



**Interim Statement  
Q3 2022**

## SELECTED KEY FIGURES

	Sept. 30, 2022	Sept. 30, 2021	Change
<b>NET INCOME (in € million)</b>			
Sales	4,384.3	4,167.9	+ 5.2%
EBITDA <sup>(1)</sup>	983.3	952.1	+ 3.3%
EBIT <sup>(1)</sup>	622.0	601.5	+ 3.4%
EBT <sup>(1)</sup>	569.1	578.1	- 1.6%
EPS (in €) <sup>(1)</sup>	1.59	1.68	- 5.4%
<b>BALANCE SHEET (in € million)</b>			
Current assets	1,650.5	1,551.6	+ 6.4%
Non-current assets	8,372.5	8,032.5	+ 4.2%
Equity	5,227.5	4,810.2	+ 8.7%
Equity ratio	52.2%	50.2%	
Total assets	10,023.0	9,584.1	+ 4.6%
<b>CASH FLOW (in € million)</b>			
Operative cash flow	761.5	796.7	- 4.4%
Cash flow from operating activities	400.0	535.9	- 25.4%
Cash flow from investing activities	- 344.9	- 451.9	
Free cash flow <sup>(2)</sup>	- 38.4	253.1	
<b>EMPLOYEES</b>			
Total headcount as of September 30	10,307	9,954	+ 3.5%
thereof in Germany	8,393	8,178	+ 2.6%
thereof abroad	1,914	1,776	+ 7.8%
<b>SHARE (in €)</b>			
Share price as of September 30 (Xetra)	19.26	33.62	- 42.7%
<b>CUSTOMER CONTRACTS (in million)</b>			
Consumer Access, total contracts	15.65	15.27	+ 0.38
thereof Mobile Internet	11.52	11.01	+ 0.51
thereof broadband connections	4.13	4.26	- 0.13
Consumer Applications, total accounts	42.55	41.74	+ 0.81
thereof with Premium Mail subscription (contracts)	1.77	1.70	+ 0.07
thereof with Value-Added subscription (contracts)	0.75	0.75	0.00
thereof free accounts	40.03	39.29	+ 0.74
Business Applications, total contracts	8.94	8.69	+ 0.25
thereof in Germany	4.34	4.21	+ 0.13
thereof abroad	4.60	4.48	+ 0.12
Fee-based customer contracts, total	27.11	26.41	+ 0.70

(1) 2022 without a non-cash valuation effect from derivatives (EBITDA, EBIT and EBT effect: € +12.2 million; EPS effect: € +0.05); 2021 without a non-period positive effect on earnings (EBITDA, EBIT and EBT effect: € +39.4 million; EPS effect: € +0.11) and without a non-cash valuation effect from derivatives (EBITDA, EBIT and EBT effect: € +3.0 million; EPS effect: € +0.01)

(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; Reporting including the repayment portion of lease liabilities, which have been reported under cash flow from financing activities

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**Dear shareholders, employees,  
and business associates,**

United Internet AG can look back on a successful first nine months of 2022. In the reporting period, we once again invested in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. In total, we increased the number of fee-based customer contracts by 430,000 to 27.11 million contracts. Of this amount, 220,000 contracts were added in the Consumer Access segment (+450,000 operating growth less -230,000 contracts due to the German Telecommunications Act effect ("Telekommunikationsgesetz" -TKG)) and 160,000 contracts in the Business Applications segment. We gained a further 50,000 contracts in the Consumer Applications segment. Due to seasonal effects however, ad-financed free accounts were 290,000 down on December 31, 2021 at 40.03 million, but at the same time 740,000 accounts above the comparative prior-year reporting date of September 30, 2021.

In the first nine months of 2022, sales grew by 5.2% from € 4,167.9 million in the previous year to € 4,384.3 million.

Prior-year earnings were impacted by a (non-period) positive effect of € 39.4 million. Without consideration of this earnings effect and additionally adjusted for positive non-cash valuation effects from derivatives of € 3.0 million in the previous year and € 12.2 million in the first nine months of 2022, the Group's key earnings figures developed as follows: operating EBITDA rose by 3.3%, from € 952.1 million in the previous year to € 983.3 million, and operating EBIT by 3.4% from € 601.5 million to € 622.0 million.

These earnings figures include expenses incurred for the construction of 1&1's mobile communications network amounting to € -26.1 million (prior year: € -24.5 million), as well as costs for the announced additional marketing activities of IONOS to raise brand awareness of € -12.6 million. There were also increased electricity costs of € -16.3 million compared to the previous year.

Operating earnings per share (EPS) fell from € 1.68 in the previous year to € 1.59 and EPS before PPA from € 1.97 to € 1.89 (in each case without consideration of the non-period positive effect on earnings in 2021 and the positive valuation effects from derivatives in 2021 and 2022). This decline in EPS was mainly due to a year-on-year decrease in the financial result, which was impacted in part by the subsequent measurement of financial derivatives (EPS effect: € -0.03; prior year: € +0.02), as well as - with regard to the result from associated companies - the prorated negative result of Kublai GmbH, which was only partially included in the comparative figures for the first nine months of 2021 as the takeover of Tele Columbus AG was only completed during the course of the previous year (EPS effect: € -0.12; prior year: € -0.05).

Apart from our good operating performance, we also signed further important agreements in the reporting period to ensure the efficient rollout of our mobile communications network. These agreements include the contract signed on April 4, 2022 between 1&1 and GfTD GmbH regarding the construction of antenna locations. The first order is for 500 new locations. GfTD is one of Germany's leading service providers for radio tower infrastructure and will act as general contractor for the nationwide construction of new antenna locations for 1&1's mobile communications network. Noteworthy is also the framework contract for the renting of existing antenna locations signed on April 21, 2022 between 1&1 and ATC Germany Holdings GmbH, a German subsidiary of American Tower Corporation (ATC). As an independent owner of communications sites, ATC is one of the world's leading providers of radio tower infrastructure with around 15,000 antenna locations in Germany. As part of the agreement, ATC will provide antenna masts for the installation of 1&1's high-performance antennas. Both companies

will work closely together to assess the availability of co-location sites which can be gradually put into operation in the near future. The individual location agreements have terms of 20 years and can be extended several times by 1&1.

In a press release issued on September 30, 2022, we updated our full-year guidance for 2022. We continue to expect an increase in consolidated sales for the full year 2022 to approx. € 5.85 billion. Due in part to slightly lower expenses for the 1&1 network rollout, EBITDA 2022 is likely to rise to approx. € 1.270 billion (previously expected: € 1.259 billion). In addition to costs for the 1&1 network rollout of approx. € 60 million (previously expected: € 70 million), the EBITDA forecast continues to include approx. € 30 million for additional marketing activities of IONOS as well as increased electricity costs of approx. € 20 million.

We are well prepared for the next steps in our Company's development and upbeat about our prospects for the remaining months of the fiscal year. In view of the successful first nine months of 2022, we would like to express our heartfelt gratitude to all employees for their dedicated efforts as well as to our shareholders and business associates for the trust they continue to place in United Internet AG.

Montabaur, November 10, 2022



Ralph Dommermuth

# INTERIM STATEMENT ON THE THIRD QUARTER OF 2022

## Business development

### Development of divisions and segments

The United Internet Group's operating activities are divided into the two business divisions Access and Applications, which in turn comprise the segments Consumer Access and Business Access, as well as Consumer Applications and Business Applications.

### Development of the Consumer Access segment

In the first nine months of 2022, the number of **fee-based contracts in the Consumer Access segment** rose by 220,000 contracts (+450,000 operating growth less -230,000 contracts due to the TKG effect) to 15.65 million. Broadband connections decreased by -110,000 (-30,000 operating and -80,000 contracts due to the TKG effect) to 4.13 million, while mobile internet contracts increased by 330,000 (+480,000 operating less -150,000 contracts due to the TKG effect) to 11.52 million.

#### Development of Consumer Access contracts in the first nine months of 2022

in million	Sept. 30, 2022	Dec. 31, 2021	Change
Consumer Access, total contracts	15.65	15.43	+ 0.22
thereof Mobile Internet	11.52	11.19	+ 0.33
thereof broadband connections	4.13	4.24	- 0.11

#### Development of Consumer Access contracts in the third quarter of 2022

in million	Sept. 30, 2022	June 30, 2022	Change
Consumer Access, total contracts	15.65	15.55	+ 0.10
thereof Mobile Internet	11.52	11.38	+ 0.14
thereof broadband connections	4.13	4.17	- 0.04

In the first nine months of 2022, **sales of the Consumer Access segment** rose by 1.8% from € 2,880.5 million in the previous year to € 2,933.6 million.

This at first glance only moderate growth in total sales was due in particular to fluctuations during the year in (low-margin) hardware sales, which rose only slightly during the reporting period by 0.4%, or € 2.2 million, from € 544.7 million to € 546.9 million. Such hardware sales (especially smartphones) 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 not the case, however, it would have no impact on the segment's EBITDA trend as high-margin **service revenues** – which represent the core business of the segment – improved at the same time by 2.2% from € 2,335.8 million to € 2,386.7 million.

The segment's key earnings figures in the previous year were affected by a **(non-period) positive effect on earnings** of € 39.4 million, which was attributable to the second half of 2020. Without consideration of this (non-period) positive earnings effect in the previous year, the segment's key

earnings figures developed as follows: **operating segment EBITDA** improved by 7.4%, from € 513.9 million in the prior-year period to € 552.0 million, and **operating segment EBIT** by 9.8% from € 393.1 million to € 431.5 million.

In addition to increased electricity costs (€ -0.7 million), the above mentioned operating EBITDA and EBIT figures also include expenses for the construction of 1&1's mobile communications network of € -26.1 million (prior year: € -24.5 million).

The **operating EBITDA margin** rose from 17.8% to 18.8% and the **operating EBIT margin** from 13.6% to 14.7%.

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

	9M 2022	9M 2021	
Sales	2,933.6	2,880.5	+ 1.8 %
<b>thereof service sales</b>	<b>2,386.7</b>	<b>2,335.8</b>	<b>+ 2.2 %</b>
thereof other sales <sup>(1)</sup>	546.9	544.7	+ 0.4 %
EBITDA	552.0	513.9 <sup>(2)</sup>	+ 7.4 %
EBIT	431.5	393.1 <sup>(2)</sup>	+ 9.8 %

(1) Mainly hardware sales

(2) Excluding a non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million)

#### Quarterly development; change over prior-year quarter

in € million	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change
Sales	1002.5	969.4	971.3	992.9	964.3	+ 3.0%
<b>thereof service sales</b>	<b>787.6</b>	<b>789.1</b>	<b>792.8</b>	<b>804.8</b>	<b>794.1</b>	<b>+ 1.3%</b>
thereof other sales <sup>(1)</sup>	214.9	180.3	178.5	188.1	170.2	+ 10.5%
EBITDA	160.7	187.9	182.2	181.9	176.9	+ 2.8%
EBIT	117.4	147.5	142.0	142.0	134.9	+ 5.3%

(1) Mainly hardware sales

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

in € million	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020	9M 2021	9M 2022
Sales	2,683.4	2,709.2	2,792.8	2,880.5	2,933.6
<b>thereof service sales</b>	<b>2,136.4</b>	<b>2,200.3</b>	<b>2,257.7</b>	<b>2,335.8</b>	<b>2,386.7</b>
thereof other sales <sup>(1)</sup>	547.0	508.9	535.1	544.7	546.9
EBITDA	521.8	508.6	477.8 <sup>(2)</sup>	513.9 <sup>(3)</sup>	552.0
EBITDA margin	19.4%	18.8%	17.1%	17.8%	18.8%
EBIT	401.1	396.6	364.9 <sup>(2)</sup>	393.1 <sup>(3)</sup>	431.5
EBIT margin	14.9%	14.6%	13.1%	13.6%	14.7%

(1) Mainly hardware sales

(2) Including the non-period positive effect on earnings in 2021 attributable to the third quarter of 2020 (EBITDA and EBIT effect: € +19.2 million)

(3) Excluding a non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million)

Apart from these good operating figures, the Group subsidiary 1&1 signed further important agreements in the first nine months of 2022 to ensure the efficient rollout of its mobile communications network. These agreements include the contract signed on April 4, 2022 between 1&1 and GfTD GmbH regarding the construction of antenna locations. The first order is for 500 new locations. GfTD is one of Germany's leading service providers for radio tower infrastructure and will act as general contractor for the nationwide construction of new antenna locations for 1&1's mobile communications network. Noteworthy is also the framework contract for the renting of existing antenna locations signed on April 21, 2022 between 1&1 and ATC Germany Holdings GmbH, a German subsidiary of American Tower Corporation (ATC). As an independent owner of communications sites, ATC is one of the world's leading providers of radio tower infrastructure with around 15,000 antenna locations in Germany. As part of the agreement, ATC will provide 1&1 with antenna masts for the installation of 1&1's high-performance antennas. Both companies will work closely together to assess the availability of co-location sites which can be gradually put into operation in the near future. The individual location agreements have terms of 20 years and can be extended several times by 1&1.

The contracts with GfTD and ATC complement the partnership agreements already signed in 2021 for the rollout of 1&1's mobile communications network. These include the national roaming agreement between 1&1 and Telefónica concluded on May 21, 2021, which secures nationwide mobile coverage for 1&1 customers during the construction phase of our own network through shared use of the Telefónica network, as well as the partnership announced on August 4, 2021 between 1&1 and Rakuten for the construction of Europe's first fully virtualized mobile network based on the innovative OpenRAN technology. In addition, 1&1 signed an intercompany agreement with 1&1 Versatel on December 9, 2021, which in particular provides the access network (primarily fiber-optic cables) and data centers for operating 1&1's mobile network on a rental basis. On the same date, 1&1 also signed an agreement with Vantage Towers AG, one of Europe's leading companies for radio tower infrastructure, which secures access to up to 5,000 existing masts for the installation of 1&1's high-performance antennas.

As part of its successful participation in the 5G spectrum auction, 1&1 accepted binding rollout requirements from Germany's Federal Network Agency. The first milestone was to set up 1,000 antenna locations by the end of 2022. After two years of negotiations with the established network operators on national roaming, this target was achievable but quite challenging for a new operator. After concluding its national roaming agreement with Telefónica, 1&1 immediately contracted leading partners for radio tower infrastructure. While two of the three infrastructure partners are delivering according to contract, the most significant partner in terms of volume for the achievement of the first milestone surprisingly informed 1&1 in September that it would not be able to meet its contractually agreed obligations on time, despite taking acceleration measures (1&1 press release of September 16, 2022). Due to the reported delivery delay, 1&1 does not currently expect to reach the first 1,000 antenna locations until the summer of 2023. This will have no impact on 1&1's long-term network rollout plans. The company remains confident that it will achieve 50% coverage of German households by the end of 2030 and now expects to achieve this by 2026/2027. As a result of the postponements, 1&1 has reduced the total expected (EBITDA-effective) expenses for the construction of its mobile network in 2022 from approx. € 70 million to approx. € 60 million and at the same time adjusted its capex requirements for 2022 from approx. € 400 million to approx. € 250 million.

## Development of the Business Access segment

Despite negative regulatory effects of € 4.8 million, **sales in the Business Access segment** rose by 4.2% in the first nine months of 2022, from € 382.7 million to € 398.7 million.

At € 113.5 million, **segment EBITDA** was 4.5% below the prior-year figure of € 118.8 million. There was a corresponding decline in the **EBITDA margin** from 31.0% to 28.5%. In addition to increased electricity costs (€ -1.3 million) and costs for the necessary (Deutsche Telekom is terminating SDH-based advance services) and also economically sensible SDH migration (€ -1.6 million), this was mainly due to start-up costs for the construction of 1&1's mobile communications infrastructure (€ -7.3 million).

Under the terms of an intercompany agreement, 1&1 Versatel is responsible in particular for setting up data centers and fiber-optic connections for 1&1 and providing them to 1&1 on a rental basis. During the set-up period, and in order to avoid potential supply bottlenecks in the future, 1&1 Versatel has decided (as already reported on presentation of the half-year figures 2022) to perform more in advance for 1&1 than originally planned and bring forward some investments originally planned for the following year to the fiscal year 2022. In addition to these burdens on earnings, there are currently unexpected delays in the provision of antenna locations due to the delivery bottlenecks of one of 1&1's rollout partners (1&1 press release of September 16, 2022), which are also having a negative impact on 1&1 Versatel's earnings (since start-up costs already incurred cannot yet be invoiced). Against this backdrop, United Internet continues to expect visible revenue growth for 2022 in this segment, but now expects EBITDA to be slightly below the prior-year level.

As a result of increased writedowns for network infrastructure, **segment EBIT** decreased from € -17.5 million in the previous year to € -31.3 million in the first nine months of 2022.

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

Sales	398.7	382.7	+ 4.2 %
EBITDA	113.5	118.8	- 4.5 %
EBIT	-31.3	-17.5	

Legend: 9M 2022 (red), 9M 2021 (grey)

### Quarterly development; change over prior-year quarter

in € million	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change
Sales	131.7	128.4	133.4	136.9	124.3	+ 10.1%
EBITDA	41.7	36.6	39.1	37.8	39.7	- 4.8%
EBIT	-5.3	-11.0	-8.6	-11.7	-6.1	

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

in € million	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020	9M 2021	9M 2022
Sales	334.6	352.5	366.6	382.7	398.7
EBITDA	43.6	105.0	114.3	118.8	113.5
EBITDA margin	13.0%	29.8%	31.2%	31.0%	28.5%
EBIT	-52.5	-43.0	-34.6	-17.5	-31.3
EBIT margin	-	-	-	-	-

## Development of the Consumer Applications segment

The number of **pay accounts** (fee-based contracts) in the Consumer Applications segment rose by 50,000 to 2.52 million contracts in the first nine months of 2022. Due to seasonal effects, however, ad-financed **free accounts** were 290,000 down on December 31, 2021 at 40.03 million, but at the same time 740,000 accounts above the comparative prior-year reporting date of September 30, 2021. Due to the temporary decline in free accounts, the number of **Consumer Applications accounts** also decreased in total by 240,000 to 42.55 million in the reporting period.

### Development of Consumer Applications accounts in the first nine months of 2022

in million	Sept. 30, 2022	Dec. 31, 2021	Change
Consumer Applications, total accounts	42.55	42.79	- 0.24
thereof with Premium Mail subscription	1.77	1.72	+ 0.05
thereof with Value-Added subscription	0.75	0.75	0.00
thereof free accounts	40.03	40.32	- 0.29

### Development of Consumer Applications accounts in the third quarter of 2022

in million	Sept. 30, 2022	June 30, 2022	Change
Consumer Applications, total accounts	42.55	42.34	+ 0.21
thereof with Premium Mail subscription	1.77	1.76	+ 0.01
thereof with Value-Added subscription	0.75	0.75	0.00
thereof free accounts	40.03	39.83	+ 0.20

Since the beginning of the second quarter of 2022, the online advertising market has been shaped by a noticeable decline in advertising activity brought about by the war in Ukraine and high inflation. In spite of this challenging sector environment, **segment sales** were increased by 3.9% – compared to the already good prior-year figures – from € 200.1 million to € 208.0 million.

There was also growth in the segment's key earnings figures in the reporting period. Adjusted for positive non-cash valuation effects from derivatives of € 3.0 million in the previous year and € 12.2 million in the first nine months of 2022, operating **segment EBITDA** rose by 3.9% from € 80.5 million to € 83.6 million and operating **segment EBIT** by 3.8% from € 63.6 million to € 66.0 million. These earnings figures include increased electricity costs of € -2.4 million.

The **EBITDA margin** was unchanged from the previous year at 40.2% and the **EBIT margin** fell slightly from 31.8% to 31.7%.

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

	9M 2022	9M 2021	Change
Sales	208.0	200.1	+ 3.9 %
EBITDA	83.6 <sup>(1)</sup>	80.5 <sup>(2)</sup>	+ 3.9 %
EBIT	66.0 <sup>(1)</sup>	63.6 <sup>(2)</sup>	+ 3.8 %

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +12.2 million)

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.0 million)

**Quarterly development; change over prior-year quarter**

in € million	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change
Sales	79.0	70.2	69.9	67.9	65.9	+ 3.0%
EBITDA	37.1 <sup>(1)</sup>	26.7 <sup>(1)</sup>	29.7 <sup>(1)</sup>	27.2 <sup>(1)</sup>	25.3 <sup>(1)</sup>	+ 7.5%
EBIT	31.4 <sup>(1)</sup>	20.8 <sup>(1)</sup>	23.8 <sup>(1)</sup>	21.4 <sup>(1)</sup>	19.6 <sup>(1)</sup>	+ 9.2%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +2.1 million in Q3 2021; € +1.9 million in Q4 2021; € +0.8 million in Q1 2022; € +3.8 million in Q2 2022; € +7.6 million in Q3 2022)

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

in € million	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020	9M 2021	9M 2022
Sales <sup>(1)</sup>	203.9	178.2 (184.5)	180.9	200.1	208.0
EBITDA	79.9	70.6	69.5	80.5 <sup>(2)</sup>	83.6 <sup>(3)</sup>
EBITDA margin	39.2%	39.6%	38.4%	40.2%	40.2%
EBIT	70.8	58.2	54.4	63.6 <sup>(2)</sup>	66.0 <sup>(3)</sup>
EBIT margin	34.7%	32.7%	30.1%	31.8%	31.7%

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

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.0 million)

(3) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +12.2 million)

**Development of the Business Applications segment**

The number of **fee-based Business Applications contracts** was increased by 160,000 contracts in the first nine months of 2022. This growth resulted from 80,000 contracts in Germany and 80,000 contracts abroad. As a result, the total number of contracts rose to 8.94 million.

**Development of Business Applications contracts in the first nine months of 2022**

in million	Sept. 30, 2022	Dec. 31, 2021	Change
Business Applications, total contracts	8.94	8.78	+ 0.16
thereof in Germany	4.34	4.26	+ 0.08
thereof abroad	4.60	4.52	+ 0.08

**Development of Business Applications contracts in the third quarter of 2022**

in million	Sept. 30, 2022	June 30, 2022	Change
Business Applications, total contracts	8.94	8.91	+ 0.03
thereof in Germany	4.34	4.32	+ 0.02
thereof abroad	4.60	4.59	+ 0.01

**Sales of the Business Applications segment** rose significantly by 18.7% in the first nine months of 2022, from € 774.9 million in the previous year to € 919.7 million. The after-market business of Sedo (domain trading platform and domain parking) contributed 11.0 percentage points to this sales growth.

**Segment EBITDA** improved by 3.1% from € 242.2 million to € 249.8 million. In addition to increased electricity costs (€ -11.9 million compared to the previous year), this figure also includes costs for the announced additional marketing activities of IONOS to raise brand awareness in its most important European markets of € -12.6 million in the first nine months of 2022.

Also burdened by these costs, **segment EBIT** increased by 3.2% from € 168.1 million to € 173.5 million.

Due to the much stronger growth in sales than in earnings, the **EBITDA margin** and **EBIT margin** decreased from 31.3% to 27.2% and from 21.7% to 18.9%, respectively.

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

	9M 2022	9M 2021	
Sales	919.7	774.9	+ 18.7 %
EBITDA	249.8	242.2	+ 3.1 %
EBIT	173.5	168.1	+ 3.2 %

**Quarterly development; change over prior-year quarter**

in € million	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change
Sales	287.9	300.1	307.9	311.7	260.5	+ 19.7%
EBITDA	73.1	83.1	81.4	85.3	78.9	+ 8.1%
EBIT	46.2	57.8	55.4	60.3	53.9	+ 11.9%

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

in € million	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020	9M 2021	9M 2022
Sales	634.7	665.7	707.3	774.9	919.7
EBITDA	233.9	236.8	254.6	242.2	249.8
EBITDA margin	36.9%	35.6%	36.0%	31.3%	27.2%
EBIT	168.4	156.8	179.0	168.1	173.5
EBIT margin	26.5%	23.6%	25.3%	21.7%	18.9%

## Position of the Group

There were **no significant acquisition or divestment effects** on consolidated and segment sales and EBITDA in the first nine months of 2022. There were also only **minor positive currency effects** at Group and segment level (Business Applications segment) amounting to € 23.8 million for sales and € 5.7 million for EBITDA. The same applies to the Group's asset position, for which there were no significant effects from currency fluctuations.

### Earnings position

In the first nine months of 2022, the total number of **fee-based customer contracts** in the United Internet Group was raised by 430,000 contracts to 27.11 million. Due to seasonal effects, however, there was a decline in ad-financed **free accounts** of 290,000 compared to December 31, 2021, but at the same time an increase of 740,000 accounts over the comparative prior-year reporting date of September 30, 2021.

**Consolidated sales** rose by 5.2% in the first nine months of 2022, from € 4,167.9 million in the previous year to € 4,384.3 million. Due in part to positive currency effects of € 23.8 million, **sales outside Germany** improved by 23.3% from € 371.0 million to € 457.6 million.

The **cost of sales** increased from € 2,695.3 million in the previous year to € 2,857.9 million. As a result, the cost of sales ratio rose from 64.7% (of sales) in the previous year to 65.2% (of sales) in the first nine months of 2022. There was a corresponding decline in the **gross margin** from 35.3% to 34.8%. As a result, the increase in **gross profit** of 2.8% from € 1,472.6 million to € 1,526.4 million fell short of sales growth (5.2%). This deterioration was due to a (non-period) positive effect of € +39.4 million in the previous year.

Due in part to increased marketing expenses of IONOS (€ -12.6 million in the first nine months of 2022), **sales and marketing expenses** rose faster than sales, from € 608.9 million (14.6% of sales) in the previous year to € 654.5 million (14.9% of sales). **Administrative expenses** increased in line with sales from € 184.6 million (4.4% of sales) to € 193.0 million (4.4% of sales).

#### Multi-period overview: Development of key cost items

in € million	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020	9M 2021	9M 2022
Cost of sales	2,501.0	2,546.9	2,686.6	2,695.3 <sup>(1)</sup>	2,857.9
Cost of sales ratio	65.8%	66.1%	67.4%	64.7%	65.2%
Gross margin	34.2%	33.9%	32.6%	35.3%	34.8%
Selling expenses	510.5	556.4	569.4	608.9	654.5
Selling expenses ratio	13.4%	14.4%	14.3%	14.6%	14.9%
Administrative expenses	163.2	154.7	151.1	184.6	193.0
Administrative expenses ratio	4.3%	4.0%	3.8%	4.4%	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)

The Group's key earnings figures in the previous year were impacted by a **(non-period) positive effect on earnings** (Consumer Access segment) of € 39.4 million, attributable to the second half of 2020.

Without consideration of this (non-period) positive earnings effect in the previous year and additionally adjusted for positive non-cash valuation effects from derivatives (Consumer Applications segment) of € 3.0 million in the previous year and € 12.2 million in the first nine months of 2022, the Group's key earnings figures developed as follows: **operating EBITDA for the Group** rose by 3.3%, from € 952.1 million in the previous year to € 983.3 million, and **operating EBIT for the Group** by 3.4% from € 601.5 million to € 622.0 million. These earnings figures include expenses incurred for the construction of 1&1's mobile communications network of € -26.1 million (prior year: € -24.5 million), as well as costs for the announced additional marketing activities of IONOS to raise brand awareness in its most important European markets of € -12.6 million. There were also increased electricity costs of € -16.3 million compared to the prior-year period.

Due to the stronger growth in sales, the **operating EBITDA margin** declined from 22.9% in the previous year to 22.4% and the **operating EBIT margin** from 14.5% to 14.2%.

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

	9M 2022	9M 2021	
Sales	4,384.3	4,167.9	+ 5.2 %
EBITDA	983.3 <sup>(1)</sup>	952.1 <sup>(2)</sup>	+ 3.3 %
EBIT	622.0 <sup>(1)</sup>	601.5 <sup>(2)</sup>	+ 3.4 %

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +12.2 million)

(2) Excluding the non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million) and excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.0 million)

#### Quarterly development; change over prior-year quarter

in € million	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change
Sales	1,478.3	1,443.7	1,457.4	1,483.2	1,392.3	+ 6.5%
EBITDA	307.3 <sup>(1)</sup>	329.2 <sup>(2)</sup>	325.9 <sup>(3)</sup>	328.2 <sup>(4)</sup>	319.2 <sup>(5)</sup>	+ 2.8%
EBIT	184.1 <sup>(1)</sup>	209.4 <sup>(2)</sup>	205.5 <sup>(3)</sup>	207.1 <sup>(4)</sup>	199.9 <sup>(5)</sup>	+ 3.6%

(1) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +1.9 million)

(2) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +0.8 million)

(3) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.8 million)

(4) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +7.6 million)

(5) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +2.1 million)

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

in € million	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020	9M 2021	9M 2022
Sales	3,800.4	3,855.0	3,984.7	4,167.9	4,384.3
EBITDA	874.6	922.5 <sup>(1)</sup>	915.6 <sup>(2)</sup>	952.1 <sup>(3)</sup>	983.3 <sup>(4)</sup>
EBITDA margin	23.0%	23.9%	23.0%	22.9%	22.4%
EBIT	582.8	566.1 <sup>(1)</sup>	560.8 <sup>(2)</sup>	601.5 <sup>(3)</sup>	622.0 <sup>(4)</sup>
EBIT margin	15.3%	14.7%	14.1%	14.5%	14.2%

(1) Excluding extraordinary income from the sale of virtual minds shares (EBITDA and EBIT effect: € +21.5 million)

(2) Including the non-period positive effect on earnings in 2021 attributable to the third quarter of 2020 (EBITDA and EBIT effect: € +19.2 million)

(3) Excluding the non-period positive effect on earnings attributable to the second half of 2020 (EBITDA and EBIT effect: € +39.4 million) and excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +3.0 million)

(4) Excluding a non-cash valuation effect from derivatives (EBITDA and EBIT effect: € +12.2 million)

As a result of the above mentioned (non-period) positive earnings effect of € 39.4 million in the previous year, **earnings before taxes (EBT)** of € 581.3 million were significantly below the prior-year figure (€ 620.5 million). Even without consideration of this (non-period) earnings effect and additionally adjusted for positive non-cash valuation effects from derivatives of € 3.0 million in the previous year and € 12.2 million in the first nine months of 2022, **operating EBT** of € 569.1 million was slightly down on the previous year (€ 578.1 million).

This decline in operating EBT was mainly due to a year-on-year decrease in the financial result, which was impacted in part by the subsequent measurement of financial derivatives (EBT effect: € -7.1 million; prior year: € +4.8 million/ EPS effect: € -0.03; prior year: € +0.02), as well as – with regard to the result from associated companies – the prorated negative result of Kublai GmbH, which was only partially included (five months as opposed to nine months in 2022) in the comparative figures for the first nine months of 2021 as the takeover of Tele Columbus AG was only completed during the course of the previous year (EBT effect: € -22.5 million; prior year: € -10.1 million/ EPS effect: € -0.12; prior year: € -0.05).

Against this backdrop, **earnings per share (EPS)** of € 1.64 were below the prior-year figure (€ 1.80). Without consideration of the (non-period) positive earnings effect (EPS effect: € 0.11 in the previous year), and the positive valuation effects from derivatives (EPS effect: € 0.01 in the previous year and € 0.05 in the first nine months of 2022), **operating EPS** fell from € 1.68 to € 1.59 and **operating EPS before PPA** from € 1.97 to € 1.89.

## Financial position

Due to the decline in net income to € 390.3 million (compared to € 432.1 million in the previous year), **operative cash flow** also fell from € 796.7 million in the previous year to € 761.5 million in the first nine months of 2022.

Due in part to phasing effects of € -97.2 million from Q4 2021, **cash flow from operating activities** decreased from € 535.9 million in the previous year to € 400.0 million.

**Cash flow from investing activities** displayed a net outflow of € 344.9 million in the reporting period (prior year: € 451.9 million). This resulted mainly from disbursements of € 348.6 million (prior year: € 203.9 million) for capital expenditures. Cash flow from investing activities in the previous year was also dominated by payments to acquire shares in associated companies totaling € 220.1 million (especially for the stake in Kublai GmbH), as well as by payments of € 22.6 million for the purchase of shares in affiliates (especially for the acquisition of we22 GmbH (formerly: we22 AG)).

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. In the first nine months of 2022, **free cash flow** decreased from € 335.2 million in the previous year to € 54.4 million. After deducting the cash flow item "Redemption of finance lease liabilities and rights of use" – disclosed in cash flow from financing activities since the initial application of the accounting standard IFRS 16 – free cash flow fell from € 253.1 million to € -38.4 million. In addition to the decrease in net income (€ -41.8 million), this decline was due to the strong increase in capital expenditures (€ -144.7 million), the increased redemption of finance lease liabilities and rights of use (€ -10.7 million), and the strong reduction of trade accounts payable (phasing effects of € -97.2 million from Q4 2021).

**Cash flow from financing activities** in the first nine months of 2022 was dominated by the dividend payment of € 93.4 million (prior year: € 93.6 million), the redemption of lease liabilities of € 92.8 million (prior year: € 82.1 million), the assumption of loans totaling € 94.2 million (prior year: loan assumption of € 512.3 million), as well as payments to minority shareholders of € 15.2 million for the increased shareholding (to 100%) in InterNetX Holding GmbH (prior year: € 458.4 million for increased shareholdings in IONOS TopCo SE and 1&1 AG).

As of September 30, 2022, **cash and cash equivalents** amounted to € 57.2 million – compared to € 75.6 million on the same date last year.

**Development of key cash flow figures**

in € million	9M 2022	9M 2021	Change
Operative cash flow	761.5	796.7	- 35.2
Cash flow from operating activities	400.0	535.9	- 135.9
Cash flow from investing activities	- 344.9	- 451.9	
Free cash flow <sup>(1)</sup>	- 38.4 <sup>(2)</sup>	253.1 <sup>(3)</sup>	- 291.5
Cash flow from financing activities	- 109.8	- 143.1	
Cash and cash equivalents on September 30	57.2	75.6	- 18.4

(1) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment;

2019, 2020, 2021 and 2022 including the repayment portion of lease liabilities, which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

(2) 9M 2022 including the repayment portion of lease liabilities (€ -92.8 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

(3) 9M 2021 including the repayment portion of lease liabilities (€ -82.1 million), which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

**Multi-period overview: Development of key cash flow figures**

in € million	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	9M 2020	9M 2021	9M 2022
Operative cash flow	659.3	725.8	690.5	796.7	761.5
Cash flow from operating activities	326.7	476.0	717.7	535.9	400.0
Cash flow from investing activities	- 268.9	- 69.6	- 349.2	- 451.9	- 344.9
Free cash flow <sup>(1)</sup>	181.7 <sup>(2)</sup>	323.7 <sup>(3)</sup>	284.3	253.1	- 38.4
Cash flow from financing activities	- 235.5	- 415.6	- 441.2	- 143.1	- 109.8
Cash and cash equivalents on September 30	61.3	49.5	43.5	75.6	57.2

(1) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment; 2019, 2020, 2021 and 2022 including the repayment portion of lease liabilities, which have been reported under cash flow from financing activities since the fiscal year 2019 (IFRS 16)

(2) 2018 without tax payment from 2016 (€ 34.7 million)

(3) 2019 without capital gains tax payment (€ 56.2 million) and without tax payments from 2017 and previous years (€ 27.2 million)

## Asset position

The **balance sheet total** increased from € 9.669 billion as of December 31, 2021 to € 10.023 billion on September 30, 2022.

Development of current assets			
in € million	Sept. 30, 2022	Dec. 31, 2021	Change
Cash and cash equivalents	57.2	110.1	- 53.0
Trade accounts receivable	406.9	380.5	+ 26.5
Contract assets	628.3	619.7	+ 8.6
Inventories	113.6	96.5	+ 17.1
Prepaid expenses	262.1	214.0	+ 48.1
Other financial assets	125.8	119.0	+ 6.8
Income tax claims	42.3	46.4	- 4.1
Other non-financial assets	14.3	8.1	+ 6.2
<b>Total current assets</b>	<b>1,650.5</b>	<b>1,594.2</b>	<b>+ 56.3</b>

**Current assets** rose from € 1,594.2 million as of December 31, 2021 to € 1,650.5 million on September 30, 2022. **Cash and cash equivalents** disclosed under current assets decreased from € 110.1 million to € 57.2 million due to closing-date effects. By contrast, **trade accounts receivable** increased from € 380.5 million to € 406.9 million due to closing-date effects and the expansion of business. In order to avoid supply bottlenecks, **inventories** were raised from € 96.5 million to € 113.6 million. Due to prepayments made to advance service providers and closing-date effects, **current prepaid expenses** increased from € 214.0 million to € 262.1 million and mainly comprise the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. The items current **contract assets**, current **other financial assets**, **income tax claims**, and **other non-financial assets** were all largely unchanged.

Development of non-current assets			
in € million	Sept. 30, 2022	Dec. 31, 2021	Change
Shares in associated companies	409.9	431.6	- 21.8
Other financial assets	23.9	11.6	+ 12.3
Property, plant and equipment	1,621.2	1,379.6	+ 241.6
Intangible assets	1,998.2	2,059.4	- 61.2
Goodwill	3,621.8	3,627.8	- 6.0
Trade accounts receivable	43.1	47.3	- 4.2
Contract assets	208.0	206.0	+ 2.0
Prepaid expenses	416.4	287.7	+ 128.6
Deferred tax assets	30.0	23.8	+ 6.2
<b>Total non-current assets</b>	<b>8,372.5</b>	<b>8,074.9</b>	<b>+ 297.6</b>

**Non-current assets** rose from € 8,074.9 million as of December 31, 2021 to € 8,372.5 million on September 30, 2022. Due mainly to the inclusion of the pro rata result of Kublai GmbH (Tele Columbus), **shares in associated companies** fell from € 431.6 million to € 409.9 million. Capital expenditures led to an increase in **property, plant and equipment** from € 1,379.6 million to € 1,621.2 million in the first nine months of 2022, while **intangible assets** declined from € 2,059.4 million to € 1,998.2 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 € 287.7 million to € 416.4 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	Sept. 30, 2022	Dec. 31, 2021	Change
Trade accounts payable	480.9	583.4	- 102.5
Liabilities due to banks	698.3	325.4	+ 372.9
Income tax liabilities	68.5	58.4	+ 10.1
Contract liabilities	163.3	157.9	+ 5.4
Other accrued liabilities	12.8	16.2	- 3.4
Other financial liabilities	341.8	329.2	+ 12.6
Other non-financial liabilities	88.1	135.7	- 47.7
<b>Total current liabilities</b>	<b>1,853.6</b>	<b>1,606.2</b>	<b>+ 247.3</b>

**Current liabilities** increased from € 1,606.2 million as of December 31, 2021 to € 1,853.6 million on September 30, 2022. Due to closing-date effects, current **trade accounts payable** decreased from € 583.4 million to € 480.9 million. There was an increase in current **liabilities due to banks** from € 325.4 million to € 698.3 million following reclassifications from non-current liabilities (in accordance with their maturity). Current **other non-financial liabilities** fell from € 135.7 million to € 88.1 million and mainly include liabilities due to tax authorities as of the respective balance sheet date. The items current **contract liabilities** (which mainly include payments received from customer contracts for which the performance has not yet been completely rendered), as well as **income tax liabilities**, current **other accrued liabilities**, and current **other financial liabilities** were all virtually unchanged.

**Development of non-current liabilities**

in € million	Sept. 30, 2022	Dec. 31, 2021	Change
Liabilities due to banks	1,218.6	1,497.4	- 278.8
Deferred tax liabilities	271.3	290.5	- 19.2
Trade accounts payable	2.8	2.5	+ 0.3
Contract liabilities	31.5	32.2	- 0.6
Other accrued liabilities	63.6	66.0	- 2.5
Other financial liabilities	1,354.2	1,251.2	+ 103.0
<b>Total non-current liabilities</b>	<b>2,941.9</b>	<b>3,139.7</b>	<b>- 197.8</b>

**Non-current liabilities** declined from € 3,139.7 million as of December 31, 2021 to € 2,941.9 million on September 30, 2022. This was mainly due to long-term **liabilities due to banks**, which decreased from € 1,497.4 million to € 1,218.6 million following reclassifications to current liabilities. By contrast, **other financial liabilities** rose from € 1,251.2 million to € 1,354.2 million. The items **deferred tax liabilities**, non-current **trade accounts payable**, non-current **contract liabilities** (which mainly include payments received from customer contracts for which the performance has not yet been completely rendered), as well as non-current **other accrued liabilities** were largely unchanged.

**Development of equity**

in € million	Sept. 30, 2022	Dec. 31, 2021	Change
Capital stock	194.0	194.0	0.0
Capital reserves	1,964.4	1,954.7	+ 9.7
Accumulated profit	2,776.0	2,562.6	+ 213.4
Treasury shares	- 231.5	- 231.5	- 0.0
Revaluation reserves	0.6	0.6	+ 0.0
Currency translation adjustment	- 11.4	- 12.9	+ 1.6
<b>Equity attributable to shareholders of the parent company</b>	<b>4,692.1</b>	<b>4,467.4</b>	<b>+ 224.7</b>
Non-controlling interests	535.4	455.7	+ 79.7
<b>Total equity</b>	<b>5,227.5</b>	<b>4,923.2</b>	<b>+ 304.3</b>

Mainly as a result of the further increase in the Group's accumulated profit, consolidated **equity capital** rose from € 4,923.2 million as of December 31, 2021 to € 5,227.5 million on September 30, 2022. In the first nine months of 2022, the Group's **accumulated profit** rose from € 2,562.6 million to € 2,776.0 million and contains the past profits of the consolidated companies, insofar as they were not distributed. The consolidated **equity ratio** rose from 50.9% to 52.2%.

**Net bank liabilities** (i.e., the balance of bank liabilities and cash and cash equivalents) increased from € 1,712.6 million as of December 31, 2021 to € 1,859.7 million on September 30, 2022.

**Multi-period overview: Development of key balance sheet items**

in € million	Dec. 31, 2018 (IFRS 15)	Dec. 31, 2019 (IFRS 16)	Dec. 31, 2020	Dec. 31, 2021	Sept. 30, 2022
Total assets	8,173.8	9,128.8	9,230.8	9,669.1	10,023.0
Cash and cash equivalents	58.1	117.6	131.3	110.1	57.2
Shares in associated companies	206.9	196.0	89.6 <sup>(1)</sup>	431.6 <sup>(1)</sup>	409.9
Other financial assets	348.1	90.4 <sup>(2)</sup>	9.9 <sup>(2)</sup>	11.6	23.9
Property, plant and equipment	818.0	1,160.6 <sup>(3)</sup>	1,271.6	1,379.6	1,621.2
Intangible assets	1,244.6	2,167.4 <sup>(4)</sup>	2,197.8	2,059.4	1,998.2
Goodwill	3,612.6	3,616.5	3,609.4	3,627.8	3,621.8
Liabilities due to banks	1,939.1	1,738.4	1,466.1	1,822.7	1,916.9
Capital stock	205.0	205.0	194.0 <sup>(5)</sup>	194.0	194.0
Equity	4,521.5	4,614.7	4,911.2	4,923.2	5,227.5
Equity ratio	55.3%	50.6%	53.2%	50.9%	52.2%

(1) Decrease due to reclassification Tele Columbus (2020); increase due to stake in Kublai (2021)

(2) Decrease due to sale of Rocket Internet shares (2019); decrease due to sale of Afiliat shares (2020)

(3) Increase due to initial application of IFRS 16 (2019)

(4) Increase due to initial recognition of acquired 5G frequencies (2019)

(5) Decrease due to withdrawal of treasury shares (2020)

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

United Internet can look back on a successful first nine months of 2022. In the reporting period, the Company made further investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. All in all, the number of fee-based customer contracts grew by a further 430,000 contracts to 27.11 million contracts.

Of this total, 220,000 contracts were added in the Consumer Access segment (+450,000 operating growth less -230,000 contracts due to the TKG effect). The Consumer Applications segment grew by 50,000 pay accounts and a further 160,000 contracts resulted from the Business Applications segment.

In view of this customer growth and a 5.2% increase in sales to around € 4.384 billion, United Internet made good progress in the first nine months of 2022. At the same time, there was further growth in operating earnings – despite a strong increase in electricity prices and heavy investment in future topics. EBITDA, for example, improved by 3.3% to around € 983 million and EBIT by 3.4% to around € 622 million.

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

With the sales and earnings figures achieved in the first nine months of 2022, as well as the investments made in sustainable corporate development, the Management Board believes that the Company is well placed for its further development.

## Subsequent events

There were no other significant events subsequent to the reporting date of September 30, 2022 which had a material effect on the financial position and performance of the Company or the Group nor affected its accounting and reporting.

## Risk and opportunity report

The risk and opportunity policy of United Internet AG is based on the objective of maintaining and sustainably enhancing the company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. The risk and opportunity management system regulates the responsible handling of those uncertainties which are always involved with economic activity.

### Management Board's overall assessment of the Group's risk and opportunity position

The assessment of the overall level of risk is based on a consolidated view of all significant risk fields and individual risks, also taking account of their interdependencies.

- From the current perspective, the main challenges are the risk fields "Legislation & regulation", "Litigation", "Information security", and "Technical plant operation".
- Compared to December 31, 2021, the risk field "Technical plant operation" has been raised from Moderate to Significant. The background is a general increase in the risk situation and thus in the risk classification.
- Compared to December 31, 2021, the risk field "Misconduct & irregularities" has been raised from Low to Moderate. This increase is due to extended risk monitoring, which has led to increased identification of risks in this field.
- Compared to December 31, 2021, the risk field "Capacity bottlenecks" has been raised from Low to Moderate (since Q1 2022). The reason for this increase is the current longer delivery times for data center hardware (CPUs, memory, servers, etc.) caused by global supply chain problems and a bottleneck in semiconductors and network components.
- Otherwise, the risk classifications of the risk fields of United Internet AG as at September 30, 2022 were unchanged from December 31, 2021.
- Compared to December 31, 2021, the overall risk has declined. The reasons for this include valuation adjustments made to account for the impact of the coronavirus pandemic (Sars-CoV-2). It is still true that if the virus continues to spread over a longer period, this may also have a negative impact on demand, as well as on the usage and payment behavior of consumers and business owners, the purchase of pre-services (e.g., smartphones, routers, servers or network technology), or the health and fitness of employees, and thus ultimately on the performance of the United Internet Group. However, the related risks have been reduced in part as a result of the current development and the experiences made so far. Moreover, the risk positions in the risk fields "Legislation & regulation" and "Litigation" have been significantly reduced.

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

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

The macroeconomic environment has deteriorated significantly during the course of 2022. Prices for energy and food in particular are putting a strain on consumers, and experts continue to expect exceptionally high inflation rates. This may also impact United Internet's risk situation. In the reporting period, for example, there was already a growing number of payment defaults with a negative impact on earnings. Moreover, persistently high inflation rates will result in increasing cost pressure and a risk to earnings if these cost hikes cannot be offset by corresponding price rises.

## Forecast report

### Forecast for the fiscal year 2022

In a press release issued on September 30, 2022, United Internet updated its full-year guidance for 2022. The Company continues to expect an increase in consolidated sales for the full year 2022 to approx. € 5.85 billion. Due in part to slightly lower expenses for the 1&1 network rollout, EBITDA 2022 is likely to rise to approx. € 1.270 billion (previously expected: € 1.259 billion). In addition to costs for the 1&1 network rollout of approx. € 60 million (previously expected: € 70 million), the EBITDA forecast continues to include approx. € 30 million for additional marketing activities of IONOS as well as increased electricity costs of approx. € 20 million.

Capital expenditures (capex) in 2022 are likely to reach approx. € 700 million (previously expected: € 800 million – € 1 billion). The main reason for the lower capex requirement are lower investments at 1&1 and 1&1 Versatel of around € 200 million, which were originally planned for 2022 but will now be invested in 2023. This shift in investments to 2023 is primarily the result of unexpected delays in the provision of antenna locations due to delivery bottlenecks of one of 1&1's rollout partners (1&1 press release of September 16, 2022), which do not, however, affect 1&1's long-term plans for the network rollout.

### Management Board's overall statement on the anticipated development

The Management Board of United Internet AG remains upbeat about its prospects for the future. Thanks to a business model based predominantly on electronic subscriptions, United Internet believes it is largely stable enough to withstand cyclical influences. 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 laid a broad foundation for its future growth.

At the time of preparing this Interim Statement (Q3 2022), the Management Board of United Internet AG believes that the Company is on track to reach the sales and earnings guidance presented above in the section "Forecast for the fiscal year 2022".

### Forward-looking statements

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

## NOTES ON THE INTERIM STATEMENT

### Information on the Company

United Internet AG ("United Internet") is a service company operating in the telecommunication and information technology sector with registered offices at Elgendorfer Strasse 57, 56410 Montabaur, Germany. The Company is registered at the district court of Montabaur under HRB 5762.

### Significant accounting, measurement and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2021, the Interim Statement of United Internet AG as of September 30, 2022 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The Interim Statement does not constitute interim reporting as defined by IAS 34. With the exception of the mandatory new standards, the accounting and valuation principles applied in this Interim Statement comply with the methods applied in the previous year and should be read in conjunction with the Consolidated Financial Statements as of December 31, 2021.

### Mandatory adoption of new accounting standards

The following standards are mandatory in the EU for the first time for fiscal years beginning on or after January 1, 2022:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IFRS 3	Amendment: Reference to the Conceptual Framework	January 1, 2022	yes
IAS 37	Amendment: Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	yes
IAS 16	Amendment: Property, Plant and Equipment – Proceeds before Intended Use	January 1, 2022	yes
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements 2018-2020	January 1, 2022	yes

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

### Use of estimates and assumptions

The preparation of this Interim Statement requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

## Use of business-relevant key financial performance indicators

In order to ensure the clear and transparent presentation of United Internet's business trend, the Company's annual and interim financial statements include key performance indicators (KPIs) – in addition to the disclosures required by International Financial Reporting Standards (IFRS) – such as EBITDA, the EBITDA margin, EBIT, the EBIT margin and free cash flow. Information on the use, definition, and calculation of these KPIs is provided in the Company's Annual Report 2021 on page 57.

Insofar as necessary for a clear and transparent presentation, the above mentioned KPIs are adjusted for special items and disclosed as "key operating figures" (e.g., operating EBITDA, operating EBIT and operating EPS).

Such special items usually refer solely to those effects capable of restricting the validity of the key financial performance indicators 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.

One-off amounts (such as one-offs for integration projects) or other effects (e.g., from regulation topics or growth initiatives) are not adjusted but are disclosed – if there were 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.

## Miscellaneous

This Interim Statement includes all material subsidiaries and associated companies.

- The legal status of we22 GmbH (formerly: we22 Aktiengesellschaft), Cologne (100%), was retroactively changed in the reporting period with effect from January 1, 2022.

Otherwise, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2021.

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



# INTERIM FINANCIAL STATEMENTS

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## GROUP BALANCE SHEET

As of September 30, 2022 in k€

ASSETS	September 30, 2022	December 31, 2021
<b>Current assets</b>		
Cash and cash equivalents	57,163	110,116
Trade accounts receivable	406,925	380,450
Contract assets	628,342	619,722
Inventories	113,632	96,492
Prepaid expenses	262,123	213,974
Other financial assets	125,761	118,992
Income tax claims	42,285	46,354
Other non-financial assets	14,307	8,097
	<b>1,650,538</b>	<b>1,594,198</b>
<b>Non-current assets</b>		
Shares in associated companies	409,864	431,625
Other financial assets	23,906	11,617
Property, plant and equipment	1,621,222	1,379,625
Intangible assets	1,998,211	2,059,426
Goodwill	3,621,800	3,627,831
Trade accounts receivable	43,100	47,269
Contract assets	207,992	205,954
Prepaid expenses	416,367	287,730
Deferred tax assets	29,986	23,810
	<b>8,372,450</b>	<b>8,074,887</b>
<b>Total assets</b>	<b>10,022,988</b>	<b>9,669,084</b>

LIABILITIES	September 30, 2022	December 31, 2021
<b>Current liabilities</b>		
Trade accounts payable	480,853	583,395
Liabilities due to banks	698,284	325,364
Income tax liabilities	68,494	58,430
Contract liabilities	163,272	157,886
Other accrued liabilities	12,835	16,248
Other financial liabilities	341,765	329,177
Other non-financial liabilities	88,073	135,733
	<b>1,853,576</b>	<b>1,606,233</b>
<b>Non-current liabilities</b>		
Liabilities due to banks	1,218,598	1,497,358
Deferred tax liabilities	271,257	290,481
Trade accounts payable	2,777	2,475
Contract liabilities	31,518	32,151
Other accrued liabilities	63,560	66,026
Other financial liabilities	1,354,186	1,251,186
	<b>2,941,896</b>	<b>3,139,676</b>
<b>Total liabilities</b>	<b>4,795,472</b>	<b>4,745,909</b>
<b>EQUITY</b>		
Capital stock	194,000	194,000
Capital reserves	1,964,361	1,954,652
Accumulated profit	2,775,961	2,562,566
Treasury shares	-231,451	-231,451
Revaluation reserves	623	601
Currency translation adjustment	-11,387	-12,938
<b>Equity attributable to shareholders of the parent company</b>	<b>4,692,107</b>	<b>4,467,428</b>
Non-controlling interests	535,409	455,747
<b>Total equity</b>	<b>5,227,516</b>	<b>4,923,175</b>
<b>Total liabilities and equity</b>	<b>10,022,988</b>	<b>9,669,084</b>

## GROUP NET INCOME

from January to September 2022 in k€

	2022	2021
	January - September	January - September
Sales	4,384,306	4,167,920
Cost of sales	-2,857,885	-2,695,341
<b>Gross profit</b>	<b>1,526,421</b>	<b>1,472,579</b>
Selling expenses	-654,500	-608,900
General and administrative expenses	-193,042	-184,615
Other operating income / expenses	39,445	21,463
Impairment of receivables and contract assets	-84,153	-56,599
<b>Operating result</b>	<b>634,172</b>	<b>643,928</b>
Financial result	-31,270	-14,179
Result from associated companies	-21,616	-9,243
<b>Pre-tax result</b>	<b>581,285</b>	<b>620,505</b>
Income taxes	-190,942	-188,399
<b>Net income</b>	<b>390,343</b>	<b>432,106</b>
<b>thereof attributable to</b>		
non-controlling interests	83,590	95,215
Shareholders of United Internet AG	306,752	336,891

	2022 January - September	2021 January - September
<b>Result per share of shareholders of United Internet AG (in €)</b>		
basic	1.64	1.80
diluted	1.64	1.79
<b>Weighted average of outstanding shares (in million units)</b>		
basic	186.72	186.72
diluted	187.18	187.86
<b>Reconciliation to total comprehensive income</b>		
Net income	390,343	432,106
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	1,490	5,907
Items that are not reclassified subsequently to profit or loss		
Market value changes of financial assets measured at fair value through other comprehensive income	-48	591
Tax effect	0	-8
Share in other comprehensive income of associated companies	70	0
<b>Other comprehensive income</b>	<b>1,512</b>	<b>6,490</b>
<b>Total comprehensive income</b>	<b>391,855</b>	<b>438,596</b>
thereof attributable to		
non-controlling interests	83,529	96,625
<b>Shareholders of United Internet AG</b>	<b>308,327</b>	<b>341,971</b>

## GROUP CASH FLOW

from January to September 2022 in k€

	2022 January - September	2021 January - September
<b>Result from operating activities</b>		
Net income	390,343	432,106
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation and amortization of intangible assets and property, plant and equipment	262,082	249,118
Depreciation and amortization of assets resulting from company acquisitions	99,256	101,482
Employee expenses from employee shareholdings	9,895	16,697
Result from associated companies	21,616	9,243
Distributed profits of associated companies	206	229
Other non-cash items from tax adjustments	-26,758	-16,504
Other non-cash items	4,851	4,357
<b>Operative cash flow</b>	<b>761,492</b>	<b>796,728</b>
<b>Change in assets and liabilities</b>		
Change in receivables and other assets	-43,835	-22,496
Change in inventories	-17,139	8,389
Change in contract assets	-10,658	-33,206
Change in income tax claims	4,069	29,322
Change in deferred expenses	-176,786	-177,239
Change in trade accounts payable	-102,240	-92,148
Change in other accrued liabilities	-5,879	-476
Change in income tax liabilities	10,063	-56,729
Change in other liabilities	-25,334	82,230
Change in contract liabilities	6,271	1,554
<b>Change in assets and liabilities, total</b>	<b>-361,467</b>	<b>-260,799</b>
<b>Cash flow from operating activities</b>	<b>400,024</b>	<b>535,929</b>

	2022 January - September	2021 January - September
<b>Cash flow from investing activities</b>		
Capital expenditure for intangible assets and property, plant and equipment	-348,590	-203,887
Payments from disposals of intangible assets and property, plant and equipment	2,937	3,164
Payments for company acquisitions less cash received	0	-22,562
Payments from company disposals less cash sold	0	8,789
Purchase of shares in associated companies	-62	-220,070
Payments for loans granted	-230	-17,315
Payments received from the repayment of other financial assets	1,058	0
<b>Cash flow from investment activities</b>	<b>-344,887</b>	<b>-451,880</b>
<b>Cash flow from financing activities</b>		
Net change in loans	94,161	512,261
Redemption of lease liabilities	-92,752	-82,136
Dividend payments	-93,358	-93,615
Dividend payments to non-controlling interests	-2,692	-2,467
Payments to minority interests	-15,184	-458,374
<b>Cash flow from financing activities</b>	<b>-109,825</b>	<b>-143,050</b>
Net increase in cash and cash equivalents	-54,687	-59,002
Cash and cash equivalents at beginning of fiscal year	110,116	131,270
Currency translation adjustments of cash and cash equivalents	1,737	3,343
<b>Cash and cash equivalents at end of fiscal year</b>	<b>57,166</b>	<b>75,611</b>

## GROUP CHANGES IN SHAREHOLDERS' EQUITY

in 2022 and 2021 in k€

	Capital stock		Capital reserves	Accumulated profit	Treasury shares	
	Share	€k	€k	€k	Share	€k
<b>Balance as of January 1, 2021</b>	<b>194,000,000</b>	<b>194,000</b>	<b>2,322,780</b>	<b>2,240,473</b>	<b>6,769,137</b>	<b>-212,731</b>
Net income				0		
Other comprehensive income						
<b>Total comprehensive income</b>				<b>0</b>		
Employee stock ownership program			1,964,361			
Dividend payments				-93,615		
Profit distributions						
Transactions with shareholders			0			
Other transactions				-769		
<b>Balance as of September 30, 2021</b>	<b>194,000,000</b>	<b>194,000</b>	<b>4,287,142</b>	<b>2,146,089</b>	<b>7,284,109</b>	<b>-231,451</b>
<b>Balance as of January 1, 2022</b>	<b>194,000,000</b>	<b>194,000</b>	<b>1,954,651</b>	<b>2,562,566</b>	<b>7,284,109</b>	<b>-231,451</b>
Net income				306,752		
Other comprehensive income						
<b>Total comprehensive income</b>				<b>306,752</b>		
Employee stock ownership program			7,477			
Dividend payments				-93,358		
Profit distributions						
Transactions with shareholders			2,234			
<b>Balance as of September 30, 2022</b>	<b>194,000,000</b>	<b>194,000</b>	<b>1,964,362</b>	<b>2,775,961</b>	<b>7,284,109</b>	<b>-231,451</b>

Revaluation reserves	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k
-4,372	-21,091	4,519,060	392,151	4,911,210
		336,891	95,215	432,106
583	4,497	5,080	1,410	6,490
583	4,497	341,971	96,625	438,596
		13,412	3,285	16,697
		-93,615		-93,615
		0	-2,467	-2,467
		-392,037	-49,470	-441,508
769		0		0
-3,020	-16,594	4,370,070	440,124	4,810,193
601	-12,938	4,467,428	455,747	4,923,175
		306,752	83,590	390,343
22	1,552	1,574	-62	1,512
22	1,552	308,327	83,529	391,855
		7,477	1,059	8,536
		-93,358		-93,358
		0	-2,692	-2,692
		2,234	-2,234	0
623	-11,387	4,692,108	535,409	5,227,516

## SEGMENT-REPORTING

from January to September 30, 2022

€ million	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate	Reconciliation	United Internet Group
January - September 2022							
Segment revenue	2,933.6	398.7	208.0	919.7	0.9	-76.6	4,384.3
- thereof domestic	2,933.6	398.7	206.4	457.4	0.9	-70.3	3,926.7
- thereof foreign	0	0	1.6	462.3	0	-6.3	457.6
Segment revenue from transactions with other segments	1.3	60.0	13.2	2.1	0		76.6
Segment revenue from contracts with customers	2,932.3	338.7	194.8	917.6	0.9		4,384.3
- thereof domestic	2,932.3	338.7	193.2	461.6	0.9		3,926.7
- thereof foreign	0	0	1.6	456.0	0		457.6
EBITDA	552.0	113.5	95.8	249.8	-15.7	0.1	995.5
EBIT	431.5	-31.3	78.2	173.5	-17.6	-0.1	634.2
Financial result							-31.3
Result from associated companies							-21.6
EBT							581.3
Income taxes							-190.9
<b>Net income</b>							<b>390.4</b>
Investments in intangible assets, property, plant and equipment (without goodwill)	107.9	283.3	21.3	126.5	11.1	-0.7	549.4
Amortization/depreciation	120.5	144.8	17.6	76.3	1.9		361.3
- thereof intangible assets, and property, plant and equipment	50.4	135.5	-2.2	76.3	1.9		262.1
- thereof assets capitalized during company acquisitions	70.1	9.3	19.8				99.2
Number of employees	3,189	1,301	1,017	4,239	561		10,307
- thereof domestic	3,189	1,301	1,014	2,328	561		8,393
- thereof foreign	0	0	3	1,911	0		1,914

## from January to September 30, 2021

€ million	Consumer Access segment	Business Access segment	Consumer Applications segment	Business Applications segment	Corporate	Reconciliation	United Internet Gruppe
<b>January - September 2021</b>							
Segment revenue	2,880.5	382.7	200.1	774.9	1.2	-71.5	4,167.9
- thereof domestic	2,880.5	382.7	198.3	399.7	1.2	-65.5	3,796.9
- thereof foreign	0	0	1.8	375.2	0	-6.0	371.0
Segment revenue from transactions with other segments	1.0	56.2	11.3	3.0	0		71.5
Segment revenue from contracts with customers	2,879.5	326.5	188.8	771.9	1.2		4,167.9
- thereof domestic	2,879.5	326.5	187.0	402.7	1.2		3,797.0
- thereof foreign	0	0	1.8	369.2	0		371.0
EBITDA	553.3	118.8	83.5	242.2	-4.7	1.4	994.5
EBIT	432.5	-17.5	66.6	168.1	-7.0	1.2	643.9
Financial result							-14.2
Result from associated companies							-9.2
EBT							620.5
Income taxes							-188.4
<b>Net income</b>							<b>432.1</b>
Investments in intangible assets, property, plant and equipment (without goodwill)	28.7	171.1	12.5	73.9	6.1		292.3
Amortization/depreciation	121.5	135.2	6.9	82.7	7.8	-3.5	350.6
- thereof intangible assets, and property, plant and equipment	50.6	125.8	6.9	61.5	7.8		249.1
- thereof assets capitalized during company acquisitions	70.9	9.4	0	21.2			101.5
Number of employees	3,170	1,241	1,005	3,968	570		9,954
- thereof domestic	3,170	1,241	1,001	2,196	570		8,178
- thereof foreign	0	0	4	1,772	0		1,776

## FINANCIAL CALENDAR

<b>March 17, 2022</b>	Annual financial statements for fiscal year 2021 Press and analyst conference
<b>May 12, 2022</b>	Quarterly Statement Q1 2022
<b>May 19, 2022</b>	(Virtual) Annual General Meeting 2022, Alte Oper Frankfurt /Main
<b>August 4, 2022</b>	6-Month Report 2022 Press and Analyst Meeting
<b>November 10, 2022</b>	Quarterly Statement Q3 2022

# IMPRINT

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November 2022

Registry court: Montabaur HRB 5762

**Note**

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

This Interim Statement is available in German and English. Both versions can also be downloaded from [www.united-internet.de](http://www.united-internet.de). In all cases of doubt, the German version shall prevail.

Produced in-house with Firesys

**Disclaimer**

This Interim Statement contains certain forward-looking statements which reflect the current views of United Internet AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. Forward-looking statements are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which United Internet often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of United Internet AG. United Internet does not intend to revise or update such forward-looking statements.

**United Internet AG**

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