the final third after the fifth year, where possible. The exercise of SARs is limited to two 10-day windows per calendar year, starting shortly after the Annual Shareholders' Meeting and the publication of the 9-month report.

Using an option pricing model (Monte Carlo simulation) in accordance with IFRS 2, the fair value at the grant date of the options issued was calculated as follows:

Issue date		Feb. 08, 2023		Apr. 01, 2023		Jul. 01, 2023
Number of SARs	4,016,216		195,000		762,000	
Starting price	18.50	€	14.82	€	13.02	€
Strike price	18.50	€	14.13	€	13.13	€
Average market value per option	4.81	€	3.92	€	3.28	€
Dividend yield	0.20%	%	0.27%	%	0.31%	%
Volatility of the share	37.39%	%	36.77%	%	33.54%	%
Expected term (years)	6	years	6	years	6	years
risk-free interest rate	2.31% - 2.66%	%	2.27% - 2.71%	%	2.45% - 3.35%	%

As part of the simulation, both the limit on the payout per SAR and the respective exercise hurdles per tranche were taken into account. As the SARs are not entitled to dividends, a dividend yield based on the dividend for the respective fiscal year and the share price of IONOS Group SE as at the reporting date was taken into account when measuring the SARs in accordance with IFRS 2.B34.

The volatility used to determine the fair value was calculated from the weighted average of the price fluctuations of the last 180 days (1/3 weighting) or the last 360 days (2/3 weighting) of the peer group of the Hosting segment, as the IONOS Group SE share price had been quoted for less than 360 days as at the reporting date.

The SAR IONOS plan had the following effects in the fiscal year:

€k	2023	2022
Total program expenditure	22,601	n.a
Accumulated expenses until the end of the fiscal year	5,706	n.a
Expenses attributable to future years	16,895	n.a
Personnel expenses in fiscal year	5,706	n.a

The changes in the SARs granted and outstanding are shown in the following table:

	Number	Average strike price (€)
Outstanding as of December 31, 2022	**0**	**0.00**
expired / forfeited	0	0.00
Expenses	4,973,216	17.51
Outstanding as of December 31, 2023	**4,973,216**	**17.51**

36.4 Long-Term Incentive Plan Versatel (LTIP Versatel)

An additional employee stock ownership plan (Long-Term Incentive Plan, LTIP) was introduced for the Business Access segment in the fiscal year 2018. The LTIP is designed to align the long-term interests of management board members and other key employees of the 1&1 Versatel Group (Business Access segment) with the interests of the company, in order to raise the equity value of the company (1&1 Versatel GmbH) and other companies of the 1&1 Versatel Group.

The plan entitles the beneficiaries to participate in a specified share of any increase in value of the 1&1 Versatel Group. Within the LTIP plan, qualifying employees in the Business Access segment are allocated stock appreciation rights.

Vesting is on a straight-line basis over a period of six years (beginning with the date of issue), or until the occurrence of an event defined in the LTIP plan conditions (trigger event), and provided that the employee concerned has not resigned by the end of each year or by the occurrence of a trigger event. The LTIP entitlement arises as soon as the full term of the LTIP contract ends (i.e., after six years) or an event as defined by the LTIP plan conditions occurs. After six years or on occurrence of a trigger event the respective LTIP entitlement becomes due.

The LTIP entitlement is calculated as the difference between the final value and the individual starting value (in each case based on the enterprise value at the time in question), which is multiplied by the respective stock appreciation right and a dilution factor.

The recognition of expenses per participant is on a straight-line basis over the period ending with the expiry of the respective LTIP contract, provided no trigger event occurs. In the event of an (imminent) trigger event, expenses are recognized in full up to the (expected) occurrence of the trigger event. As no trigger event is currently expected, this variant is not considered in the measurement of claims. This assessment is reviewed at each reporting date. Based on the current estimates, a total period of six years is assumed in each case.

The entitlements under the LTIP plan can be settled in the form of shares or cash. In the case of settlement in the form of shares, rights may be settled by the provision of shares or options to acquire shares. As there is no current obligation for cash settlement, the plan is carried as equity-settled.

The fair value of the issued options as at the grant date is determined using an option pricing model (Black-Scholes model) in accordance with IFRS 2.

The volatility used to determine fair value was calculated using the weighted average price fluctuations of the Versatel peer group over the last 180 days (1/3 weighting) and the last 360 days (2/3 weighting), respectively.

The Long Term Incentive Plan Versatel has the following effects:

€k	2023	2022
Total program expenditure	12,053	8,449
Accumulated expenses until the end of the fiscal year	4,878	3,562
Expenses attributable to future years	7,175	4,887
Personnel expenses in fiscal year	1,316	1,352

The changes in the virtual stock options granted and outstanding are shown in the following table:

		Average strike price (€)
Outstanding as of December 31, 2022	**3.1% value growth**	**2,743**
expired	0.6%	3,695
Allocation	1.4%	4,110
Outstanding as of December 31, 2023	**3.9%**	**3,122**
Exercisable as of December 31, 2023	0	0
Exercisable as of December 31, 2022	0	0

36.5 Stock Appreciation Rights Drillisch (SAR 1&1)

The Stock Appreciation Rights Drillisch (SAR Drillisch) plan introduced in the first half of 2018 existed until April 17, 2020. It was aimed at management board members, executives and employees in key positions and based on virtual stock options of 1&1 AG (formerly 1&1 Drillisch AG).

An SAR Drillisch was the commitment of 1&1 AG (or one of its subsidiaries) to pay the option beneficiary a consideration whose amount depended on the share price performance and the operating result (EBIT) of 1&1 AG (consolidated). As part of the SAR plan, so-called SARs were allocated which were then granted over the vesting period. An SAR corresponded to a virtual subscription right for one share of 1&1 AG. However, it was not a share right and thus not a (genuine) option to acquire shares of 1&1 AG. The entitlement arising from an SAR depended on the development of the share price and EBIT.

The old SAR Drillisch plan was canceled during the course of fiscal year 2020. At the time of cancellation, 77,400 stock options were outstanding and replaced by new equity instruments.

A new plan was introduced on April 17, 2020. The new employee stock ownership model, the so-called Stock Appreciation Rights Drillisch (SAR Drillisch), is aimed at the group of management board members, executives and employees in key positions and based on virtual stock options of 1&1 AG. According to the current conditions, an SAR Drillisch is the commitment of 1&1 AG (or one of its subsidiaries), to pay the option beneficiary a consideration equivalent to the difference between the share price on the date of granting (strike price) and the share price on exercising the option. The exercise hurdle is 120% of the strike price. The strike price is the average closing price for the company share in electronic trading (Xetra) of the Frankfurt Stock Exchange over the ten days preceding issuance of the option. Payment of value growth to the entitled person is capped at 100% of the calculated share price (strike price). In 2023, an additional issue (second issue) of SARs was made for existing participants. In contrast to the previous issues, the payout amount of the first issue was offset against the second issue.

An SAR corresponds to a virtual subscription right for one share of 1&1 AG. However, it is not a share right and thus not a (genuine) option to acquire shares of 1&1 AG. The beneficiaries are not entitled to a possible dividend payment by the company. As a rule, settlement is in cash. Nevertheless, 1&1 AG retains the right to fulfill its commitment (or the commitment of a subsidiary) to pay the SAR in cash by also transferring 1&1 AG shares from its stock of treasury shares to the beneficiary, at its own discretion. As there is currently no obligation to settle in cash from the Group’s perspective, these obligations are recognized as equity-settled transactions.

Those entitled to exercise options have an exercise window of 10 days. This begins on the 3rd day after the annual shareholders' meeting or after publication of the 9-month report. Up to 25% of the option right may be converted at the earliest 24 months after the date of issue of the option; up to 50% at the earliest 36 months after the date of issue of the option. A total of up to 75% may be exercised at the earliest 48 months after the date of issue of the option; the full amount may be exercised at the earliest 60 months after the date of issue of the option, provided that the beneficiary concerned has not given notice of termination at the end of each year. The SARs have a basic term of six years, so that after this period all unexercised SARs lapse without compensation. Tranches that are not exercised during the available exercise window can be exercised during the next regular exercise window for the tranche. Beyond this, no further conditions have to be met for the SARs to be successfully awarded.

Using an option pricing model (Black-Scholes model / Monte Carlo simulation) in accordance with IFRS 2, the fair value as at the grant date of the options issued was calculated as follows:

Issue date		Apr. 01, 2023		May 01, 2023		Jun. 01, 2023		Aug. 01, 2023
Number of SARs	385,000		150,000		28,000		2,765,000	
Starting price	10.27	€	10.54	€	10.14	€	10.24	€
Strike price	10.77	€	10.47	€	10.27	€	10.14	€
Average market value per option	1.70	€	1.89	€	1.84	€	2.18	€
Dividend yield	0.49%	%	0.47%	%	0.49%	%	0.49%	%
Volatility of the share	28.83%	%	28.99%	%	29.89%	%	29.65%	%
Expected term (years)	5	years	5	years	5	years	5	years
risk-free interest rate	2.71%	%	2.84%	%	2.97%	%	3.29%	%

Issue date		Jan. 1, 2022		Oct. 01, 2022
Number of SARs	258,000		21,000	
Starting price	24.02	€	13.49	€
Strike price	24.11	€	14.28	€
Average market value per option	4.05	€	1.81	€
Dividend yield	0.21	%	0.37	%
Volatility of the share	31.05	%	22.47	%
Expected term (years)	5	years	5	years
risk-free interest rate	0	%	1.363	%

The volatility used to determine the fair value was calculated as a weighted average on the basis of the historical volatility for the last 6 (1/3 weighting) and 12 months (2/3 weighting) prior to the measurement date, respectively. The strike price is calculated on the basis of the average share price of the last 10 days prior to the issuance date.

The capped payout per SAR was reflected by deducting the value of an option valuation at twice the strike price. With regard to the exercise windows of the SARs, the option valuation assumed the earliest possible exercise. As the SARs have no dividend entitlement, a dividend yield based on the dividend for the respective fiscal year and the share price of 1&1 AG as at the reporting date was taken into account when measuring the SARs in accordance with IFRS 2.B34.

A Monte Carlo simulation was used to calculate the fair value of the secondary issues in order to illustrate the offsetting of the payout amount between the old tranche and the second tranche for selected participants. With regard to the exercise windows, the earliest possible exercise was assumed for the simulation. Moreover, both the capped payout per SAR and the respective exercise hurdles per tranche were taken into account. In accordance with IFRS 2.B34, a dividend yield based on the dividend for the respective fiscal year and the 1&1 AG share price as at the reporting date was taken into account when measuring the SARs.

The SAR Drillisch plan has the following effects:

€k	2023	2022
Total program expenditure	15,066	9,871
Accumulated expenses until the end of the fiscal year	8,252	6,877
Expenses attributable to future years	6,814	2,994
Personnel expenses in fiscal year	1,375	1,834

The changes in the virtual stock options granted and outstanding are shown in the following table:

	Number	Average strike price (€)
Outstanding as of December 31, 2021	**2,745,000**	**20.23**
expired / forfeited	-396,500	20.14
Expenses - Reallocation	258,000	24.11
Expenses - Reallocation	21,000	14.28
Outstanding as of December 31, 2022	**2,627,500**	**20.58**
expired / forfeited	-483,000	21.76
Expenses	3,328,000	10.23
Outstanding as of December 31, 2023	**5,472,500**	**14.18**

36.6 Long-Term Incentive Plan Portal (LTIP Consumer Application)

An additional employee stock ownership plan (LTIP Portal) was introduced by 1&1 Mail & Media Applications SE in the fiscal year 2019. The LTIP is designed to attract and retain skilled employees as well as to align the long-term interests of management board members, executives, and other key employees of the group with the interests of the company, in order to raise the equity value of the company (1&1 Mail & Media Applications SE) and other companies of the group.

The plan entitles the beneficiaries to participate in a certain proportion of the increase in value of the 1&1 Mail & Media Group. Within the LTIP plan, qualifying employees are allocated stock appreciation rights.

Vesting is on a straight-line basis over an individually defined period (four to six years, beginning with the date of issue), or until the occurrence of a special event defined in the LTIP plan conditions (trigger event), and provided that the employee concerned has not resigned by the end of each year or by the occurrence of a trigger event. The LTIP entitlement arises as soon as the full term of the LTIP contract or a trigger event occurs.

The recognition of expenses per participant is on a straight-line basis over the period ending with the expiry of the respective LTIP contract, provided no trigger event occurs. In the event of an (imminent) trigger event, expenses are recognized in full up to the (expected) occurrence of the trigger event. As no trigger event is currently expected, this variant is not considered in the measurement of claims. This assessment is reviewed at each reporting date. Based on the current estimates, a total period of four to six years is assumed (depending on the individual agreement).

The entitlements under the LTIP plan can be settled in the form of shares or cash. In the case of settlement in the form of shares, rights may be settled by the provision of shares in the company, provided they are traded on a stock exchange in the meantime, or shares in another company listed on a stock exchange, or the corresponding options to acquire shares. As there is no current obligation for cash settlement, the plan is carried as equity-settled.

The fair value of the issued options as at the grant date is determined using an option pricing model (Black-Scholes model) in accordance with IFRS 2.

The volatility used to determine fair value was calculated using the weighted average price fluctuations of the Portal peer group over the last 180 days (1/3 weighting) and the last 360 days (2/3 weighting), respectively.

The LTIP Consumer Application has the following effects:

€k	2023	2022
Total program expenditure	8,943	9,407
Accumulated expenses until the end of the fiscal year	5,906	4,928
Expenses attributable to future years	3,037	4,479
Personnel expenses in fiscal year	978	1,693
Fair value of commitments granted in the financial year	0	0

The changes in the virtual stock options granted and outstanding are shown in the following table:

	Value growth shares	**Average strike price (€)**
Outstanding as of December 31, 2022	**5.0% value growth**	**1,881**
Allocation	1.0%	2,496
expired	0.7%	4,327
Outstanding as of December 31, 2023	**5.3%**	**1,982**
Exercisable as of December 31, 2023	0	0
Exercisable as of December 31, 2022	0	0

37. Capital stock

Following the capital reduction through cancellation of 2 million treasury shares, as resolved by the Management Board with the approval of the Supervisory Board on February 14, 2023, the fully paid-in capital stock as of December 31, 2023 amounted to €192,000,000 (prior year: € 194,000,000) divided into 192,000,000 registered no-par shares with a theoretical share in the capital stock of € 1.00 each.

Authorized Capital

Authorized Capital 2020, which authorized the Management Board to increase the capital stock by a maximum of € 77,500,000.00 by issuing on one or more occasions new no-par shares for cash and/or non-cash contributions), expired on August 31, 2023. On May 17, 2023, the Annual Shareholders' Meeting adopted a resolution to create a new Authorized Capital 2023 with effect from September 1, 2023 with the possibility to exclude subscription rights and a corresponding amendment to the Articles of Association.

The Management Board is authorized, subject to the approval of the Supervisory Board, to increase the capital stock in the period ending August 31, 2026, by a maximum of € 75,000,000.00 by issuing on one or more occasions new no-par shares for cash and/or non-cash contributions (Authorized Capital 2023). In the case of cash contributions, the new shares may – at the option of the Management Board – also be underwritten, subject to the approval of the Supervisory Board, by one or several credit institutions and/or any other company fulfilling the requirements of section 186 (5) sentence 1 AktG subject to the obligation to offer the shares only to the shareholders for subscription (indirect subscription rights).

Shareholders are to be granted subscription rights with the following restrictions. The Management Board is authorized, subject to the approval of the Supervisory Board, to exclude the right to subscribe in the case of fractional amounts and also to exclude subscription rights to the extent that this should be necessary in order to grant subscription rights for new shares to bearers of warrants and convertible bonds issued by the Company or its subsidiaries in the amount to which they would be entitled on exercise of their warrant or conversion rights or fulfillment of their conversion obligation.

Furthermore, in the event of a capital increase in return for cash contributions, the Management Board is authorized to exclude, subject to the approval of the Supervisory Board, shareholders' subscription rights for an amount of up to 10% of the capital stock existing at the time Authorized Capital 2023 becomes effective or – if this amount is lower – at the time the resolution to use Authorized Capital 2023 is adopted if the new shares are issued at an issuance price which is not substantially below the market price of those Company shares already listed at the time of the final determination of the issuance price, which is to be as near in time as possible to the share issue date. This maximum amount includes any shares that are issued or to be issued under bonds with warrants or convertible bonds provided that the bonds are issued during the term of this authorization in analogous application of section 186 (3) sentence 4 AktG with subscription rights excluded; also, the amount must take into account any shares that are issued or sold during the term of this authorization pursuant to or in analogous application of section 186 (3) sentence 4 AktG.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of capital increases in return for non-cash contribution in order to grant shares for the purpose of acquiring companies, parts of companies, interests in companies or other assets, including rights and receivables, or as part of business combinations.

The above mentioned authorizations to exclude subscription rights are limited in total to an amount of up to 20% of the capital stock existing at the time Authorized Capital 2023 becomes effective or – if this amount is lower – at the time the resolution to use Authorized Capital 2023 is adopted. This maximum amount of 20% of the capital stock includes the proportionate share of capital stock attributable to shares that are subject to conversion and/or warrant rights or conversion obligations under bonds that are issued with warrant and/or conversion rights or conversion obligations during the term of this authorization with subscription rights excluded, as well as the proportionate share of capital stock attributable to treasury shares sold or used during the term of this authorization in a manner other than via the stock exchange or by means of an offer to all shareholders.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to determine the further details of the capital increase and its execution.

Conditional Capital
The Annual Shareholders' Meeting of May 17, 2023 also adopted a resolution to cancel the existing authorization to issue warrants and/or convertible bonds and the associated Conditional Capital 2020 and to issue a new authorization to issue warrants and/or convertible bonds, with the exclusion of subscription rights to these warrants and/or convertible bonds, and at the same time to create conditional capital (Conditional Capital 2023) with a corresponding amendment to the Articles of Association.

The capital stock is conditionally increased by up to € 18,500,000.00, divided into up to 18,500,000 new no-par value registered shares (Conditional Capital 2023). The conditional capital increase will only be implemented to the extent that the bearers or holders of warrant rights or conversion rights or obligations under bonds with warrants or convertible bonds that have been issued or guaranteed by the Company or any of the Company's subordinated Group companies in the period ending August 31, 2026, on the basis of the Management Board's authorization resolved by the Annual Shareholders' Meeting of May 17, 2023, exercise their warrant or conversion rights or, to the extent that they are obligated to convert their bonds, fulfill their obligation, or to the extent that the Company exercises a right to grant shares in the Company, instead of paying the cash amount due (or parts thereof), and to the extent that cash compensation is not granted or treasury shares or shares in another listed company are not used to service bonds. The new shares will be issued at the warrant or conversion price to be determined in accordance with the above authorizing resolution. The new shares will participate in profits from the beginning of the fiscal year in which they are created; to the extent that it is legally permissible, the Management Board may determine, subject to the approval of the Supervisory Board, the profit participation of new shares and, notwithstanding section 60 (2) AktG, also for a fiscal year already expired.

The Management Board is authorized, subject to the approval of the Supervisory Board, to determine the further details concerning the execution of the conditional capital increase.

Interim dividend
The Annual Shareholders' Meeting of May 20, 2020 created the option of paying an interim dividend with a corresponding amendment to section 21 of the Articles of Association.

38. Reserves

As of December 31, 2023, capital reserves amounted to € 2,197m (prior year: € 1,966m). The increase is mainly due to the sale of shares in IONOS Group SE in the course of the IPO.

United Internet received gross proceeds of around € 292m from the sale of shares. The corresponding share of equity in IONOS Group SE amounted to € -16.4m, while the disposal costs recognized in equity amounted to € 3.1m. Taking into account the prorated earnings of around € 1.6m, the total effect of the IPO on reserves amounted to € 303.7m. For further information, please refer to Notes 4 and 46.

Moreover, the reversal of deferred tax assets on employee stock ownership plans and payments in connection with employee stock ownership plans reduced reserves by a total of € 10.6m.

Reserves were also reduced by the cancellation of treasury shares amounting to € 61.5m. For further information, please refer to Note 39.

The accumulated result includes the past results of consolidated companies, less amounts for dividends payouts.

At the end of the reporting period, the revaluation reserve attributable to shareholders of United Internet AG consisted of the following items:

€k	Dec. 31, 2023	Dec. 31, 2022
Financial assets at fair value through other comprehensive income		
Other shares	0	0
Share in other comprehensive income of associated companies:	**920**	**1,595**
Other shares	**-816**	**-312**
Total	**105**	**1,283**

Translation differences from the annual financial statements of foreign subsidiaries without an effect on profit or loss are recognized in the currency translation adjustment.

An overview of the composition and changes in the reserves described above for the fiscal years 2023 and 2022 is provided in the Statement of Changes in Shareholders' Equity.

39. Treasury shares

The authorization to acquire and use treasury shares that was granted by the Annual Shareholders' Meeting on May 20, 2020, under agenda item 15 in accordance with section 71 (1) no. 8 AktG expired on August 31, 2023. Against this background, the Annual Shareholders' Meeting of May 17, 2023 authorized the Management Board pursuant to section 71 (1) number 8 AktG and subject to the approval of the Supervisory Board, to acquire treasury shares for every permissible purpose, within the scope of legal restrictions and subject to the provisions set out under agenda item 11, during the period September 1, 2023 to August 31, 2026. The authorization is limited to a total share of 10% of the capital stock existing at the time the Annual Shareholders' Meeting adopted the resolution or – if this amount is lower – at the time the authorization is exercised. As of the balance sheet date, a total of 19,183,705 treasury shares were held.

Treasury shares may be acquired via the stock exchange or by means of a public purchase offer made to all shareholders or through a public request made to all shareholders to submit sales offers or by granting tender rights to the shareholders.

The Management Board is also authorized, in addition to a sale via the stock exchange or a use in another manner that complies with the principle of equal treatment of all shareholders, to use treasury shares for the following purposes:

- as (partial) consideration in connection with the acquisition of companies or interests in companies or parts of companies or in connection with business combinations;
- to float shares of the Company on foreign stock exchanges on which they were previously not admitted to trading;
- to grant shares of the Company to current and former members of the Management Board and employees of the Company as well as to current and former members of the management boards or, as the case may be, boards of directors and employees of affiliates of the Company within the meaning of sections 15 et seqq. AktG in fulfillment of claims under virtual share participation programs. To the extent members of the Company's Management Board are to be granted shares, the Company's Supervisory Board decides thereon.

Shareholders' statutory subscription rights with regard to these treasury shares are excluded in accordance with sections 71 (1) no. 8 and 186 (3) and (4) AktG to the extent that these shares are used pursuant to the above authorizations. Furthermore, the Managing Board is authorized to exclude shareholders' subscription rights for fractional shares if treasury shares are sold by means of an offer to all shareholders.

The authorization may not be used for the purpose of trading with treasury shares.

Furthermore, the Management Board of United Internet AG decided on February 14, 2023, with the approval of the Supervisory Board, to make **a** public share buyback offer to the shareholders of United Internet AG for a total of up to 13.9m shares at a price of € 21.00 per share. The total volume of the share buyback offer therefore amounted to up to € 291.9m. In the course of the public share buyback offer, a total of 27,553,147 shares were tendered to the Company by the end of the offer period. As the total number of shares for which the offer was accepted exceeded the maximum amount of 13.9 million shares in total, the declarations of acceptance were considered on a pro rata basis, i.e., corresponding to the ratio of the maximum number of United Internet shares to be purchased pursuant to this offer. In the course of the share buyback program, the Company acquired 13,899,596 shares (without fractional amounts).

The Group did not purchase any treasury shares in the previous year.

As of the balance sheet date, a total of 19,183,705 treasury shares were held (prior year: 7,284,109).

Treasury shares reduce equity and have no dividend entitlement.

40. Non-controlling interests

Non-controlling interests developed as follows:

€k	AG / Consumer Access (21.68%)	IONOS Group SE/Business Applications (36.16%)	Total
Jan. 01, 2023	**591,048**	**-42,751**	**548,297**
Pro-rated result	67,651	61,877	129,528
Pro-rated other comprehensive income	-59	2,338	2,279
Pro-rated changes	0	-14,185	-14,185
Other changes in equity	295	-7,293	-6,998
Dividend	-1,893	0	-1,893
Dec. 31, 2023	**657,042**	**-14**	**657,028**

Pro-rated changes in the reporting period relate to the sale of shares in IONOS Group SE, due to the IPO of IONOS Group SE. Please refer to Note 4.

€k	1&1 AG / Consumer Access (24.69%)	IONOS Group SE/Business Applications (25.1%)	Total
Jan. 1, 2022	**513,911**	**-58,165**	**455,746**
Pro-rated result	78,574	18,969	97,543
Pro-rated other comprehensive income	0	-1,410	-1,410
Pro-rated changes	0	-2,234	-2,234
Other changes in equity	456	89	545
Dividend	-1,893	0	-1,893
Dec. 31, 2022	**591,048**	**-42,751**	**548,298**

The following financial information comprises summarized details on the assets, liabilities, profits or losses, and cash flows of subgroups with material non-controlling interests.

1&1 AG (Consumer Access) in € million	2023	2022
Current assets	1,928	1,855
Non-current assets	5,813	5,402
Current liabilities	717	550
Non-current liabilities	1,137	1,128
Shareholders' equity	**5,887**	**5,580**
Sales revenue	4,097	3,964
Pre-tax result	**465**	**532**
Income taxes	-150	-164
Net income	**315**	**367**
Cash flow from operating activities	226	181
Cash flow from investment activities	-125	-97
Cash flow from financing activities	-102	-83

IONOS Group SE (Business Applications)		
in € million	2023	2022
Current assets	225	176
Non-current assets	1,372	1,337
Current liabilities	297	299
Non-current liabilities	1,300	1,376
Shareholders' equity	**0**	**-162**
Sales revenue	1,424	1,293
Pre-tax result	**215**	**112**
Income taxes	-39	-38
Net income	**177**	**74**
Cash flow from operating activities	315	188
Cash flow from investment activities	-116	-111
Cash flow from financing activities	-202	-102

41. Additional details on financial instruments

The following table shows the carrying amounts for each category of financial assets and liabilities for fiscal year 2023:

€k	Measurement category acc. to IFRS 9	Carrying amount on Dec. 31, 2023	Amortized cost	Fair value through profit or loss	Measurement acc. to IFRS 16	Fair value as of Dec. 31, 2023
Financial assets						
Cash and cash equivalents	ac	27,689	27,689			27,689
Trade accounts receivable						
- Receivables from finance leases	n.a.	41,239			41,239	37,429
- Others	ac	502,457	502,457			502,457
Other current financial assets						
- At amortized cost	ac	82,020	82,020			82,019
- Fair value through profit or loss	fvtpl	14,852		14,852		14,852
Other non-current financial assets						
- At amortized cost	ac	8,346	8,346			7,981
Financial liabilities						
Trade accounts payable	flac	-702,578	-702,578			-702,578
Liabilities due to banks	flac	-2,464,260	-2,464,260			-2,478,576
Other financial liabilities						
- Leasing liability	n.a.	-797,249			-797,249	-
- Fair value through profit or loss	fvtpl	-13,019		-13,019		-13,019
- Others	flac n.a	-900,027	-852,963			-761,409
Of which aggregated acc. to measurement categories:						

Financial assets at amortized cost	ac	620,512	620,512			620,146
Financial assets at fair value through profit or loss	fvtpl	14,852		14,852		14,852
Financial liabilities at amortized cost	flac	-4,066,864	-4,019,800			-3,942,563
Financial liabilities measured at fair value through profit or loss	fvtpl	-13,019		-13,019		-13,019

The following net results were stated for the individual categories of financial instruments acc. to IFRS 9 in fiscal year 2023:

Net result acc. to measurement categories 2023 (in €k)			**Net profits and losses from subsequent measurement**			
€k	Measurement category IFRS 9	From interest and dividends	At fair value	Currency translation	Allowance	Net result
Financial assets at amortized cost	ac	467	--	-495	-69,215	-69,244
Financial assets at fair value – through profit or loss	fvtpl		-32,618	--	--	-32,618
Financial liabilities at amortized cost	flac	-86,947	--	-212	--	-87,159
Financial liabilities measured at fair value – through profit or loss	fvtpl		21,221			21,221
Total		**-86,481**	**-11,397**	**-707**	**-69,215**	**-167,800**

The various aspects of the recognition and measurement of assets and liabilities are as follows:

- With the exception of trade accounts receivable in connection with finance leases, cash and cash equivalents, trade accounts receivable, and other current financial assets 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 to banks mainly comprise promissory note loans, syndicated loans, bank loans, and credit facilities. Depending on their structure, these have either fixed or variable interest rates. In the case of most variable-interest liabilities, 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. For further details on interest and maturity, please refer to Note 31.

- Due to changed interest rates, there are slight deviations between the carrying value and fair value of receivables in connection with finance leases.

- 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 following table shows the carrying amounts for each category of financial assets and liabilities for fiscal year 2022:

€k	Measurement category acc. to IFRS 9	Carrying amount on Dec. 31, 2022	Amortized cost	Fair value not through profit or loss	Fair value through profit or loss	Measurement acc. to IFRS 16	Fair value as of Dec. 31, 2022
Financial assets							
Cash and cash equivalents	ac	40,523	40,523				40,523
Trade accounts receivable							
– Receivables from finance leases	n/a	47,684				47,684	43,146
– Others	ac	412,544	412,544				412,544
Other current financial assets							
– At amortized cost	ac	42,370	42,370				42,370
– Fair value through profit or loss	fvtpl	64,201			64,201		64,201
Other non-current financial assets							
– At amortized cost	ac	10,386	10,386				10,386
– Fair value through profit or loss	fvtpl	335			335		
Financial liabilities							
Trade accounts payable	flac	-565,813	-565,813				-565,813
Liabilities due to banks	flac	-2,155,499	-2,155,499				-2,035,617
Other financial liabilities							
– Leasing liability	n/a	-646,954				-646,954	-
– Fair value through profit or loss	fvtpl	-38,656			-38,656		-38,656
– Others	flac	-961,255	-922,129				-922,129
Of which aggregated acc. to measurement categories:							
Financial assets at amortized cost	ac	505,823	505,823				505,823
Financial assets at fair value through profit or loss	fvtpl	64,536			64,536		64,201
Financial liabilities at amortized cost	flac	-3,682,567	-3,643,441				-3,523,559
Financial liabilities measured at fair value through profit or loss	fvtpl	-38,656			-38,656		-38,656

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 2022 (in €k)		Net profits and losses from subsequent measurement				
€k	Measurement category IFRS 9	From interest and dividends	At fair value	Currency translation	Allowance	Net result
Financial assets at amortized cost	ac	328	--	-169	-69,078	-68,920
Financial assets at fair value - through profit or loss	fvtpl		-5,858	--	--	-5,858
Financial liabilities at amortized cost	flac	-25,132	--	-73	--	-25,204
Financial liabilities measured at fair value - through profit or loss	fvtpl		-2,462			-2,462
Total		**-24,804**	**-8,320**	**-242**	**-69,078**	**-102,444**

The fair value of financial assets and liabilities is stated at the amount at which the instrument concerned might be exchanged in a current transaction (excluding a forced sale or liquidation) between willing business partners.

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 December 31, 2023, 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. They are therefore allocated to level two of the fair value hierarchy.
- 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	as of Dec. 31, 2023	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	14,852	36		14,816
Derivatives	14,852	36		14,816
Financial liabilities measured at fair value through profit or loss	-13,019			
Purchase price liabilities	-10,922			-10,922
Derivatives	-2,097	-2,097		

As in the previous year, there were no transfers between levels during the reporting period.

€k	as of Dec. 31, 2022	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	64,536	4,715		59,821
Derivatives	64,536	4,715		59,821
Financial liabilities measured at fair value through profit or loss	-38,656			-38,219
Purchase price liabilities	-38,219			-38,219
Derivatives	-437	-437		

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 December 31, 2023:

Dec. 31, 2023	Measurement method	Main non-observable input factors	Considered in measurement	Sensitivity of input factor on fair value	
Foreign currency-based derivatives	Monte Carlo simulation	Exit date of Warburg Pincus from Business Application segment	0.25 year	0.5 year	n.a.
		Volatility	5.8%	– € 0.2 million +1% + € 0.2 million	n.a. -1% - € 0.2 million
Earnings-based derivatives	Black-Scholes model	Exit date of Warburg Pincus from Business Application segment	0.25 year	0.5 year	n.a.
		Volatility	33.7%	+ € 1.9 million +1% + € 0.2 million	n.a. -1% - € 0.2 million
Conditional purchase price liability	Black-Scholes model	Exit date of Warburg Pincus from Business Application segment	0.25 year	0.5 year	n.a.
		Volatility	33.7%	+ € 1.2 million +1% + € 0.1 million	n.a. -1% - € 0.1 million

* The value is not subject to any material estimation assumptions, already due.

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 December 31, 2022:

Dec. 31, 2022	Measurement method	Main non-observable input factors	Considered in measurement	Sensitivity of input factor on fair value	
Foreign currency-based derivatives	Monte Carlo simulation	Exit date of Warburg Pincus from Business Application segment	0.1 year	0.25 year	n.a.
				+ € 0.8 million	n.a.
		Volatility	7.3%	+1%	-1%
				+ € 0.2 million	- € 0.2 million
Earnings-based derivatives	Black-Scholes model	Exit date of Warburg Pincus from Business Application segment	0.1 year	0.25 year	n.a.
				- € 3.5 million	n.a.
		Volatility	39.3%	+1%	-1%
				- € 0.0 million	+ € 0.0 million
Conditional purchase price liability	Black-Scholes model	Exit date of Warburg Pincus from Business Application segment	0.1 year	0.25 year	n.a.
				- € 2.7 million	n.a.
		Volatility	39.3%	+1%	-1%
				- € 0.0 million	+ € 0.0 million

Reconciliation to fair value in Level 3:

€k	Derivatives	Conditional purchase price obligation
As of January 1, 2022	**70,394**	**-51,980**
Changes in value recognized in other operating expenses	-22,268	-437
Changes in value recognized in other operating income	12,866	8,884
Changes in value recognized in financial expenses	-19,188	-10,908
Changes in value recognized in financial income	22,732	0
Derecognition	0	15,786
As of December 31, 2022	**64,536**	**-38,656**
Changes in value recognized in other operating expenses	-6,654	0
Changes in value recognized in other operating income	316	0
Changes in value recognized in financial expenses	-40,106	-7,812
Changes in value recognized in financial income	12,167	30,693
Derecognition	-17,504	4,853
As of December 31, 2023	**12,755**	**-10,922**

42. 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 from the members of the Management Board and Supervisory Board of United Internet AG and their close relatives were classified as related parties. Moreover, companies over which the related parties exert a controlling influence are classified as related parties.

Ms. Claudia Borgas-Herold retired from the Supervisory Board on August 22, 2022, but is still active within the Group as a member of the supervisory board of IONOS Group SE. Prof. Dr. Franca Ruhwedel joined the Supervisory Board as a further member as of May 17, 2023.

In the fiscal year 2023, the members of the Supervisory Board also held seats on supervisory boards or similar committees of the following companies:

Phillip von Bismarck

- No other seats

Dr. Manuel Cubero del Castillo-Olivares

- Nürnberg Institut für Marktentscheidung e.V., Nuremberg (chair)

Prof. Dr. Yasmin Mei-Yee Weiß

- Zeppelin GmbH, Friedrichshafen
- Bayerische Beamten Lebensversicherung AG, Munich
- BLG Logistics Group AG & Co. KG, Bremen
- Börsenverein des deutschen Buchhandels, Frankfurt am Main

Prof. Dr. Andreas Söffing

- Deutsche Oppenheim Family Office AG, Cologne (deputy chair of the advisory committee)
- Institut der Steuerberater Hessen e. V., Frankfurt (deputy chair of the scientific committee)
- Nemetschek SE, Munich
- Nemetschek Innovationsstiftung, Munich (chair of the management board)
- Nemetschek Familienstiftung, Munich
- Capella GmbH, Hamburg

Prof. Dr. Franca Ruhwedel (since May 2023)

- Thyssenkrupp nucera AG & Co. KGaA, Dortmund
- NATIONAL-BANK Aktiengesellschaft, Essen
- MGI – Media and Games Invest SE, Stockholm (non-executive board member)

Stefan Rasch

- Fond Of Group Holding GmbH, Cologne (chairman of the advisory board since February 2023)
- Hallhuber GmbH, Munich (until June 2023)

The current remuneration system for Supervisory Board members was last adopted by the Annual Shareholders' Meeting of May 19, 2022 pursuant to section 13 of the Articles of Association of United Internet AG.

In addition to the reimbursement of cash expenses, each member of the Supervisory Board receives fixed annual remuneration of € 30,000.00. The Chairman receives € 120,000.00, the Deputy Chairman receives € 45,000.00.

For serving on the Supervisory Board’s Audit and Risk Committee, the Chairman of the Audit and Risk Committee receives an additional € 65,000.00 per year, and each other member of the Audit and Risk Committee receives an additional € 25,000.00 per year. The Company shall support the members of the Audit and Risk Committee in taking part in necessary further training measures and shall also bear the costs incurred to a reasonable extent.

A Supervisory Board member who only served as a member of the Supervisory Board or the Audit and Risk Committee for part of the fiscal year receives a lower amount of remuneration on a pro rata temporis basis for each month or part thereof.

In addition, each member of the Supervisory Board and each member of the Audit and Risk Committee receives an attendance fee of € 1,500 for each time they attend a meeting of the Supervisory Board or of the Audit and Risk Committee held in person. If the meeting of the Supervisory Board or of the Audit and Risk Committee is not held in person but only virtually (in particular if a meeting is held only by telephone or only via videoconference), the members of the Supervisory Board or of the Audit and Risk Committee receive no attendance fee if the meeting lasted no more than one hour. Members who do not personally attend meetings of the Supervisory Board or of the Audit and Risk Committee held in person (e.g., by participating via telephone or videoconference) always receive only 25% of the attendance fee, and if they participate solely by submitting a voting rights message are not entitled to any attendance fee.

The following table provides details on the compensation received by members of the Supervisory Board of United Internet AG:

2023	United Internet AG			Subsidiaries of United Internet AG			Total			
€k	Fixed	Attendance fee	Total	Fixed	Attendance fee	Total	Fixed	Attendance fee	Other	Total
Philipp von Bismarck	145	25	170	0	0	0	145	25	0	170
Prof. Dr. Yasmin Mei-Yee Weiß	30	17	47	0	0	0	30	17	0	47
Dr. Manuel Cubero del Castillo-Olivares	45	15	60	0	0	0	45	15	0	60
Stefan Rasch	55	26	81	0	0	0	55	26	0	81
Prof. Dr. Andreas Söffing	95	27	122	0	0	0	95	27	0	122
Prof. Dr. Franca Ruhwedel	37	9	46	0	0	0	37	9	0	46
	407	**118**	**525**	**0**	**0**	**0**	**407**	**118**	**0**	**525**

2022	United Internet AG			Subsidiaries of United Internet AG			Total			
€k	Fixed	Attendance fee	Total	Fixed	Attendance fee	Total	Fixed	Attendance fee	Other	Total
Philipp von Bismarck	145	29	174	0	0	0	145	29	0	174
Prof. Dr. Yasmin Mei-Yee Weiß	30	14	44	0	0	0	30	14	0	44
Dr. Claudia Borgas-Herold	20	5	25	67	5	72	87	10	0	97
Dr. Manuel Cubero del Castillo-Olivares	45	15	60	0	0	0	45	15	0	60
Stefan Rasch	55	29	84	0	0	0	55	29	0	84
Prof. Dr. Andreas Söffing	95	30	125	0	0	0	95	30	0	125
	390	**122**	**512**	**67**	**5**	**72**	**457**	**127**	**0**	**584**

There are no subscription rights or share-based payments for members of the Supervisory Board.

The Supervisory Board is responsible for determining the remuneration of the Management Board. The members of the Management Board are compensated according to performance. This compensation consists of a fixed and a variable element (bonus). A target remuneration figure is agreed for the fixed component and the bonus, which is regularly reviewed. The last review was made in fiscal year 2022. The fixed remuneration component is paid monthly as a salary. The size of the bonus depends on reaching certain, fixed financial targets agreed at the beginning of the fiscal year. These targets are based mainly on sales and earnings figures. The target attainment corridor is generally between 90% to 120%. No bonus is paid below 90% of the agreed target and the bonus calculation ends at 120% of the agreed target. No subsequent amendment of the performance targets is allowed. There is no minimum guaranteed bonus. Payment is generally made after the Annual Financial Statements have been adopted by the Supervisory Board.

There are no retirement benefits from the Company to members of the Management Board.

In accordance with IAS 24, the following table provides details on the compensation received by members of the Management Board:

2023	Fixed	Variable	Fringe benefits	Total fixed, variable and fringe benefits	Market value of share-based payments granted in 2023
Ralph Dommermuth	0	0	0	0	-
Martin Mildner	163	96	1,253	1,512	-
Markus Huhn	413	150	6	569	-
Ralf Hartings	375	188	8	571	2,118
	951	**434**	**1,267**	**2,652**	**2,118**

2022	Fixed	Variable	Fringe benefits	Total fixed, variable and fringe benefits	Market value of share-based payments granted in 2022 *
Ralph Dommermuth	0	0	0	0	0
Martin Mildner	650	350	11	1,011	-
	650	**350**	**11**	**1,011**	**-**

* Share-based remuneration (SARs) are remuneration components with a long-term incentive and are paid out over a total period of 6 years.

Total Management Board remuneration as defined by section 314 (1) number 6 a and b HGB, i.e., including negative effects from the change in share-based payments, amounted to € 1,614k (prior year: € 1,011k).

In accordance with IAS 24, the total Management Board and Supervisory Board remuneration was as follows:

	2023	2022
Short-term benefits	2,677	1,523
Benefits after termination of employment	0	0
Other benefits due in the long term	0	0
Benefits on the occasion of termination of employment	500	0
Share-based payments	-811	2,354
	2,366	**3,877**

SARs were granted to the Management Board members Ralf Hartings and Markus Huhn in the reporting period. Members of the Management Board were not granted any advances or loans in the reporting period nor in the previous year.

The number of shares in United Internet AG held by members of the Management Board and the Supervisory Board is presented in the following table:

Shareholdings	Jan. 01, 2023			Dec. 31, 2023		
Management Board	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
Ralph Dommermuth	0	99,000,000	99,000,000	0	93,955,205	93,955,205
Ralf Hartings	0	---	0	0	---	0
Markus Huhn	0	---	0	0	500	500
	0	**99,000,000**	**99,000,000**	**0**	**93,955,705**	**93,955,705**
Supervisory Board	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
Kurt Dobitsch	---	---	---	---	---	---
Philipp von Bismarck	---	---	---	---	---	---
Prof. Dr. Yasmin Mei-Yee Weiß	---	---	---	---	---	---
Prof. Dr. Franca Ruhwedel	---	---	---	---	---	---
Dr. Manuel Cubero del Castillo-Olivares	---	---	---	---	---	---
Stefan Rasch	---	---	---	---	12,500	12,500
Prof. Dr. Andreas Söffing	---	---	---	---	3,500	3,500
	---	**---**	**---**	**---**	**16,000**	**16,000**

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

Transactions with related parties

Sales to and purchases from related parties are conducted at standard market conditions. The open balances at year-end are unsecured, non-interest-bearing (with the exception of cash pooling), and settled in cash. There are no guarantees for receivables from or liabilities due to related parties. No allowances were recognized for receivables from related parties in fiscal year 2023 or the previous year. An impairment test is conducted regularly. This includes an assessment of the financial position of the related party and the development of the market in which they operate.

As in the previous year, United Internet's premises in Montabaur and Karlsruhe are leased in part from Mr. Ralph Dommermuth, the Chief Executive Officer and a major shareholder of the Company. The corresponding lease agreements have different terms between the beginning of 2023 and the end of 2036. The resulting rent expenses are customary and amounted to € 15,376k in fiscal year 2023 (prior year: € 14,205k).

Ms. Judith Dommermuth is a member of the supervisory board of Borussia Dortmund GmbH & Co. KGaA. In this context, the sponsorship payments made to Borussia Dortmund in the past fiscal year amounting to € 20,000k are to be classified as related party transactions.

In addition, transactions with the following foundations are classified as related party transactions:

- Ralph and Judit Dommermuth Foundation
- United Internet for UNICEF Foundation

- Internet Economy Foundation
- Westerwelle Foundation

In the past fiscal year 2023, the Internet Economy Foundation charged United Internet AG € 100k. Furthermore, the United Internet for UNICEF Foundation charged the Group € 60k. There were no other transactions.

The following table presents rights of use in connection with related parties in the fiscal year 2023.

T€	Opening balance	Addition of fiscal year	Amortization/depreciation	Carrying amount
Rights of use	135,026	5,771	-12,311	128,487

The following table presents lease liabilities in connection with related parties.

T€	Opening balance	Addition of fiscal year	Redemption/Interest	Carrying amount
Lease liabilities	137,689	5,771	-10,335	133,126

At the end of the reporting period, there were four loan agreements with associated companies totaling € 6,729k (prior year: € 6,329k).

The loans have terms of one and up to three years. The tranches each have fixed interest rates of up to 11.75% p.a..

The following table presents the outstanding balances and total transactions volumes with associated companies and related parties in the respective fiscal year:

	Purchases/services from related parties		Sales/services to related parties		Liabilities due to related parties		Receivables from related parties	
€k	2023	2022	2023	2022	2023	2022	2023	2022
	33,911	30,389	4,096	1,508	519	245	451	98

	Financial income		Financial expenses	
€k	2023	2022	2023	2022
	91	352	0	0

43. Objectives and methods of financial risk management

Principles of risk management

The risk management system introduced by the United Internet Group is based on the COSO-ERM framework and is described in detail in the Management Report.

The principles of finance policy are set by the Management Board and monitored by the Supervisory Board. Certain transactions require the prior approval of the Supervisory Board.

The main financial liabilities used by the Group include bank loans, promissory note loans and overdraft facilities, trade accounts payable, and other financial liabilities.

The Group holds various financial assets which result directly from its business activities. They consist mainly of trade accounts receivable, and short-term deposits.

As of the reporting date, the Group mainly held primary financial instruments.

The aim of financial risk management is to limit these risks through ongoing operating and financial activities. The Group is hereby exposed to certain risks with regard to its assets, liabilities, and planned transactions, especially liquidity risks and market risks, as described below.

Liquidity risk

Liquidity risk constitutes the risk that a company will be unable to meet the financial obligations arising from its financial liabilities. As in the previous year, the general liquidity risk of United Internet consists of the possibility that the Group may not be able to meet its current financial obligations in due time. Especially in view of the cost-intensive rollout of the mobile communications network over many years, both short-term liquidity forecasts and longer-term financial planning are conducted in order to secure the solvency and the financial flexibility of the United Internet Group at all times. We expect to be able to cover investments in the mobile communications network predominantly from existing liquidity and future cash flows from operating activities, as well as loans.

As a result of the expected positive contribution to liquidity from operations and the interest-optimized use of the credit lines already granted, the Group is able to ensure the continual coverage of its financial needs at all times. The credit commitments granted to the Company by banks and the existing syndicated loan facility offer sufficient flexibility for these needs. In order to maintain financial stability, a balanced financial structure is sought which provides both the diversification of financial instruments and a balanced maturity profile.

Global cash requirements and surpluses are managed by the central liquidity management system. The daily automated pooling of bank balances held by the participating Group companies (cash pooling) provides United Internet AG at all times with the predominant proportion of its cash denominated in euro. The Group has established standardized processes and systems to manage its bank and netting accounts as well as for the execution of payment transactions.

At the end of the reporting period, the Company had total liquid funds of € 27.7m (prior year: € 40.5m) as well as free credit lines of € 842m (prior year: € 360m) and thus has more than sufficient liquidity reserves for the fiscal year 2024. The Management Board assumes that additional lines can be raised on the capital market if necessary.

The following tables show all contractually fixed payments for redemption, repayments, and interest for financial liabilities carried in the balance sheet as of December 31, 2023 and December 31, 2022:

€k	**Carrying amount on** Dec. 31, 2023	2024	2025	2026	2027	> 2027	Total
Liabilities due to banks	2,464,260	621,195	335,441	1,384,175	229,847	78,839	2,649,496
Trade accounts payable	702,578	699,220	0	0	0	3,358	702,578
Other financial liabilities	913,046	200,406	128,568	133,523	128,438	322,111	913,046
	4,079,884	**1,520,820**	**464,009**	**1,517,698**	**358,285**	**404,308**	**4,265,119**
Lease liabilities	797,249	137,742	94,463	92,905	85,765	483,575	894,450
	4,877,133	**1,658,562**	**558,472**	**1,610,602**	**444,050**	**887,883**	**5,159,569**

Payments from other financial liabilities mainly comprise payment obligations in connection with the 5G spectrum auction of € 61.3m (prior year: € 61.3m), as well as expected payments from derivatives of € 10.9m (prior year: € 38.2m) in the fiscal year 2024. Payments to the German government do not follow a linear pattern. Cash outflows of € 61.3m (prior year: € 61.3m) are expected in the fiscal years 2024 and 2030, as well as cash outflows of € 128m (prior year: € 128m) each year in the fiscal years 2025 to 2029.

€k	**Carrying amount on** Dec. 31, 2022	2023	2024	2025	2026	> 2026	Total
Liabilities due to banks	2,155,499	679,071	242,785	265,911	814,025	226,013	2,227,804
Trade accounts payable	566,916	562,618	0	0	0	4,298	566,916
Other financial liabilities	999,910	232,606	61,441	128,442	128,444	449,021	999,954
	3,722,325	**1,474,294**	**304,226**	**394,353**	**942,469**	**679,331**	**3,794,673**
Lease liabilities	646,954	117,885	76,710	77,976	68,799	354,320	695,691
	4,369,279	**1,592,180**	**380,936**	**472,329**	**1,011,268**	**1,033,651**	**4,490,364**

For the calculation of cash flows from liabilities to banks, management assumed that the portion of the revolving syndicated loan facility currently used amounting to € 150m (prior year: € 550m) would remain constantly drawn until the end of its term (2025).

Please refer to Note 0 for details on interest and redemption payments for liabilities to banks.

The Company has no significant concentration of liquidity risks.

Market risk

The activities of United Internet are mainly exposed to financial risks from changes in interest rates, exchange rates, stock exchange prices, and credit or contingency risks.

Interest risk
The interest (rate) risk refers to the risk that fair values or future interest payments on existing and future financial liabilities may fluctuate due to changes in market interest rates.

The Group is fundamentally exposed to interest risks as some of its financial instruments as of the reporting date bear variable interest rates with varying terms. An interest risk exists for drawdowns under the revolving syndicated loan and the syndicated loan totaling € 150m (prior year: € 550m).

With the aid of the liquidity planning, various investment possibilities or possibilities to reduce surplus liquidity are constantly analyzed. The maturity profile and amount of the Group's variable-rate financial instruments are regularly reviewed and appropriate measures are taken to ensure liquidity and the management of interest risks.

Market interest rate changes might have an adverse effect on the interest result and are included in our calculation of sensitive factors affecting earnings. In order to present market risks, United Internet has developed a sensitivity analysis which shows the impact of hypothetical changes to relevant risk variables on pre-tax earnings. The reporting period effects are illustrated by applying these hypothetical changes in risk variables to the stock of financial instruments as of the reporting date. A 1% increase or decrease in the Euribor would have affected the financial result of the fiscal year by € +13,342k and € -13,145k, respectively.

The Group does not expect any material changes in risk premiums in the foreseeable future. United Internet currently regards the interest risk for its existing variable-rate financial instruments as low.

The interest risk is negligible for other interest-bearing liabilities. At the end of the reporting period, there were no external interest-hedging transactions.

Currency risk
A currency risk is the risk that fair values or future cash flows of financial instruments may fluctuate due to changes in exchange rates. The Group companies are mainly exposed to currency risks as a result of their operations (if revenue and/or expenses are in a currency other than the functional currency of the respective company). In order to cover such foreign currency risks, United Internet strives to achieve an equilibrium between the incoming and outgoing payments in non-functional currencies (so-called natural hedging). Currency risks which do not affect cash flows (i.e., risks from translating the assets and liabilities of the Group's foreign companies) are not hedged against. With regard to operating activities, individual Group companies perform their business mainly in their respective functional currencies. As in the previous year, the currency risk from operations is therefore regarded as low. In the reporting period, there were no currency risks which significantly affected cash flows. At the end of the reporting period, there were no external currency-hedging transactions.

The currency risks arising from original financial instruments in a currency and of a monetary nature other than that of the functional currency as of the reporting date were valued by the Company. No material currency risks arose from this analysis.

Stock exchange risk (valuation risk)
The United Internet Group recognizes financial assets (equity instruments) as follows:

- measured at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition or

- measured at fair value through profit or loss.

Depending on the measurement category and the share price development of listed investments, changes in equity without affecting income, or income and expenses, may arise.

There were no listed equity instruments as at the end of the reporting period.

Credit and contingency risk
As a result of its operating activities, the Group is exposed to a contingency risk. In order to reduce default risks, a sophisticated and preventive fraud management system has been established which is permanently enhanced. Outstanding amounts are monitored locally and on a continual basis. Individual and lump-sum allowances are made to account for non-avoidable contingency risks.

With regard to trade accounts receivable, the maximum risk in the gross amount stated in the balance sheet is before allowances. Trade accounts receivable which are not impaired as of the reporting date, are classified according to periods in which they become overdue (see Note 19).

Internal rating system

A pre-contractual fraud check is generally conducted and collection agencies are also used for the management of receivables. In addition, a pre-contractual check of creditworthiness is made in the media sales business.

The Company has no significant concentration of credit risks.

Risks from financial covenants

The existing loans of United Internet AG are tied to so-called financial covenants. The infringement of a certain net debt-to-EBITDA ratio could result in individual banks terminating outstanding loans with the Company. In view of the low net debt-to-EBITDA ratio of United Internet at present, the probability of infringement is regarded as low. Compliance with the covenants is regularly monitored by the Company's Management Board and was met throughout the year.

Capital management

In addition to the legal provisions for stock corporations, United Internet AG has no further obligations to maintain capital according to its statutes or other agreements. The key financial indicators used by the Company are mainly performance-oriented. The targets, methods, and processes of capital management are thus subordinate to these performance-oriented financial indicators.

In order to maintain and adapt its capital structure, the Company can adjust dividend payments or pay capital back to its shareholders, can purchase treasury shares and place them again if required, or issue new shares. Please refer to the statement of changes in shareholders' equity. As of December 31, 2023 and December 31, 2022, no changes were made to the Company's targets, methods, and processes.

Please refer to Note 31 for further details.

44. Contingencies, contingent liabilities, and other commitments

Contingent liabilities

Contingent liabilities represent a possible obligation whose existence depends on the occurrence of one or more uncertain future events, or a current obligation whose payment is not likely or whose amount cannot be reliably estimated.

In the previous years, advance service providers have filed claims in the low three-digit million range (for the purposes of internal classification, amounts of up to € 333m are defined as being in the low three-digit million range, and the claims filed do not exceed this amount in total). As of the reporting date December 31, 2023, United Internet AG considers the claims of the counterparties to be unfounded and regards an outflow of resources for these contingent liabilities as unlikely.

Litigation

Litigation risks mainly relate to various legal disputes of Group subsidiaries.

Accruals for litigation were formed for any commitments arising from these disputes (see Note 33).

Guarantees

As of the reporting date, the Group has issued no guarantees.

Guarantees and other obligations

The Company is jointly and severally liable for credit lines granted to companies of the United Internet Group by a bank. The credit facilities had only been utilized with regard to guarantees as of the reporting date.

The Management Board has no knowledge of any other facts which could have a significant, adverse effect on the business activities, the financial situation or the operating result of the Company.

45. Leases and other financial commitments

Group as lessee

The obligations mainly comprise leased network obligations including subscriber lines, buildings, technical equipment, and vehicles.

Most leases have options to prolong the contractual relationship. The terms of these prolongation options are negotiable or identical with the current terms. The Company currently intends to exercise all material prolongation options. The Company does not intend to exercise any material termination options. In the case of leases for antenna locations in connection with the 1&1 mobile network, however, no prolongation options beyond the non-cancelable basic term are included in the term as there is no reasonable certainty that they will be exercised (see Note 3). If exercised, the prolongation options not included in the measurement pursuant to IFRS 16 will result in future payment obligations of € 133m (December 31, 2022: € 2.6m). These are mainly payment obligations for the network infrastructure.

The following expenses from leases were incurred in the reporting period:

€k	2023	2022
Depreciation of right-of-use assets		
- Land and buildings	49,629	46,647
- Operational and office equipment	1,944	1,903
- Network infrastructure	61,820	60,118
- Licenses	1,591	1,591
Total depreciation of right-of-use assets	**114,983**	**110,259**
Interest expense from lease liabilities	**21,347**	**11,907**
Expense for short-term leases	**2,014**	**698**
Expense for low-value leases	**351**	**3,935**

As of December 31, 2023, the carrying amounts of right-of-use assets by class of underlying assets are as follows:

€k	Carrying amount on Dec. 31, 2023	Carrying amount on Dec. 31, 2022
Land and buildings	400,765	372,513
Operating and office equipment	5,163	2,563
Network infrastructure	388,519	261,161
Licenses	3,182	4,773

As of December 31, 2023, existing lease liabilities have the following terms:

€k	Dec. 31, 2023	Dec. 31, 2022
up to 1 year	129,414	109,744
1 to 5 years	308,283	261,034
Over 5 years	359,553	276,175
Total	**797,249**	**646,954**

As of December 31, 2023, lease obligations developed as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
As of January 1	646,954	515,220
Additions	291,165	269,703
Interest effect	21,347	11,907
Payments	-142,690	-124,395
Disposals	-19,527	-25,481
As of December 31	797,250	646,954
thereof current	129,414	109,744
thereof non-current	667,836	537,210

Payments as a result of lease obligations are disclosed in cash flow from financing activities.

For further information, please refer to the explanations in 2.3 and Note 43.

Group as lessor

Finance leases

The Group acts as the lessor of finance leases via the 1&1 Versatel Group. Receivables from finance leases are disclosed in trade accounts receivable. The following table shows a reconciliation of gross investments in leases and the present value of outstanding minimum lease payments, as well as their maturities:

€k	Dec. 31, 2023	Dec. 31, 2022
Gross investment		
(thereof unguaranteed residual values)		
thereof due within 1 year	6,742	6,793
thereof due in 1-5 years	20,849	23,546
thereof due after more than 5 years	15,090	19,336
Unearned finance income	-3,101	-3,992
Net investment	**39,580**	**45,683**
Accumulated impairment	0	0
Receivables from sales taxes and other	1,659	2,001
Carrying amount of finance lease receivables	**41,239**	**47,684**
thereof present value of unguaranteed residual values	0	0
Present value of outstanding minimum lease payments	**39,580**	**45,683**
thereof due within 1 year	6,636	6,686
thereof due in 1-5 years	19,635	21,991
thereof due after more than 5 years	13,309	17,006

Finance lease receivables relate solely to leases for the provision and use of dark fiber lines.

In fiscal year 2023, no new finance lease agreements were concluded regarding the provision of fiber pairs (prior year: € 0m). The maturities range from 15 to 29 years.

Operating leases

1&1 Versatel is a lessor as part of operating leases. The underlying agreements mainly relate to the leasing of fiber-optic pairs. The agreements do not contain any residual value guarantees or variable lease payments. Due to the strategic importance of the leased fiber-optic pairs for the respective lessees, the residual value risk is considered to be minor.

Total income from operating leases amounted to € 40,656k in fiscal year 2023 (prior year: € 43,779k). These are entirely attributable to fixed lease payments.

The maturities of lease payments from operating leases is shown in the table below:

Due dates in k€	Dec. 31, 2023	Dec. 31, 2022
up to 1 year	26,849	29,085
1 to 2 years	20,920	23,384
2 to 3 years	18,060	19,883
3 to 4 years	17,344	17,222
4 to 5 years	15,915	16,618
Over 5 years	20,005	35,168
	119,093	**141,360**

Other financial commitments

The main other financial commitments are described below:

December 31, 2023 €k	Current	Non-current
Unrecognized lease obligations	1,418	250
Supply and service relationships	131,203	390,539
thereof from advertising contracts	9,935	21,920
Total*	132,621	390,790

December 31, 2022 €k	Current	Non-current
Unrecognized lease obligations	2,671	1,868
Supply and service relationships	53,298	148,030
thereof from advertising contracts	19,595	31,143
Total*	55,969	149,899

The Group applies the exemptions provided by IFRS 16 for leases with terms ending within 12 months from the date of initial application and the exemption for leases where the underlying asset is of low value. Lease obligations not recognized in the balance sheet due to this application relief amounted to € 1,668k as of December 31, 2023 (prior year: € 4,539k). In addition to the above amounts, cash outflows of € 9,311k result from leases that had not yet commenced as at the end of the reporting period, which are spread over the following ten years.

As part of the MBA MVNO agreement with Telefónica, the United Internet subsidiary 1&1 AG made a binding purchase of network capacity consisting of data volume as well as voice and SMS contingents for the term of the contract until July 2025. The capacity to be purchased under the terms of the MBA MVNO agreement represents 20% to 30% of the used capacity of the Telefónica network. Following the conclusion of the MBA MVNO agreement, 1&1 is able to decrease or increase the acquired contingents to a defined extent on a quarterly basis. The payments for the service components of the agreement amount to a mid-three-digit million amount per year. An exact amount cannot be determined because the payments depend on various contractual variables, as well as any future decrease or increase of capacities. From summer 2024, 1&1 will use national roaming from Vodafone as planned and gradually reduce its advance services from Telefónica Germany.

On September 5, 2019, the United Internet subsidiary 1&1 AG signed an agreement with the German Federal Ministry of Transport and Digital Infrastructure (BMVI) and the German Federal Ministry of Finance (BMF) regarding the construction of mobile communication sites in so-called "not-spots". As a result, 1&1 is committed to make total investments of € 50m. 1&1 is thus helping to close existing supply gaps and improve the provision of mobile communications in rural regions by building base stations. These commitments are not included in the other commitments listed above as they are interest-like in nature.

46. Statement of cash flows

Income tax payments in fiscal year 2023 amounted to € 267.1m (prior year: € 287.5m), while income tax proceeds totaled € 26.6m (prior year: 22.8m).

Cash and cash equivalents do not include amounts which are only usable under certain conditions (prior year: € 0k).

Reconciliation of balance sheet changes in liabilities from financial activities:

	Jan. 01, 2023	cash transactions		non-cash transactions			Dec. 31, 2023
	Carrying amounts	Redemption	Interest payments	Borrowings from liabilities	Interest expenses	Transfers and other changes	Carrying amounts
Non-current loan liabilities	1,498.8	-400.0	0.0	1,012.0	0.0	-229.0	1,881.8
Short-term loan liabilities	656.7	-382.0	-65.0	75.0	66.8	230.4	581.9
Lease liabilities	646.9	-121.3	-21.4	271.6	21.3	0.0	797.2
Spectrum liabilities	825.0	-61.3	0.0	0.0	6.1	-6.1	763.6
Total liabilities from financing activities	**3,627.4**	**-964.6**	**-86.4**	**1,358.6**	**94.2**	**-4.7**	**4,024.6**

	Jan. 1, 2022	cash transactions		non-cash transactions			Dec. 31, 2022
	Carrying amounts	Redemption	Interest payments	Borrowings from liabilities	Interest expenses	Transfers and other changes	Carrying amounts
Non-current loan liabilities	1,497.2	0.0	0.0	300.0	0.0	-298.4	1,498.8
Short-term loan liabilities	325.4	-367.5	-18.3	400.3	18.5	298.4	656.7
Lease liabilities	515.2	-112.5	-11.9	244.2	11.9	0.0	646.9
Spectrum liabilities	886.3	-61.3	0.0	0.0	6.5	-6.5	825.0
Total liabilities from financing activities	**3,224.1**	**-541.3**	**-30.2**	**944.5**	**36.9**	**-6.5**	**3,627.4**

Initial recognition of the 5G spectrum in the fiscal year 2019 was made against the background of the deferral and installment payment agreed with the German government, extending the balance sheet and thus neutralizing cash flow. Leases are always recognized directly in equity upon initial recognition. Current payments include interest and repayment components and are reported in cash flow from financing activities.

Cash flows in connection with the change in other financial liabilities of € 111.8m (prior year: € 123.5m) are recognized in cash flow from operating activities.

Cash inflows and outflows from/to minority shareholders mainly relate to cash inflows in connection with the IPO of IONOS Group SE amounting to € 291.8m and related costs of € 3.1m.

In addition, there was a cash inflow of € 17.1m from a subsequent purchase price adjustment in connection with the partial exit of Warburg Pincus as part of the IPO.

Change in the presentation of the cash flow statement

In order to reconcile EBITDA and free cash flow more effectively, the Group has adjusted interest payments in cash flow and no longer discloses them in operating activities, but in cash flow from financing activities. As interest expense is not included in EBITDA – which serves as a measure of operating profit and excludes interest, taxes, depreciation and amortization – the inclusion of interest payments in operating cash flow may distort the presentation of the actual operating performance.

By transferring interest payments to cash flow from financing activities, the Company's financial result can be presented more accurately and with greater consistency between EBITDA and free cash flow. Moreover, the interest portion of the repayments of lease liabilities has been eliminated, thus enabling the entire outflow of interest payments to be presented in one line.

As a result, this measure contributes to a more transparent presentation of the Company's financial performance and clarifies the Company's ability to repay its debts. Moreover, it allows a (more) transparent and (more) comparable presentation of cash flow, thus giving investors and other stakeholders a better understanding of the Company's financial performance.

The resulting effect on presentation in the fiscal years 2023 and 2022 is presented below:

in € million	**2023**		**2022**	
	new	old	new	old
Operative cash flow	1,018	946	1011	992
Cash flow from investing activities	-798	-800	-702	-704
Cash flow from financing activities	-44	30	14	35

47. Exemption pursuant to section 264 (3) HGB and section 264b HGB

The following subsidiaries of United Internet AG make use of the exempting provisions of section 264 (3) HGB:

- 1&1 De-Mail GmbH, Montabaur
- 1&1 Energy GmbH, Montabaur
- 1&1 Mail & Media Development & Technology GmbH, Montabaur
- 1&1 Mail & Media Service GmbH, Montabaur
- 1&1 Mail & Media Applications SE, Montabaur
- 1&1 Versatel GmbH, Düsseldorf
- A 1 Marketing, Kommunikation und neue Medien GmbH, Montabaur
- United Internet Corporate Holding SE, Montabaur
- United Internet Corporate Services GmbH, Montabaur
- United Internet Investments Holding AG & Co. KG, Montabaur
- United Internet Management Holding SE, Montabaur
- United Internet Media GmbH, Montabaur
- United Internet Service SE, Montabaur
- United Internet Sourcing & Apprenticeship GmbH, Montabaur

48. List of shareholdings of the United Internet AG Group acc. to section 313 (2) HGB

As of December 31, 2023, the Group includes the following subsidiaries in which United Internet AG holds a direct or indirect majority interest (as indicated by the shareholdings in brackets). Unless otherwise stated, the shareholding corresponds to the proportion of voting rights:

- **1&1 Mail & Media Applications SE, Montabaur (100.0%)**
  - 1&1 Mail & Media Development & Technology GmbH, Montabaur (100.0%)
  - 1&1 Mail & Media GmbH, Montabaur (100.0%)
    - 1&1 De-Mail GmbH, Montabaur (100.0%)
    - 1&1 Energy GmbH, Montabaur (100.0%)
    - 1&1 Mail & Media Inc., Philadelphia / USA (100.0%)
  - 1&1 Mail & Media Service GmbH, Montabaur (100.0%)
  - UIM United Internet Media Austria GmbH, Vienna / Austria (100.0%)
  - United Internet Media GmbH, Montabaur (100.0%)

- **1&1 Versatel GmbH, Düsseldorf (100.0%)**
  - 1&1 Versatel Deutschland GmbH, Düsseldorf (100.0%)
    - TROPOLYS Service GmbH, Düsseldorf (100.0%)
    - TROPOLYS Netz GmbH, Düsseldorf (100.0%)
    - Versatel Immobilien Verwaltungs GmbH, Düsseldorf (100.0%)

- **1&1 AG, Montabaur (78.32%)**
  - 1&1 Telecommunication SE, Montabaur (100.0%)
    - 1&1 Logistik GmbH, Montabaur (100.0%)
    - 1&1 Telecom Holding GmbH, Montabaur (100.0%)
      - 1&1 Telecom GmbH, Montabaur (100.0%)
    - 1&1 Telecom Sales GmbH, Montabaur (100.0%)
    - 1&1 Telecom Service Montabaur GmbH, Montabaur (100.0%)
    - 1&1 Telecom Service Zweibrücken GmbH, Zweibrücken (100.0%)
  - Blitz 17-665 SE, Maintal (100.0%)
  - Blitz 17-666 SE, Maintal (100.0%)
  - CA BG AlphaPi AG, Vienna / Austria (100.0%)
  - Drillisch Logistik GmbH, Maintal (100.0%)
  - Drillisch Online GmbH, Maintal (100.0%)
    - 1&1 Mobilfunk GmbH, Düsseldorf (100.0%)
    - 1&1 Towers GmbH, Düsseldorf (100.0%)
  - IQ-optimize Software GmbH, Maintal (100.0%)

- **IONOS Group SE, Montabaur (63.80%)**
  - IONOS Holding SE, Montabaur (100.0%)
    - STRATO AG, Berlin (100.0%)
      - Cronon GmbH, Berlin (100.0%)
      - STRATO Customer Service GmbH, Berlin (100.0%)
    - IONOS SE, Montabaur (100.0%)
      - 1&1 Internet Development SRL, Bucharest / Romania (100.0%)
      - IONOS Inc., Philadelphia / USA (100.0%)

    - A1 Media USA LLC, Philadelphia / USA (100.0%)
    - 1&1 Cardgate LLC, Philadelphia / USA (100.0%)
- IONOS Cloud Inc., Newark / USA (100.0%)
- IONOS Datacenter SAS, Niederlauterbach / France (100.0%)
- IONOS Cloud S.L.U., Madrid / Spain (100.0%)
- IONOS Cloud Ltd., Gloucester / UK (100.0%)
- IONOS (Philippines) Inc., Cebu City / Philippines (99.96%)
- IONOS S.A.R.L., Saargemünd / France (100.0%)
- IONOS Service GmbH, Montabaur (100.0%)
- IONOS Cloud Holdings Ltd., Gloucester / UK (100.0%)
    - Fasthosts Internet Ltd., Gloucester / UK (100.0%)
- Arsys Internet S.L.U., Logroño / Spain (100.0%)
    - Arsys Internet E.U.R.L., Perpignan / France (100.0%)
    - Tesys Internet S.L.U., Logroño / Spain (100.0%)
- home.pl S.A., Stettin / Poland (100.0%)
    - AZ.pl Sp. z o.o., Stettin / Poland (100.0%)
    - HBS Cloud Sp. z o.o., Stettin / Poland (100.0%)
    - premium.pl Sp. z o.o., Stettin / Poland (75.0%)
- Immobilienverwaltung AB GmbH, Montabaur (100.0%)
- InterNetX Holding GmbH, Regensburg (100.00%)
    - InterNetX GmbH, Regensburg (100.0%)
        - Domain Robot Enterprises Inc., Vancouver / Canada (100%)
        - InterNetX, Corp., Miami / USA (100.0%)
        - PSI-USA, Inc., Las Vegas / USA (100.0%)
        - Schlund Technologies GmbH, Regensburg (100.0%)
        - PrivateName Services Inc., Richmond / Canada (100.0%)
    - Sedo GmbH, Cologne (100.0%)
        - DomCollect International GmbH, Montabaur (100.0%)
        - Sedo.com LLC, Cambridge / USA (100.0%)
        - Sedo.cn Ltd., Shenzhen / China (100.0%)
- united-domains AG, Starnberg (100.0%)
    - united-domains Reselling GmbH, Starnberg (100.0%)
- we22 GmbH, Cologne (100.0%)
    - we22 Solutions GmbH, Berlin (100.0%)
    - CM4all GmbH, Cologne (100.0%)
        - Content Management Support GmbH (in Liquidation), Cologne (100.0%)
        - Content Management Inc., New York / USA (100.0%)
- World4You Internet Services GmbH, Linz / Austria (100.0%)

Other:

- CA BG AlphaRho AG, Vienna / Austria (100.0%)
- United Internet Corporate Holding SE, Montabaur (100.0%)
- United Internet Corporate Services GmbH, Montabaur (100.0%)
    - A 1 Marketing Kommunikation und neue Medien GmbH, Montabaur (100.0%)
- United Internet Investments Holding AG & Co. KG, Montabaur (100.0%)
- United Internet Management Holding SE, Montabaur (100.0%)
- United Internet Service SE, Montabaur (100.0%)
    - United Internet Sourcing & Apprenticeship GmbH, Montabaur (100.0%)

Associated companies
Investments over whose financial and business policies the Group has a significant influence are carried as associated companies using the equity method pursuant to IAS 28 and comprise the following main companies:

- DomainsBot S.r.l, Rome / Italy (49.0%)
  - DomainsBot Inc., Dover / USA (100.0%)
- Kublai GmbH, Frankfurt am Main (40.0%)
  - Tele Columbus AG, Berlin (95.39%)
- rankingCoach International GmbH, Cologne (31.52%)
- Street Media GmbH, Berlin (28.70%)
- Open-Xchange AG, Cologne (25.39%)
- Stackable GmbH, Pinneberg (27.54%)
- uberall GmbH, Berlin (25.1%)
- AWIN AG, Berlin (20.0%)

Other investments
Companies in which the Group has invested and over whose financial and business policies it has no significant influence (< 20% of voting shares) are included as financial instruments pursuant to IFRS 9 and held as financial assets measured at fair value through other comprehensive income (equity instruments with no recycling of cumulative gains and losses upon derecognition):
- MMC Investments Holding Company Ltd., Port Louis / Mauritius in liquidation (11.36%)
- Worcester Six Management Company Ltd., Birmingham / UK (5.23%)
- High-Tech Gründerfonds III GmbH & Co. KG, Bonn (0.95%)
- Growth Brands Opportunity Group LLC, Wilmington / USA) (< 20.00%)

Changes in the reporting unit

The following companies were acquired in the fiscal year 2023:
- Street Media GmbH, Berlin (28.70%)

The following companies were founded in the fiscal year 2023:
- No events

The legal status of the following companies was changed in the fiscal year 2023:
- No events

The following companies were renamed in the fiscal year 2023:
- No events

The following companies were merged with an existing Group company in the fiscal year 2023:
- No events

The following companies were liquidated in the fiscal year 2023:
- United Domains Inc., Cambridge / USA (100.0%)

49. Subsequent events

There were no significant events subsequent to the end of the reporting period on December 31, 2023 which had a major impact on the financial position and performance or the accounting and reporting of the Company or Group with effects on accounting and reporting.

50. Auditing fees

In fiscal year 2023, auditing fees totaling € 5.5m (prior year: € 5.3m) were expensed in the Consolidated Financial Statements. These include auditing fees of € 4.1m (prior year: € 3.2m), other assurance services of € 1.4m (prior year: € 2.1m) and € 0m of other services (prior year: € 0m). Auditing fees comprise both statutory audits, as well as voluntary audits. Other assurance services mainly relate to assurances in connection with the Sustainability Report. In the previous year, there were additional assurances in connection with the IPO of IONOS Group SE. The other services mainly include fees for project-related consulting services.

51. Corporate Governance Code

The declaration pursuant to section 161 AktG on observance of the German Corporate Governance Code was submitted by the Management Board and Supervisory Board and has been made available to shareholders via the internet portal of United Internet AG at www.united-internet.de. The declaration for 1&1 AG is available at www.1und1.de and for IONOS Group SE at www.ionos.de.

Montabaur, March 19, 2024

The Management Board

Ralph Dommermuth Ralf Hartings Markus Huhn

DEVELOPMENT OF FIXED ASSETS

for the fiscal year 2023 and 2022 in €k

2023	Acquisition and production costs						
	Jan. 01, 2023	Additions from initial consolidation	Additions	Disposals	Reclassifica tions	Exchange rate differences	Dec. 31, 2023
Intangible assets							
Software / licenses	233,935	0	29,281	33,218	16,774	318	247,090
Spectrum licenses	1,070,187	0	0	0	0	0	1,070,187
Trademarks	213,554	0	0	66	0	-30	213,460
Customer base	1,234,815	0	1,116	1	0	2,467	1,238,396
Goodwill	3,666,238	0	0	0	0	6,132	3,672,371
Rights similar to concessions	165,000	0	0	0	0	0	165,000
Internally generated intangible assets	57,918	0	11,035	2,684	0	395	66,664
Other intangible assets	73,680	0	203	370	0	0	73,513
Rights of use from leases	9,282	0	0	0	0	0	9,282
Payments on account	129,771	0	149,389	0	-16,751	0	262,410
Total (I)	**6,854,381**	**0**	**191,024**	**36,339**	**24**	**9,282**	**7,018,373**
Property, plant and equipment							**0**
Land and buildings	36,440	0	752	10	289	325	37,798
Telecommunication equipment	1,206,943	0	196,988	11,473	39,738	0	1,432,196
Network infrastructure	222,601	0	49,433	5,987	2,267	0	268,315
Operating and office equipment	698,197	0	102,064	102,980	4,594	-1,777	700,098
Payments on account	244,521	0	257,631	1,198	-46,888	-35	454,031
Leasing	1,074,461	0	291,165	35,758	0	10	1,329,878
Total (II)	**3,483,163**	**0**	**898,033**	**157,406**	**1**	**-1,478**	**4,222,314**
Total	**10,337,544**	**0**	**1,089,057**	**193,745**	**25**	**7,805**	**11,240,687**

	Accumulated depreciation							NET BOOK VALUE	
	Jan. 01, 2023	Additions	Disposals	Reclassifica tions	Exchange rate differences	Additions from initial consolidation	Dec. 31, 2023	Jan. 01, 2023	Dec. 31, 2023
	192,610	27,943	33,215	-33,000	297	0	154,635	41,325	92,456
	447	40,819	0	0	0	0	41,266	1,069,740	1,028,921
	5,843	0	66	0	0	0	5,778	207,712	207,682
	810,888	108,664	1	0	1,938	0	921,489	423,927	316,908
	42,804	0	0	0	718	0	43,522	3,623,435	3,628,849
	49,500	33,000	0	33,000	0	0	115,500	115,500	49,500
	23,549	7,476	2,684	0	128	0	28,468	34,369	38,196
	71,537	16	370	0	0	0	71,183	2,142	2,330
	4,508	1,591	0	0	0	0	6,099	4,774	3,182
	0	0	0	0	0	0	0	129,771	262,410
	1,201,687	**219,509**	**36,336**	**0**	**3,081**	**0**	**1,387,940**	**5,652,695**	**5,630,433**
							0	**0**	**0**
	15,092	815	10	0	2	0	15,898	21,348	21,900
	592,049	107,385	9,416	12	0	0	690,029	614,894	742,166
	143,122	9,046	5,913	-12	0	0	146,243	79,479	122,071
	435,860	87,113	100,538	0	-1,687	0	420,749	262,336	279,349
	7,817	833	0	0	0	0	8,650	236,704	445,380
	438,223	113,392	16,232	0	47	0	535,431	636,238	794,447
	1,632,164	**318,584**	**132,108**	**0**	**-1,639**	**0**	**1,817,001**	**1,850,999**	**2,405,313**
	2,833,851	**538,093**	**168,444**	**0**	**1,442**	**0**	**3,204,941**	**7,503,694**	**8,035,746**

2022	Acquisition and production costs						
	Jan. 1, 2022	Additions from initial consolidation	Additions	Disposals	Reclassifica tions	Exchange rate differences	Dec. 31, 2022
Intangible assets							
Software / licenses	296,501	0	15,730	91,868	13,548	24	233,935
Spectrum licenses	1,070,187	0	0	0	0	0	1,070,187
Trademarks	212,496	0	0	0	0	1,058	213,554
Customer base	1,238,525	0	0	2,417	0	-1,294	1,234,815
Goodwill	3,670,805	0	0	0	0	-4,567	3,666,238
Rights similar to concessions	165,000	0	0	0	0	0	165,000
Internally generated intangible assets	48,887	0	9,466	345	0	-89	57,918
Other intangible assets	74,064	0	1,620	2,002	0	-3	73,680
Rights of use from leases	9,282	0	0	0	0	0	9,282
Payments on account	13,685	0	126,554	0	-10,468	0	129,771
Total (I)	**6,799,433**	**0**	**153,370**	**96,632**	**3,080**	**-4,871**	**6,854,381**
Property, plant and equipment							
Land and buildings	22,672	0	4,265	295	9,930	-132	36,440
Telecommunication equipment	998,712	0	190,112	8,358	26,477	0	1,206,943
Network infrastructure	240,343	0	6,226	28,328	4,361	0	222,601
Operating and office equipment	615,247	0	98,551	43,182	24,863	2,717	698,197
Payments on account	86,366	0	228,854	1,321	-68,712	-666	244,521
Leasing	833,378	0	269,703	28,768	0	148	1,074,461
Total (II)	**2,796,719**	**0**	**797,711**	**110,252**	**-3,081**	**2,067**	**3,483,163**
Total	**9,596,151**	**0**	**951,081**	**206,884**	**-2**	**-2,804**	**10,337,544**

Accumulated depreciation							NET BOOK VALUE	
Jan. 1, 2022	Additions	Disposals	Reclassifications	Exchange rate differences	Additions from initial consolidation	Dec. 31, 2022	Jan. 1, 2022	Dec. 31, 2022
241,831	42,500	91,847	113	12	0	192,610	54,670	41,325
0	447	0	0	0	0	447	1,070,187	1,069,740
5,569	274	0	0	0	0	5,843	206,928	207,712
696,915	117,476	2,417	0	-1,086	0	810,888	541,610	423,927
42,974	0	0	0	-170	0	42,804	3,627,831	3,623,435
33,000	16,500	0	0	0	0	49,500	132,000	115,500
15,712	8,060	203	0	-22	0	23,549	33,175	34,369
73,258	282	2,002	0	-1	0	71,537	806	2,142
2,917	1,591	0	0	0	0	4,508	6,365	4,774
0	0	0	0	0	0	0	13,685	129,771
1,112,177	**187,131**	**96,468**	**113**	**-1,267**	**0**	**1,201,687**	**5,687,257**	**5,652,695**
14,564	841	295	-16	-3	0	15,092	8,108	21,348
507,739	92,034	7,724	0	0	0	592,049	490,973	614,894
164,034	7,249	28,161	0	0	0	143,122	76,308	79,479
391,252	84,109	41,052	-98	1,649	0	435,860	223,995	262,336
6,735	1,082	0	0	0	0	7,817	79,631	236,704
332,770	108,668	3,288	0	73	0	438,223	500,608	636,238
1,417,094	**293,983**	**80,519**	**-113**	**1,720**	**0**	**1,632,164**	**1,379,625**	**1,850,999**
2,529,270	**481,114**	**176,988**	**0**	**453**	**0**	**2,833,851**	**7,066,883**	**7,503,694**

INDEPENDENT AUDITOR'S REPORT

To United Internet AG, Montabaur

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of United Internet AG, Montabaur, and its subsidiaries (the Group), which comprise the Balance Sheet as at 31 December 2023, and the Net Income, Consolidated Statement of Changes in Shareholders' Equity and Cash Flow for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the Group Management Report of United Internet AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and

- the accompanying Group Management Report as a whole provides an appropriate view of the Group's position. In all material respects, this Group Management Report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group Management Report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the Group Management Report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group Management Report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Appropriateness of revenue recognition

2 Recoverability of goodwill and intangible assets not yet available for use (spectrum)

Our presentation of these key audit matters has been structured in each case as follows:

1 Matter and issue

2 Audit approach and findings

3 Reference to further information

Hereinafter we present the key audit matters:

1 Appropriateness of revenue recognition

1 In the consolidated financial statements of United Internet AG, revenue (sales) of EUR 6,213.2 million is recognized in the consolidated statement of comprehensive income. This significant item in terms of its amount is subject to particular risk due to the complexity of the processes and controls necessary for correct recognition and deferral, the impact of ever-changing business, price and tariff models (including tariff structures, customer discounts, incentives), and the existence of multiple-element arrangements.

In addition, the accounting standard applicable to revenue recognition, IFRS 15 – Revenue from contracts with customers (IFRS 15), requires estimates and judgments in certain areas – such as determining the transaction price and allocating it to the performance obligations identified in a multiple-element arrangement based on the relative stand-alone selling prices – that had to be assessed for appropriateness in the context of our audit. Against this background, the accounting treatment of revenue was of particular significance in the context of our audit.

2 In the knowledge that the complex nature of this matter and the need to make estimates and assumptions give rise to an increased risk of accounting misstatements, as part of our audit we began by assessing the processes and controls put in place by the Group, including the IT systems used for the purposes of revenue recognition. In particular, we assessed the IT system environment

for billing and measurement, other relevant systems supporting the accounting treatment of revenue, and the billing and measurement systems right up to entries in the general ledger.

Furthermore, we evaluated the transaction prices to be determined based on contracts with customers and their allocation to the performance obligations identified in a multiple-element arrangement on the basis of the relative stand-alone selling prices, and assessed whether these obligations were satisfied over time or at a point in time. In this context, we also assessed the appropriateness of the procedure used to allocate revenue to the correct period, and the estimates and judgments made by the executive directors with respect to revenue recognition and accrual/deferral. We took account of the increased inherent risk in the case of manual entries, in particular by performing additional analytical audit procedures, for instance by means of time series analyses or by forming ratios. Furthermore, we assessed the accounting consequences of new business, price and tariff models and the appropriateness of the associated changes to the processes and IT systems used for the purposes of revenue recognition. We examined customer invoices and the related contracts, as well as payments received on a test basis for selected companies and revenue streams. We applied consistent audit procedures for the audit of the operating subsidiaries to ensure that we responded appropriately throughout the Group to the inherent audit risk relating to revenue recognition.

We were able to satisfy ourselves that the systems, processes and controls in place are appropriate and that the estimates and assumptions made by the executive directors with respect to revenue recognition are sufficiently documented and substantiated to ensure that revenue is properly accounted for.

3 The Company's disclosures relating to revenue recognition in the consolidated financial statements of United Internet AG are contained in the sections "2.1 Explanation of main accounting measurement policies", "3. Significant accounting judgments, estimates, and assumptions" and "5. Sales revenue/segment reporting" of the notes to the consolidated financial statements.

2 Recoverability of goodwill and intangible assets not yet available for use (spectrum)

1 Non-current assets amounting in total to EUR 9,405.6 million are reported in the consolidated financial statements of United Internet AG. Goodwill amounting in total to EUR 3,628.8 million (32.3% of total assets or 65.3% % of equity) is reported under the "Goodwill" balance sheet item. Furthermore, intangible assets (spectrum) amounting to EUR 1,069.7 million (10.3% of total assets or 20.2% of equity) are reported under the "Intangible assets" balance sheet item that, in part, are not yet available for use and thus not subject to amortization (hereinafter "intangible assets (spectrum)").

Goodwill and intangible assets (spectrum) are tested for impairment by the Company once a year or when there are indications of impairment to determine any need for write-downs. The impairment test is carried out at the level of the respective cash-generating units to which the goodwill or intangible assets (spectrum) are allocated. The carrying amount of the relevant cash-generating unit, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined on the basis of fair value less costs of disposal in the case of the cash-generating units of the Business Applications and Consumer Applications segments, and using the value in use for the "1&1 Consumer Access" (goodwill) and "1&1 Mobile Network" (intangible assets (spectrum)) cash-generating units in the Consumer Access segment. The present value of the future cash flows from the respective cash-generating unit normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted budget of the Group forms the starting point which is extrapolated based on assumptions about the Group's medium term business development and long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating unit. The impairment tests on goodwill and on intangible assets (spectrum) determined that no write-downs were necessary in financial year 2023.

The outcome of the impairment tests is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective cash-generating units, the discount rate used, the rates of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuations, this matter was of particular significance in the context of our audit.

2 As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash flows used for the calculation against the adopted budget and the medium-term business plan of the Group prepared on this basis, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rate applied and the growth rates can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate and the growth rates applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes relating to cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill or intangible assets (spectrum).

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3 The Company's disclosures relating to the "Goodwill" balance sheet item and to intangible assets (spectrum) are contained in the sections "2.1 Explanation of main accounting measurement policies", "3. Significant accounting judgments, estimates, and assumptions", "27. Intangible assets (without goodwill)", "28. Goodwill" and "29. Impairment of goodwill and intangible assets with indefinite useful lives, as well as intangible assets not yet usable (spectrum licenses)" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the section "1.4 Main focus areas for products and innovations" of the group management report
- the disclosures marked as unaudited in sections "2.2 Business development", "2.3 Position of the Group" and "5. Internal control and risk management system" of the group management report
- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "7. Corporate governance declaration" of the group management report

The other information comprises further

- the separate non-financial group report to comply with §§ 315b to 315c HGB

- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the Group Management Report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group Management Report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group Management Report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group Management Report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management Report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group Management Report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the Group Management Report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the Group Management Report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the Group Management Report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the Group Management Report (hereinafter the "ESEF documents") contained in the electronic file unitedinternetag_KA_ZLB_2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the Group Management Report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the Group Management Report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying Group Management Report for the financial year from 1 January to 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the Group Management Report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the Group Management Report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited Group Management Report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 17 May 2023. We were engaged by the supervisory board on 12 October 2023. We have been the group auditor of the United Internet AG, Montabaur, without interruption since the financial year 2022.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR’S REPORT

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited Group Management Report as well as the assured ESEF documents. The consolidated financial statements and the Group Management Report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited Group Management Report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Erik Hönig.

Düsseldorf, March 19, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Erik Hönig Wirtschaftsprüfer [German Public Auditor]	Christian David Simon Wirtschaftsprüfer [German Public Auditor]

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Management Report and 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.

Montabaur, March 19, 2024

The Management Board

Ralph Dommermuth   Ralf Hartings   Markus Huhn

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